

winshare 文軒

新華文軒出版傳媒股份有限公司

XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.*

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

(於中華人民共和國註冊成立之股份有限公司)

(香港交易所股份代號 HKEX Stock Code : 00811 上海證券交易所股份代號 SSE Stock Code : 601811)



2021 | INTERIM REPORT
中期報告

*For identification purposes only
僅供識別

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Definitions

In this report (excluding the section of the auditor's report), the following expressions shall have the meanings stated below unless the context otherwise requires:

A Share(s)	Renminbi-denominated ordinary share(s) of the Company with a nominal value of RMB1.00 each, all of which are issued in China, subscribed in Renminbi and listed on the SSE
Articles of Association	the articles of association of the Company (as amended from time to time)
Audit Committee	the audit committee under the Board of the Company
Bank of Chengdu	Bank of Chengdu Co., Ltd.
Board	the board of directors of the Company
CG Code	the Corporate Governance Code and the Corporate Governance Report set out in Appendix 14 to the Listing Rules
Companies Ordinance	the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
Company Law	the Company Law of the People's Republic of China
Company or Xinhua Winshare	Xinhua Winshare Publishing and Media Co., Ltd.* (新華文軒出版傳媒股份有限公司)
COVID-19	Coronavirus Disease 2019
Director(s)	the director(s) of the Company
Fuzhou Winshare	Fuzhou Winshare Technology Partnership (Limited Partnership)
Group	the Company and its subsidiaries

Definitions *(continued)*

H Share(s)	overseas listed foreign share(s) of the Company with a nominal value of RMB1.00 each, all of which are issued in Hong Kong, subscribed in Hong Kong dollars and listed on the Stock Exchange
Hainan Phoenix	Hainan Phoenix Xinhua Publishing and Distribution Co., Ltd.
Hua Sheng Group	Chengdu Hua Sheng (Group) Industry Co., Ltd.
Liaoning Publication Group	Liaoning Publication Group Co., Ltd.
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange and/or the Rules Governing the Listing of Stocks on the SSE, as the case may be, and as amended, supplemented or otherwise modified from time to time
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
Nomination Committee	the nomination committee under the Board of the Company
Open Book Data	monitoring data publicly published by Beijing OpenBook Co., Ltd.
Period or Reporting Period	From 1 January 2021 to 30 June 2021
PRC or China	the People's Republic of China (for the purpose of this interim report, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
Remuneration and Review Committee	the remuneration and review committee under the Board of the Company
RMB	Renminbi, the lawful currency of the PRC
Sales value	the list price of books printed at the back of each book
Same Period of Last Year	From 1 January 2020 to 30 June 2020
SASAC of Sichuan	State-owned Assets Supervision and Administration Commission of the Sichuan Provincial Government

Definitions *(continued)*

SFO	Securities and Futures Ordinance, Cap. 571, Laws of Hong Kong
Shareholder(s)	H shareholder(s) and A shareholder(s) of the Company
Sichuan Cultural Investment Group	Sichuan Cultural Industry Investment Group Co., Ltd.
Sichuan Development	Sichuan Development (Holding) Co., Ltd.
Sichuan Xinhua Publishing and Distribution Group	Sichuan Xinhua Publishing and Distribution Group Co., Ltd.
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
Strategy and Investment Planning Committee	the strategy and investment planning committee under the Board of the Company
Supervisor(s)	the supervisor(s) of the Company
Supervisory Committee	the supervisory committee of the Company
Wan Xin Media	Anhui Xinhua Media Co., Ltd.
Winshare Hengxin	Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership (Limited Partnership)
Winshare Investment	Winshare Investment Co., Ltd.
Winshare Online	Sichuan Winshare Online E-commerce Co., Ltd.
Winshare September	the digital content reading service platform under Winshare Online
winxuan.com	the online sales platform of paper publications under Winshare Online

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Important Notice

- I. The Board, the Supervisory Committee, Directors, Supervisors and senior management warrant that this interim report is true, accurate and complete and does not contain any false records, misleading statements or material omission and jointly and severally take full legal responsibility as to the contents herein.
- II. Save as Mr. Zhang Peng (being a non-executive Director) who appointed Mr. Dai Weidong (being a non-executive Director) as his proxy to vote on his behalf due to other business commitments, other Directors attended the 2021 seventh Board meeting for the fourth session of the Board held on 26 August 2021 at which this interim report was considered and approved.
- III. The consolidated financial statements included in this interim report is unaudited.
- IV. Mr. Luo Yong, the head of the Company, Mr. Zhu Zaixiang, the person-in-charge of accounting affairs, and Ms. Wu Sufang, the head of accounting department, declare that they warrant the truthfulness, accuracy and completeness of the financial statements contained in this interim report.
- V. The Board did not recommend payment of the interim dividend for the six months ended 30 June 2021.
- VI. The forward-looking statements included in this interim report, including future plans and development strategies, do not constitute actual commitment of the Company to investors. Investors should be reminded of the risks of investment.
- VII. During the Period, there were no major risks that would have a material impact on the production and operations of the Company. Please read the section headed “Management Discussion and Analysis” of this interim report for details of the risk factors that may be involved as set out by the Company.



Corporate Information

LEGAL NAME OF THE COMPANY

新華文軒出版傳媒股份有限公司

COMPANY NAME IN ENGLISH

XINHUA WINSHARE PUBLISHING
AND MEDIA CO., LTD.*

LEGAL REPRESENTATIVE

Mr. Luo Yong

BOARD OF DIRECTORS

Executive Directors

Mr. Luo Yong (*Chairman*)
Mr. Liu Longzhang (*Vice chairman*)

Non-Executive Directors

Mr. Dai Weidong
Mr. Luo Jun
Mr. Zhang Peng
Mr. Han Xiaoming

Independent Non-Executive Directors

Mr. Chan Yuk Tong
Ms. Xiao Liping
Mr. Fang Bingxi

BOARD COMMITTEES

Strategy and Investment Planning Committee

Mr. Han Xiaoming (*Chairman*)
Mr. Fang Bingxi

Audit Committee

Mr. Chan Yuk Tong (*Chairman*)
Mr. Fang Bingxi
Mr. Zhang Peng

Remuneration and Review Committee

Mr. Chan Yuk Tong (*Chairman*)
Ms. Xiao Liping
Mr. Luo Jun

Nomination Committee

Ms. Xiao Liping (*Chairlady*)
Mr. Chan Yuk Tong
Mr. Luo Jun

SUPERVISORY COMMITTEE

Supervisors

Mr. Tang Xiongxing (*Chairman*)
Mr. Chao Hsun
Ms. Lan Hong
Ms. Wang Yan

Independent Supervisors

Mr. Li Xu
Ms. Liu Mixia

COMPANY SECRETARY

Mr. You Zugang

AUTHORISED REPRESENTATIVES

Mr. Luo Jun
Mr. You Zugang

ALTERNATE AUTHORIZED REPRESENTATIVE

Ms. Wong Wai Ling

* For identification purposes only

Corporate Information *(continued)*

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants LLP
30th Floor, Bund Center
222 Yan An Road East
Shanghai, China

HONG KONG LEGAL ADVISER

Li & Partners
22nd Floor, World-Wide House
19 Des Voeux Road Central
Central, Hong Kong

REGISTERED OFFICE IN THE PRC

Unit 1, 1/F, Block 4
No. 239 Jinshi Road
Jinjiang District
Chengdu, Sichuan, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
248 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

The Industrial and Commercial Bank of China
China Construction Bank

HONG KONG H SHARES REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

COMPANY WEBSITE

<http://www.winshare.com.cn>

STOCK CODE

00811 (H Share)
601811 (A Share)



Management Discussion and Analysis

(I) BUSINESS REVIEW

INDUSTRY OVERVIEW

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

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

RESULTS

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

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

Management Discussion and Analysis *(continued)*

REVENUE

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

OPERATING COSTS

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

GROSS PROFIT MARGIN

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



Management Discussion and Analysis *(continued)*

ANALYSIS OF OPERATING SEGMENTS

1. Overview of Principal Business Segments

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

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

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

Management Discussion and Analysis *(continued)*

2. Operating Data of the Business Segments

(1) Publication segment

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

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

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

Publication of Textbooks and Supplementary Materials

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

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

Publication of General Books

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

Management Discussion and Analysis *(continued)*

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

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

(2) *Distribution segment*

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

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

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

Management Discussion and Analysis *(continued)*

Education Service

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

In the spring of 2021, the Company continued to promote the optimization and upgrade of the “quality learning and quality teaching” online service platform covering 6,244 schools and serving 4,270,000 students, launched the “Winshare Select” (文軒優選) mall to realize the function of complementing textbooks and supplementary materials, and carried out thematic research and learning activities such as “Inheriting the Red Gene, Helping Ideological and Political Education” (傳承紅色基因•助力思政教育), “Life Education” (生命教育) and “Moruo Aesthetic Education” (沫若美育). In the first half of the year, the labor and practical education business achieved a total order amount of RMB32,630,000, serving more than 120,000 students. The teacher training business organized and implemented 218 projects, with order amount of RMB10,890,000 and more than 17,000 teachers trained. In the first half of 2021, the “One More Green” (一木環保) charity campaign launched by the Company covering 61 branches in 17 cities of the province recycled 2,140.03 tons of waste books, which were recycled by paper production enterprises, the proceeds of which were then used for environmental education and education poverty alleviation public welfare in primary and secondary schools. At the same time, the Group further developed the high school education service market, gradually developed the vocational education service and pre-school education service markets, and innovatively explored the primary and secondary after-school extended service business.

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

Management Discussion and Analysis *(continued)*

Online Sales

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

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

Retailing

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

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

Management Discussion and Analysis *(continued)*

(II) ANALYSIS OF OPERATING RESULTS AND FINANCIAL PERFORMANCE

BREAKDOWN OF THE RELEVANT ITEM CHANGES IN THE FINANCIAL STATEMENTS

(For the six months ended 30 June 2021)

RMB

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

Management Discussion and Analysis *(continued)*

EXPENSES

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

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

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

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

CREDIT IMPAIRMENT LOSS

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

GAIN/LOSS ON FAIR VALUE CHANGE

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

Management Discussion and Analysis *(continued)*

INVESTMENT INCOME

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

OTHER INCOMES AND NON-OPERATING INCOME AND EXPENSES

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

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

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

GAIN ON ASSET DISPOSAL

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

INCOME TAX EXPENSES

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

NON-CONTROLLING INTERESTS

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

Management Discussion and Analysis *(continued)*

OTHER COMPREHENSIVE INCOME

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

PROFIT

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

EARNINGS PER SHARE

Earnings per share is calculated based on the net profit attributable to the owners of the parent for the Period divided by the weighted average number of the ordinary shares in issue during the Period. During the Period, earnings per share of the Group amounted to RMB0.49, representing growth of 4.26% as compared with RMB0.47 in the Same Period of Last Year. For details regarding the calculation of earnings per share, please refer to note (VI)50 to the consolidated financial statements in this interim report.

CASH FLOW

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

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

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



Management Discussion and Analysis *(continued)*

ASSETS AND LIABILITIES ANALYSIS

(As at 30 June 2021)

RMB

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

Management Discussion and Analysis *(continued)*

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

Management Discussion and Analysis *(continued)*

LIQUIDITY AND FINANCIAL RESOURCES

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

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

CONTINGENT LIABILITIES

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

PLEDGE OF ASSETS

As at 30 June 2021, the Group's pledged deposits amounted to RMB11,457,200 (31 December 2020: RMB19,453,700), representing the security deposits placed with the banks for the issuance of bank's acceptance bills. Save as disclosed above, the Group did not have any other assets under pledge or guarantee.

FOREIGN EXCHANGE RISK

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

WORKING CAPITAL MANAGEMENT

	30 June 2021	30 June 2020
Current ratio	1.5	1.6
Inventory turnover days	144.3	191.9
Notes and trade receivable turnover days	67.1	94.5
Notes and trade payable turnover days	309.4	390.4

Management Discussion and Analysis *(continued)*

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

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

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

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

(III) OVERVIEW OF MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

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

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

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

Management Discussion and Analysis *(continued)*

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

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

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

During the Period, details of the external investments made by the Group are set out in notes (VI)11, 12 and 13 to the consolidated financial statements in this interim report.

INFORMATION OF THE MAJOR SUBSIDIARIES

RMB0' 000

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

Management Discussion and Analysis *(continued)*

(IV) FUTURE PROSPECTS

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

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

(V) ANALYSIS OF CORE COMPETITIVENESS

As an integrated publishing and media enterprise in the publication and distribution industry chain, through intensive cultivation of various segments, the Group continued to enhance its synergy, significantly improved its operational efficiency, and continuously enhanced its competitiveness.

- (1) Publication capabilities.** Since the strategic implementation to revitalize the publishing industry in Sichuan, the Group’s content resource aggregation and development capabilities have steadily improved, and the Group has established close partnership with authoritative institutions and experts and well-known writers such as Wang Meng, Huang Yazhou, Long Pingping, Alai and Beimao, and owns various copyrights of world-renowned publishing and media organizations such as Disney and DK. The Group has an excellent editorial team and has established experienced publishing teams such as Mingqin Workshop, which are able to closely meet the market demand, plan and develop topics and create high-quality dual-effect books. Books published by the Group have strong competitiveness in the market with an expanding range of book genres with influence. In particular, it has built a strong content brand advantage in the publication of children’s books. Its subsidiary, Sichuan Youth and Children’s Publishing House, owns the best-seller intellectual property rights – the Hilarious School Diaries, which repeatedly topped the charts of Open Book on children’s book best-sellers, with cumulative sales close to 120 million copies.

Management Discussion and Analysis *(continued)*

- (2) **Reading service capabilities.** By integrating cultural mall, large and medium-sized bookstores, professional bookstores, community bookstores, supermarket bookstores, smart bookstores, online reading service platform for publications and the “publication supply chain collaborative service platform” serving the publication and distribution industry, backed by the logistics service network primarily based in Chengdu, Tianjin and Wuxi, the Group has built a reading service network system based in Sichuan Province with nationwide coverage using a combination of online and offline methods. The Group has a number of brands including “Xinhua Winshare”, “Stackway”, “Winshare Bookstore”, “Kids Winshare” children’s bookstore, “Winshare Cloud Image”, “Winshare Commercial Supermarket”, “winxuan.com” and “Winshare September” to provide consumers with convenient, comfortable, smart and personalized reading cultural consumption service.
- (3) **Education service capabilities.** The Company is the only enterprise that is qualified to engage in the distribution of textbooks for primary and secondary schools in Sichuan Province and at the same time is qualified to publish textbooks and supplementary materials of all subjects in the curriculum of primary and secondary schools. After years of accumulation of experience, the Company has developed an all-variety, full-coverage and high-efficiency education service capabilities in the Sichuan regional market, and continued to push ahead the customer centric transformation and upgrade from “product supplier” to “service operator”. The Group is the pioneer in the digital education service business in China, providing education services such as digitalized resources, teaching softwares and hardwares as well as digitalized subject tools. As the major operator of education informatized service and education equipment products in Sichuan Province, the Group has developed education equipment products such as professional subject classroom and innovative education equipment by centering on the subject contents and classroom scenarios. At the same time, the Group’s businesses of labor and practice education services and teachers’ training services enjoy a branding strength in the regional market.

(VI) EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, the Group had a total of 7,554 (31 December 2020: 7,633) employees.

The Group improves its employee remuneration policies and remuneration management system continuously, by which it has established a performance oriented incentive mechanism that aligns employees’ remuneration to the Group’s development. The standard remuneration package of the Group includes basic salary, performance-based bonus and benefits. Pensions, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing welfare funds, corporate annuity, etc. are available to the employees. For the six months ended 30 June 2021, the Group’s total employee remuneration amounted to RMB658 million, among which was post-retirement plan contributions and corporate annuity scheme contributions of RMB86,719,300, representing an increase of RMB37,052,900 as compared with RMB49,666,400 in the Same Period of Last Year, mainly due to that fact that the Group no longer enjoyed the relevant national social security exemption policies to alleviate the impact of the COVID-19 outbreak during the Period. Details of the plans are set out in note (VI)26 to the consolidated financial statements in this interim report.

Management Discussion and Analysis *(continued)*

The Group attaches great importance to and cares about the growth and development of employees and continues 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, as well as the principles of unified management of plans and implementation of hierarchical organizations, the Group continuously optimizes the content and types of training, and has established a multi-level and multi-form training system. The training content of the Group covers various aspects such as operation management, job skills, cultural quality, professional qualifications and team building, and is carried out in various ways such as internal training, external training, online learning and knowledge competition, focusing on the pertinence and effectiveness of training, effectively improving the skills and professional quality, thinking awareness and expanding the scope of work of employees at all levels. The business development is driven by the improvement of employees' ability and quality.

(VII) POTENTIAL RISKS

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

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



Management Discussion and Analysis (continued)

(VIII) USE OF PROCEEDS

In August 2016, the Company issued 98,710,000 RMB-denominated ordinary shares (A Shares) at an issue price of RMB7.12 per share through its initial public offering on the SSE. The total proceeds raised amounted to RMB702,815,200. After deducting the issuance expenses, the net proceeds actually raised by the Group amounted to RMB645,175,100, which were mainly used for the Company's education cloud service platform, construction of logistics network in the western region, upgrade and expansion of retail stores, construction and upgrade of ERP and publications regarding the revival of the Chinese culture, etc. In the first half of 2021, the Group utilized RMB4,837,400 of the proceeds. As of 30 June 2021, the accumulated use of proceeds amounted to RMB613,928,500. The balance of the unutilized proceeds amounted to RMB33,006,200, which is detailed as follows:

RMB

Committed investment projects	Committed total investment	Amount invested during the Reporting Period	Accumulated investment amount as at the end of the Period	Unutilized amount as at the end of the Period	Consistent with the planned use as disclosed or not	Expected timeline for utilizing unutilized proceeds
1. Education cloud service platform project (Note 1)	200,000,000.00	-	200,247,762.29	-	Yes	-
2. Construction and upgrade of ERP project (Note 1)	35,175,098.06	-	35,602,525.95	-	Yes	-
3. Publications regarding the revival of the Chinese culture project	10,000,000.00	-	-	10,063,421.38	Yes	Note 2
4. Upgrade and expansion of retail stores project	100,000,000.00	4,837,376.79	93,322,647.24	7,118,958.60	Yes	Note 2
5. Construction of logistics network in the western region project	300,000,000.00	-	284,755,557.00	15,823,788.78	Yes	Note 2
Total	645,175,098.06	4,837,376.79	613,928,492.48	33,006,168.76	-	-

Notes:

- The accumulated investment amounts of projects were greater than the total investment amounts committed by the proceeds because the accumulated investment amounts included the principal amount of the proceeds and the interest generated from the proceeds.
- The expected timeline for utilizing the unutilized proceeds is based on the Company's consideration on the future market conditions and development of projects.

As at the date of this interim report, there is no change in the use of proceeds of the Group.

Other Information

INTERESTS IN SHARE CAPITAL

As at 30 June 2021, the total issued share capital of the Company was RMB1,233,841,000, divided into 1,233,841,000 shares of RMB1.00 each as follows:

As at 30 June 2021, the interests in share capital were as follows:

Class of shares	Number of shares	Approximate percentage of issued share capital of the Company
A Shares	791,903,900	64.18%
including		
(i) Sichuan Xinhua Publishing and Distribution Group (Note 1)	592,809,525	48.05%
(ii) Other promoters (Note 2)	46,322,618	3.75%
(iii) Hua Sheng Group (Note 3)	53,336,000	4.32%
(iv) A Share public investors	99,435,757	8.06%
H Shares	441,937,100	35.82%
including		
(i) Sichuan Xinhua Publishing and Distribution Group (Note 4)	52,683,000	4.27%
(ii) Other promoters (Note 5)	6,324,000	0.51%
(iii) H Share public investors	382,930,100	31.04%
Total Share Capital	1,233,841,000	100%

Notes:

1. Sichuan Xinhua Publishing and Distribution Group, the controlling shareholder of the Company, is a wholly-owned subsidiary of Sichuan Development. The de facto controller of Sichuan Development is SASAC of Sichuan.
2. Other promoters include Sichuan Cultural Investment Group, Sichuan Daily Newspaper Group Co., Ltd. and Liaoning Publication Group. Liaoning Publication Group is interested in 6,485,160 A Shares of the Company through its subsidiary.
3. Social Legal Person Shares are held by Hua Sheng Group, a promoter of the Company.
4. 52,683,000 H Shares of the Company are held by Sichuan Xinhua Publishing and Distribution Group, a controlling shareholder of the Company, directly and indirectly through its subsidiary.
5. Sichuan Cultural Investment Group, a promoter of the Company, is interested in 6,324,000 H Shares of the Company through its subsidiary.

Other Information *(continued)***SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES OF THE COMPANY**

As at 30 June 2021, so far as is known to the Directors and Supervisors of the Company, the following persons (not being Directors, Supervisors or senior management of the Company) had, or were deemed to have interests or short positions in the shares, underlying shares and debentures of the Company which were required, pursuant to section 336 of the SFO, to be entered in the register required to be kept by the Company referred to therein:

Name of shareholder	Number of shares directly and indirectly held	Capacity	Class of shares	Approximate percentage in the relevant class of shares	Approximate percentage of total issued share capital of the Company	Long position/ short position
Sichuan Development	623,382,470	Interests in controlled corporation	A Shares	78.72%	50.52%	Long position
	59,007,000 (Note 1)	Interests in controlled corporation	H Shares	13.35%	4.78%	Long position
Sichuan Xinhua Publishing and Distribution Group	592,809,525	Beneficial owner	A Shares	74.86%	48.05%	Long position
	52,683,000 (Note 2)	Interests in controlled corporation/ Beneficial owner	H Shares	11.92%	4.27%	Long position
Hua Sheng Group	53,336,000 (Note 3)	Beneficial owner	A Shares	6.74%	4.32%	Long position
Wu Wenqian	53,336,000 (Note 3)	Interests in controlled corporation	A Shares	6.74%	4.32%	Long position
Seafarer Capital Partners, LLC	30,875,500 (Note 4)	Investment manager	H Shares	6.99%	2.50%	Long position

Notes:

1. Sichuan Development is the controlling shareholder of Sichuan Xinhua Publishing and Distribution Group and Sichuan Cultural Investment Group. According to the SFO, Sichuan Development is deemed to (i) indirectly hold 592,809,525 A Shares of the Company through Sichuan Xinhua Publishing and Distribution Group and 30,572,945 A Shares of the Company through Sichuan Cultural Investment Group, totalling 623,382,470 A Shares; and (ii) hold 52,683,000 H Shares of the Company through Sichuan Xinhua Publishing and Distribution Group and 6,324,000 H Shares of the Company through Sichuan Cultural Investment Group, totalling 59,007,000 H Shares.
2. Sichuan Xinhua Publishing and Distribution Group directly and through its wholly-owned subsidiary Shudian Investment Co., Ltd. indirectly holds 52,683,000 H Shares of the Company. Sichuan Xinhua Publishing and Distribution Group directly holds 592,809,525 A Shares of the Company.
3. Ms. Wu Wenqian is directly interested in 95% equity interests in Hua Sheng Group. Accordingly, Ms. Wu Wenqian is deemed to hold 53,336,000 A Shares of the Company through Hua Sheng Group.
4. Source of share data from the disclosure of interests ("DI") notice filed on the website of the Stock Exchange as at 30 June 2021.

Other Information *(continued)*

Save as disclosed above, as at 30 June 2021, so far as is known to the Directors and Supervisors, no other person (not being a Director, Supervisor or senior management of the Company) had any interest and short position in the shares, underlying shares and debentures of the Company which were required, pursuant to section 336 of the SFO, to be entered in the register required to be kept by the Company referred to therein.

Apart from (i) Mr. Luo Yong, the chairman, who is the party secretary and chairman of Sichuan Xinhua Publishing and Distribution Group; (ii) Mr. Liu Longzhang, the vice chairman, who is the deputy party secretary, vice chairman and general manager of Sichuan Xinhua Publishing and Distribution Group; (iii) Mr. Luo Jun, the non-executive Director, who is the director and deputy general manager of Sichuan Xinhua Publishing and Distribution Group; and (iv) Mr. Chao Hsun, Supervisor, who is the executive vice president of Hua Sheng Group, as at 30 June 2021, none of the Directors and Supervisors of the Company held any positions as directors or employed as employees in any company having interests or short positions which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

So far as is known to the Directors, as at 30 June 2021, the Directors, Supervisors and chief executives of the Company who had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company, or which are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange are as follows:

Name of Supervisor	Number of shares directly and indirectly held	Capacity	Class of shares	Approximate percentage in the relevant class of shares	Approximate percentage of total issued share capital of the Company	Long position/ short position
Chao Hsun	53,336,000 (Note)	Spouse interest	A Shares	6.74%	4.32%	Long position

Note: Mr. Chao Hsun is the spouse of Ms. Wu Wenqian who is indirectly interested in 53,336,000 A Shares of the Company through Hua Sheng Group. According to the SFO, Mr. Chao Hsun is deemed to be interested in 53,336,000 A Shares of the Company indirectly held by Ms. Wu Wenqian through Hua Sheng Group.

Other Information *(continued)*

CHANGE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Period, details of the change relating to Directors of the Company are set out below:

On 1 April 2021, Ms. Xiao Liping applied to the Board for her resignation as independent non-executive Director and the respective positions as the chairman of the Nomination Committee and the member of the Remuneration and Review Committee since Ms. Xiao had served for six consecutive years. As at the date of this interim report, the Company has not elected a new independent non-executive Director. Before the taking office of the new independent non-executive Director elected in the general meeting of the Company, Ms. Xiao Liping still needs to perform her corresponding duties and obligations. The Company will complete the election of an independent non-executive Director as soon as possible in accordance with legal procedures as stipulated in relevant regulations such as the Company Law and the Articles of Association.

Mr. He Zhiyong has tendered his resignation as an executive Director and the chairman of the Company due to advancing age with effect from 21 May 2021. On the same date, as approved at the 2020 annual general meeting of the Company, Mr. Luo Yong was appointed as an executive Director of the Company, and, as resolved at the sixth meeting of the fourth session of the Board in 2021, elected as the chairman of the Company, whose term became effective on 21 May 2021 and will last until the expiry of the term of the fourth session of the Board.

Mr. Chen Yunhua has tendered his resignation as an executive Director and the vice chairman of the Company due to work commitments with effect from 21 May 2021. On the same date, as approved at the 2020 annual general meeting of the Company, Mr. Liu Longzhang was appointed as an executive Director of the Company, and, as resolved at the sixth meeting of the fourth session of the Board in 2021, elected as the vice chairman of the Company, whose term became effective on 21 May 2021 and will last until the expiry of the term of the fourth session of the Board.

On 21 May 2021, as approved at the 2020 annual general meeting of the Company, Mr. Dai Weidong was appointed as a non-executive Director of the Company, whose term became effective on 21 May 2021 and will last until the expiry of the term of the fourth session of the Board.

For details on the change of Directors, please refer to the announcement of the Company dated 1 April 2021, the announcement and circular of the Company dated 5 May 2021 as well as the announcement of the Company dated 21 May 2021.

Mr. Fang Bingxi served as an independent director of Sinoseal Holding Co., Ltd. (listed on Shenzhen Stock Exchange with Stock Code: 300470) from 18 May 2021.

Save as disclosed above, during the Period and up to the date of this interim report, there are no other changes relating to Directors, Supervisors and senior management of the Company.

Other Information *(continued)*

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

SHARE APPRECIATION RIGHT INCENTIVE SCHEME

During the Period, the Share Appreciation Right Incentive Scheme was not yet in effect.

MATERIAL LITIGATION AND ARBITRATION

During the Period, the Company was not involved in any litigation, arbitration or claims of material importance and there was no litigation or claim of material importance which was known to the Directors to be pending or threatened by or against the Company.

COMPLIANCE WITH THE CG CODE

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

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

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

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

Other Information *(continued)*

INTERIM DIVIDEND

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

EVENTS AFTER THE REPORTING PERIOD

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

AUDIT COMMITTEE

The Company has established the Audit Committee in compliance with the requirements under Rules 3.21 and 3.22 of the Listing Rules with specific written terms of reference.

The Audit Committee has reviewed the Group's unaudited consolidated financial statements for the six months ended 30 June 2021 included in this interim report and has communicated and discussed the financial reporting issues of the Group with the management of the Company. The Audit Committee confirmed that the interim financial statements of the Group has been prepared in accordance with the applicable accounting standards and requirements and have made appropriate disclosures accordingly.

By Order of the Board

XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.*

Luo Yong

Chairman

Sichuan, the PRC, 26 August 2021

* For identification purposes only

Consolidated Balance Sheet

At 30 June 2021

ITEM	Notes	RMB	
		30 June 2021 (Unaudited)	31 December 2020
Current Assets:			
Cash and bank balances	(VI)1	5,265,892,103.95	5,785,974,800.85
Held-for-trading financial assets	(VI)2	14,825.46	6,510,463.20
Notes receivable	(VI)3	12,154,432.33	4,344,936.39
Accounts receivable	(VI)4	1,811,689,051.62	1,586,906,258.90
Financing receivables	(VI)5	7,540,726.73	6,201,191.14
Prepayments	(VI)6	96,734,479.56	77,465,227.71
Other receivables	(VI)7	142,183,264.62	103,776,291.44
Inventories	(VI)8	2,223,780,281.17	2,130,621,634.21
Non-current assets due within one year	(VI)10	206,348,844.35	181,722,570.04
Other current assets	(VI)9	100,939,641.85	86,231,460.17
Total Current Assets		9,867,277,651.64	9,969,754,834.05
Non-current Assets:			
Long-term receivables	(VI)10	196,188,920.93	313,418,082.51
Long-term equity investments	(VI)11	720,312,794.50	717,889,546.28
Other equity instrument investment	(VI)12	1,600,744,424.27	1,446,798,951.64
Other non-current financial assets	(VI)13	650,938,167.00	680,880,618.26
Investment properties	(VI)14	84,310,745.53	86,104,385.12
Fixed assets	(VI)15	2,015,981,480.34	2,009,270,646.85
Construction in progress	(VI)16	63,550,489.82	37,670,169.58
Right-of-use assets	(VI)17	395,256,062.32	447,482,542.47
Intangible assets	(VI)18	353,303,179.09	355,813,424.01
Development cost		22,215,446.38	18,870,289.43
Goodwill	(VI)19	500,571,581.14	500,571,581.14
Long-term prepaid expenses	(VI)20	10,828,891.72	12,194,296.86
Deferred income tax assets	(VI)21	23,154,546.42	21,183,296.95
Other non-current assets	(VI)22	701,255,482.17	350,933,345.43
Total Non-current Assets		7,338,612,211.63	6,999,081,176.53
TOTAL ASSETS		17,205,889,863.27	16,968,836,010.58

Consolidated Balance Sheet (continued)

At 30 June 2021

ITEM	Notes	RMB	
		30 June 2021 (Unaudited)	31 December 2020
Current Liabilities:			
Notes payable	(VI)23	29,266,749.97	45,838,225.28
Accounts payable	(VI)24	4,709,546,981.82	4,550,158,695.76
Contract liabilities	(VI)25	487,025,697.14	442,825,006.30
Employee benefits payable	(VI)26	343,743,771.72	472,779,571.05
Taxes payable	(VI)27	43,723,596.44	64,081,630.88
Other payables	(VI)28	542,332,606.27	655,979,050.64
Non-current liabilities due within one year	(VI)30	102,536,661.01	103,865,186.60
Other current liabilities	(VI)29	195,756,962.03	176,472,136.88
Total Current Liabilities		6,453,933,026.40	6,511,999,503.39
Non-current Liabilities:			
Lease liabilities	(VI)30	292,447,828.05	357,266,005.19
Deferred income	(VI)31	40,666,375.73	45,644,566.05
Deferred income tax liabilities	(VI)21	19,958,218.77	25,775,918.61
Total Non-current Liabilities		353,072,422.55	428,686,489.85
TOTAL LIABILITIES		6,807,005,448.95	6,940,685,993.24
Shareholders' Equity:			
Share capital	(VI)32	1,233,841,000.00	1,233,841,000.00
Capital reserve	(VI)33	2,572,524,766.32	2,572,524,766.32
Other comprehensive income	(VI)34	1,171,502,277.87	1,016,266,307.50
Surplus reserve	(VI)35	897,647,684.81	897,647,684.81
Undistributed profits	(VI)36	4,635,671,635.97	4,416,564,721.94
Total Shareholder's Equity Attributable to the Parent Company		10,511,187,364.97	10,136,844,480.57
Non-controlling Interests		(112,302,950.65)	(108,694,463.23)
TOTAL SHAREHOLDERS' EQUITY		10,398,884,414.32	10,028,150,017.34
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		17,205,889,863.27	16,968,836,010.58

The accompanying notes form part of the financial statements.

The financial statements on pages 34 to 46 were signed by the following:

Luo Yong
Legal Representative

Zhu Zaixiang
Chief Accountant

Wu Sufang
Person in Charge of the Accounting Body

The Parent Company's Balance Sheet

At 30 June 2021

ITEM	Notes	<i>RMB</i>	
		30 June 2021 (Unaudited)	31 December 2020
Current Assets:			
Cash and bank balances	(XVI)1	4,150,713,585.43	4,242,822,636.99
Held-for-trading financial assets		14,825.46	10,463.20
Accounts receivable	(XVI)2	967,914,390.50	747,625,909.48
Prepayments	(XVI)3	17,613,339.55	32,837,225.54
Other receivables	(XVI)4	481,138,495.52	894,926,509.15
Inventories	(XVI)5	325,568,034.47	606,090,436.19
Non-current liabilities due within one year		49,810,017.31	73,255,497.75
Other current assets	(XVI)6	73,237,004.85	55,991,778.32
Total Current Assets		6,066,009,693.09	6,653,560,456.62
Non-current Assets:			
Long-term receivables		19,966,619.45	37,035,834.38
Long-term equity investments	(XVI)7	3,965,176,287.47	3,995,119,165.77
Other equity instrument investment	(VI)12	1,599,500,800.00	1,445,640,000.00
Other non-current financial assets	(VI)13	183,605,269.80	194,250,814.72
Investment properties	(XVI)8	18,538,224.23	18,988,319.25
Fixed assets	(XVI)9	1,629,138,907.23	1,610,059,313.35
Construction in progress	(VI)16	63,484,043.22	37,624,145.99
Right-of-use assets	(XVI)10	375,121,176.48	419,981,564.62
Intangible assets	(XVI)11	139,423,349.93	139,554,152.63
Development expenditure		5,999,999.83	5,999,999.83
Long-term prepaid expenses	(XVI)12	2,592,220.51	3,958,856.56
Other non-current assets	(XVI)13	1,105,953,290.00	846,577,507.43
Total Non-current Assets		9,108,500,188.15	8,754,789,674.53
TOTAL ASSETS		15,174,509,881.24	15,408,350,131.15

The Parent Company's Balance Sheet (continued)

At 30 June 2021

ITEM	Notes	RMB	
		30 June 2021 (Unaudited)	31 December 2020
Current Liabilities:			
Accounts payable	(XVI)14	3,700,127,565.48	4,089,235,914.59
Contract liabilities	(XVI)15	321,990,991.18	302,958,716.24
Employee benefits payable	(XVI)16	218,574,869.17	324,066,777.71
Taxes payable	(XVI)17	18,616,769.66	20,890,204.76
Other payables	(XVI)18	1,165,060,017.59	1,009,009,072.32
Non-current liabilities due within one year	(XVI)19	95,203,728.87	93,769,873.33
Other current liabilities		67,236,037.38	49,560,392.77
Total Current Liabilities		5,586,809,979.33	5,889,490,951.72
Non-current Liabilities:			
Lease liabilities	(XVI)19	281,878,567.80	345,311,476.37
Deferred income		4,949,802.78	5,796,044.62
Total Non-current Liabilities		286,828,370.58	351,107,520.99
TOTAL LIABILITIES		5,873,638,349.91	6,240,598,472.71
Shareholders' Equity:			
Share capital	(VI)32	1,233,841,000.00	1,233,841,000.00
Capital reserve	(XVI)20	2,631,057,328.10	2,631,057,328.10
Other comprehensive income	(XVI)21	1,173,085,472.00	1,017,913,006.10
Surplus reserve	(XVI)22	896,812,934.68	896,812,934.68
Undistributed profits	(XVI)23	3,366,074,796.55	3,388,127,389.56
TOTAL SHAREHOLDERS' EQUITY		9,300,871,531.33	9,167,751,658.44
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		15,174,509,881.24	15,408,350,131.15

Consolidated Income Statement

For the period from 1 January to 30 June 2021

ITEM	Notes	<i>RMB</i>	
		Amount recognized in the current period (Unaudited)	Amount recognized in the same period last year (Unaudited)
I. Operating income	(VI)37	4,661,581,052.64	3,606,285,024.29
Less: Operating costs	(VI)37	2,753,023,066.47	2,032,754,444.10
Taxes and surcharges	(VI)38	18,470,555.76	20,356,301.32
Selling expenses	(VI)39	699,439,817.71	606,376,116.13
Administrative expenses	(VI)40	596,618,524.09	476,028,730.70
Research and development expenditure		1,309,586.41	773,305.17
Finance expenses	(VI)41	(32,705,955.22)	(18,843,738.56)
Including: Interest expense		10,968,702.67	11,553,034.25
Interest income		48,382,725.61	36,077,431.26
Add: Other income	(VI)42	38,604,454.63	17,314,528.24
Investment income	(VI)43	70,571,673.25	104,983,495.90
Including: Income from investments in associates and joint ventures		9,149,573.22	31,439,093.39
Gains (losses) from changes in fair values	(VI)44	(36,891,522.25)	127,162,814.85
Gains (losses) on credit impairment	(VI)45	(60,736,337.28)	(104,503,611.01)
Impairment gains (losses) of assets	(VI)46	(35,461,604.56)	(31,323,764.19)
Gains from disposal of assets		2,027,859.68	188,874.38
II. Operating profit		603,539,980.89	602,662,203.60
Add: Non-operating income	(VI)47	2,776,841.20	5,348,531.32
Less: Non-operating expenses	(VI)48	16,094,123.90	18,205,903.41
III. Total profit		590,222,698.19	589,804,831.51
Less: Income tax expenses	(VI)49	(9,594,898.29)	22,171,300.76
IV. Net profit		599,817,596.48	567,633,530.75
(I) Categorized by the nature of continuing operation:			
1. Net profit from continuing operations		599,817,596.48	567,633,530.75
2. Net profit from discontinued operations		-	-
(II) Categorized by ownership:			
1. Net profit attributable to shareholders of the parent company		602,909,289.93	580,258,976.15
2. Profit or loss (net loss) attributable to non-controlling interests		(3,091,693.45)	(12,625,445.40)

Consolidated Income Statement *(continued)*

For the period from 1 January to 30 June 2021

ITEM	Notes	RMB	
		Amount recognized in the current period (Unaudited)	Amount recognized in the same period last year (Unaudited)
V. Other comprehensive income, net of tax	(VI)34	153,924,304.47	(78,903,392.55)
Other comprehensive income attributable to shareholders of the parent company, net of tax		153,924,304.47	(78,903,392.55)
(I) Other comprehensive income not reclassified to profit or loss			
1. Changes in other equity instrument investment at fair value		153,924,304.47	(78,903,392.55)
Other comprehensive income attributable to non-controlling shareholders, net of tax		–	–
VI. Total comprehensive income		753,741,900.95	488,730,138.20
Total comprehensive income attributable to shareholders of the parent company		756,833,594.40	501,355,583.60
Total comprehensive income attributable to non-controlling shareholders		(3,091,693.45)	(12,625,445.40)
VII. Earnings per share:			
(I) Basic earnings per share	(VI)50	0.49	0.47
(II) Diluted earnings per share		N/A	N/A

The Parent Company's Income Statement

For the period from 1 January to 30 June 2021

ITEM	Notes	<i>RMB</i>	
		Amount recognized in the current period (Unaudited)	Amount recognized in the same period last year (Unaudited)
I. Operating income	(XVI)24	2,969,226,766.21	2,517,133,308.87
Less: Operating costs	(XVI)24	1,646,940,769.34	1,405,357,589.26
Taxes and surcharges	(XVI)25	10,479,452.15	12,910,324.29
Selling expenses	(XVI)26	486,313,480.26	417,732,654.41
Administrative expenses	(XVI)27	461,831,574.39	367,721,581.84
Finance expenses	(XVI)28	(16,443,875.66)	(12,531,055.37)
Including: Interest expenses		15,551,338.44	14,157,779.13
Interest income		34,956,026.55	30,698,775.73
Add: Other income	(XVI)29	1,386,809.61	1,874,084.75
Investment income	(XVI)30	38,664,196.10	56,241,716.90
Including: Gains (losses) from investments in associates and joint ventures		11,583,846.70	(13,989,376.44)
Gains (losses) from changes in fair values		(10,644,615.91)	44,618,316.23
Gains (losses) on credit impairment	(XVI)31	(14,501,164.95)	(54,993,211.59)
Impairment gains (losses) of assets	(XVI)32	(19,534,275.44)	(7,932,725.79)
Gains from disposal of assets		51,926.33	193,798.34
II. Operating profit		375,528,241.47	365,944,193.28
Add: Non-operating income	(XVI)33	2,077,409.89	4,811,114.23
Less: Non-operating expenses	(XVI)34	15,855,868.47	17,948,691.19
III. Total profit		361,749,782.89	352,806,616.32
Less: Income tax expenses		-	-
IV. Net profit		361,749,782.89	352,806,616.32
(I) Net profit from continuing operations		361,749,782.89	352,806,616.32
(II) Net profit from discontinued operations		-	-
V. Other comprehensive income, net of tax	(XVI)21	153,860,800.00	(78,828,800.00)
(I) Other comprehensive income not reclassified to profit or loss			
1. Changes in other equity instrument investment at fair value		153,860,800.00	(78,828,800.00)
VI. Total comprehensive income		515,610,582.89	273,977,816.32

Consolidated Cash Flow Statement

For the period from 1 January to 30 June 2021

ITEM	Notes	<i>RMB</i>	
		Amount recognized in the current period (Unaudited)	Amount recognized in the same period last year (Unaudited)
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		4,712,206,904.61	3,549,628,516.17
Receipts of tax refunds		–	5,197,605.89
Other cash receipts relating to operating activities	(VI)51(1)	116,501,482.17	127,924,028.08
Sub-total of cash inflows from operating activities		4,828,708,386.78	3,682,750,150.14
Cash payments for goods purchased and services received		2,869,121,763.23	2,127,856,657.02
Cash payments to and on behalf of employees		803,993,108.16	698,685,678.52
Payments of various types of taxes		71,623,054.14	61,337,855.50
Other cash payments relating to operating activities	(VI)51(2)	612,831,815.06	526,437,627.75
Sub-total of cash outflows from operating activities		4,357,569,740.59	3,414,317,818.79
Net Cash Flow from Operating Activities	(VI)52(1)	471,138,646.19	268,432,331.35
II. Cash Flows from Investing Activities:			
Cash receipts from recovery of investments		306,714,479.22	1,220,255,827.32
Cash receipts from investment income		66,748,425.03	40,198,701.97
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		2,477,621.09	1,580,281.11
Other cash receipts relating to investing activities	(VI)51(3)	–	77,453,965.75
Sub-total of cash inflows from investing activities		375,940,525.34	1,339,488,776.15
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		95,564,737.81	41,385,839.27
Cash payments to acquire investments		624,228,987.47	1,248,282,104.26
Other cash payments relating to investing activities	(VI)51(4)	700,000,000.00	245,106,518.99
Sub-total of cash outflows from investing activities		1,419,793,725.28	1,534,774,462.52
Net Cash Flow used in Investing Activities		(1,043,853,199.94)	(195,285,686.37)

Consolidated Cash Flow Statement *(continued)*

For the period from 1 January to 30 June 2021

ITEM	Notes	Amount recognized in the current period (Unaudited)	RMB Amount recognized in the same period last year (Unaudited)
III. Cash Flows from Financing Activities:			
Cash payments for distribution of dividends, profit or settlement of interest expenses		245,505,212.44	249,011,574.86
Including: Payments for distribution of dividends, profit to non- controlling shareholders of subsidiaries		-	-
Other cash payments relating to financing activities	(VI)51(5)	45,156,312.16	37,485,372.05
Sub-total of cash outflows from financing activities		290,661,524.60	286,496,946.91
Net Cash Flow used in Financing Activities		(290,661,524.60)	(286,496,946.91)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
		-	-
V. Net Increase (Decrease) in Cash and Cash Equivalents			
	(VI)52(1)	(863,376,078.35)	(213,350,301.93)
Add: Opening balance of cash and cash equivalents	(VI)52(2)	5,740,841,068.18	3,393,906,225.68
VI. Closing Balance of Cash and Cash Equivalents			
	(VI)52(2)	4,877,464,989.83	3,180,555,923.75

The Parent Company's Cash Flow Statement

For the period from 1 January to 30 June 2021

ITEM	Notes	RMB	
		Amount recognized in the current period (Unaudited)	Amount recognized in the same period last year (Unaudited)
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		2,836,218,446.40	2,194,210,388.10
Other cash receipts relating to operating activities	(XVI)35(1)	45,240,086.39	73,044,711.01
Sub-total of cash inflows from operating activities		2,881,458,532.79	2,267,255,099.11
Cash payments for goods purchased and services received		1,453,008,047.60	1,245,485,096.83
Cash payments to and on behalf of employees		554,414,312.67	469,118,079.76
Payments of various types of taxes		13,070,987.28	13,342,278.32
Other cash payments relating to operating activities	(XVI)35(2)	416,732,990.40	352,842,387.96
Sub-total of cash outflows from operating activities		2,437,226,337.95	2,080,787,842.87
Net Cash Flow from Operating Activities	(XVI)36(1)	444,232,194.84	186,467,256.24
II. Cash Flows from Investing Activities:			
Cash receipts from recovery of investments		214,479.22	1,060,255,827.32
Cash receipts from investment income		63,681,333.13	37,347,795.54
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		379,801.66	801,873.97
Net cash receipts from disposals of subsidiaries and other business units		2,096,772.27	–
Other cash receipts relating to investing activities		60,621,330.17	204,220,452.12
Sub-total of cash inflows from investing activities		126,993,716.45	1,302,625,948.95
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		76,376,864.48	28,305,271.57
Cash payments to acquire investments		317,278,987.47	1,140,282,104.26
Other cash payments relating to investing activities		260,000,000.00	310,000,000.00
Sub-total of cash outflows from investing activities		653,655,851.95	1,478,587,375.83
Net Cash Flow used in Investing Activities		(526,662,135.50)	(175,961,426.88)

The Parent Company's Cash Flow Statement *(continued)*

For the period from 1 January to 30 June 2021

ITEM	Notes	Amount recognized in the current period (Unaudited)	RMB Amount recognized in the same period last year (Unaudited)
III. Cash Flows from Financing Activities:			
Other cash receipts relating to financing activities		279,500,000.00	80,000,000.00
Sub-total of cash inflows from financing activities		279,500,000.00	80,000,000.00
Cash payments for distribution of dividends, profit or settlement of interest expenses		245,490,209.00	252,315,454.00
Other cash payments relating to financing activities		43,615,538.37	29,397,793.34
Sub-total of cash outflows from financing activities		289,105,747.37	281,713,247.34
Net Cash Flow used in Financing Activities		(9,605,747.37)	(201,713,247.34)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
		-	-
V. Net Increase (Decrease) in Cash and Cash Equivalents			
	(XVI)36(1)	(92,035,688.03)	(191,207,417.98)
Add: Opening balance of cash and cash equivalents	(XVI)36(2)	4,235,082,239.58	2,561,250,163.76
VI. Closing Balance of Cash and Cash Equivalents			
	(XVI)36(2)	4,143,046,551.55	2,370,042,745.78

Consolidated Statement of Changes in Shareholders' Equity

For the period from 1 January to 30 June 2021

RMB

ITEM	Current period (Unaudited)							Total shareholders' equity
	Equity attributable to shareholders of the parent company							
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	Non-controlling interests		
I. 31 December 2020	1,233,841,000.00	2,572,524,766.32	1,016,266,307.50	897,647,684.81	4,416,564,721.94	(108,694,463.23)	10,028,150,017.34	
II. Changes in current period								
(I) Total comprehensive income	-	-	153,924,304.47	-	602,909,289.93	(3,091,693.45)	753,741,900.95	
(II) Profit distribution								
1. Distributions to shareholders	-	-	-	-	(382,490,710.00)	(516,793.97)	(383,007,503.97)	
(III) Internal carry-over within equity								
1. Other comprehensive income carried forward to retained earnings	-	-	1,311,665.90	-	(1,311,665.90)	-	-	
III. 30 June 2021 (Unaudited)	1,233,841,000.00	2,572,524,766.32	1,171,502,277.87	897,647,684.81	4,635,671,635.97	(112,302,950.65)	10,398,884,414.32	

RMB

ITEM	The same period last year (Unaudited)							Total shareholders' equity
	Equity attributable to shareholders of the parent company							
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	Non-controlling interests		
I. 31 December 2019	1,233,841,000.00	2,572,524,766.32	979,297,859.83	792,353,770.15	3,629,232,391.16	(87,283,461.24)	9,119,966,326.22	
II. Changes in current period								
(I) Total comprehensive income	-	-	(78,903,392.55)	-	580,258,976.15	(12,625,445.40)	488,730,138.20	
(II) Shareholders' contributions and reduction in capital								
1. Others	-	-	-	-	-	(1,309,333.65)	(1,309,333.65)	
(III) Profit distribution								
1. Distributions to shareholders	-	-	-	-	(370,152,300.00)	-	(370,152,300.00)	
III. 30 June 2020 (Unaudited)	1,233,841,000.00	2,572,524,766.32	900,394,467.28	792,353,770.15	3,839,339,067.31	(101,218,240.29)	9,237,234,830.77	

The Parent Company's Statement of Changes in Shareholders' Equity

For the period from 1 January to 30 June 2021

RMB

ITEM	Current period (Unaudited)					Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	
I. 31 December 2020	1,233,841,000.00	2,631,057,328.10	1,017,913,006.10	896,812,934.68	3,388,127,389.56	9,167,751,658.44
II. Changes in current period						
(I) Total comprehensive income	-	-	153,860,800.00	-	361,749,782.89	515,610,582.89
(II) Profit distribution						
1. Distributions to shareholders	-	-	-	-	(382,490,710.00)	(382,490,710.00)
(III) Internal carry-over within equity						
1. Other comprehensive income carried forward to retained earnings	-	-	1,311,665.90	-	(1,311,665.90)	-
III. 30 June 2021 (Unaudited)	1,233,841,000.00	2,631,057,328.10	1,173,085,472.00	896,812,934.68	3,366,074,796.55	9,300,871,531.33

RMB

ITEM	The same period last year (Unaudited)					Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	
I. 31 December 2019	1,233,841,000.00	2,631,057,328.10	980,900,206.10	791,519,020.02	2,810,634,457.60	8,447,952,011.82
II. Changes in current period						
(I) Total comprehensive income	-	-	(78,828,800.00)	-	352,806,616.32	273,977,816.32
(II) Profit distribution						
1. Distributions to shareholders	-	-	-	-	(370,152,300.00)	(370,152,300.00)
III. 30 June 2020 (Unaudited)	1,233,841,000.00	2,631,057,328.10	902,071,406.10	791,519,020.02	2,793,288,773.92	8,351,777,528.14

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

(I) BASIC INFORMATION ABOUT THE COMPANY

1. Company Overview

Upon approvals of *Reply on State-owned Equity Management of Sichuan Xinhua Winshare Chain Co., Ltd.* (Preparing for Establishment) (Filed as Chuan Guo Zi Wei [2005] No. 81) issued by the State-owned Assets Supervision and Administration Commission of Sichuan Province, and *Reply on Incorporating Sichuan Xinhua Winshare Chain Co., Ltd. by Sichuan Provincial People's Government* (filed as Chuan Fu Han [2005] No. 69) issued by Sichuan Provincial People's Government, Xinhua Winshare Publishing and Media Co., Ltd. (hereinafter referred to as the "**Company**", originally known as Sichuan Xinhua Winshare Chain Co., Ltd.), collectively sponsored by Sichuan Xinhua Publishing and Distribution Group Co., Ltd. (hereinafter referred to as "**Sichuan Xinhua Publishing and Distribution Group**", originally known as Sichuan Xinhua Publishing Group Co., Ltd.), Chengdu Huasheng (Group) Industry Co., Ltd., Sichuan Daily Newspaper Group, Sichuan Cultural Industry Investment Group Co., Ltd. (hereinafter referred to as "**Sichuan Cultural Investment Group**", originally known as Sichuan Publication Group Company Limited), Sichuan Youth and Children's Publishing House Co., Ltd. (hereinafter referred to as "**Youth and Children's Publishing House**"), and Liaoning Publication Group Co., Ltd., was incorporated on 11 June 2005 upon registration at Sichuan Provincial Administration for Market Regulation.

In accordance with resolutions made on 7th meeting of the second session of the Board of Directors meeting 2010 on 20 August 2010, the Company changed its name from Sichuan Xinhua Winshare Chain Co., Ltd. to Xinhua Winshare Publishing and Media Co., Ltd.

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

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



Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(I) BASIC INFORMATION ABOUT THE COMPANY *(Continued)*

1. Company Overview *(Continued)*

In accordance with the resolution made on 6th meeting of the fourth session of the Board of Directors meeting 2021 on 21 May 2021, Luo Yong was elected as the chairman of the Company, and in accordance with the Articles of Association, the legal representative was changed from He Zhiyong to Luo Yong, and the industrial and commercial registration of the change of legal person was completed on 21 June 2021. The registered address is No. 1, 1/F, Block 4, No. 239, Jinshi Road, Jinjiang District, Chengdu, Sichuan Province. The headquarters of the Company is located at No. 6 Wenxuan Road, Rongbei Shangmao Avenue, Chengdu, Sichuan Province.

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

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

2. Scope of the consolidated financial statements

The consolidated and the parent company’s financial statements were approved by the Board of the Company on 26 August 2021.

Details of the scope of the consolidated financial statements for the Period are set out in Note (VIII) “Interests in other entities”. Details of changes in the scope of consolidated financial statements for the Period are set out in Note (VII) “Changes in consolidation scope”.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

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

Going concern

The Group assessed its ability to continue as a going concern for the 12 months subsequent to 30 June 2021, and found no events or circumstances that may cast significant doubts upon it. Hence the financial statements have been prepared on a going concern basis.

Basis of accounting and principle of measurement

The Group has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Group adopts the historical cost as the principle of measurement in the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

Where the historical cost is adopted as the measurement basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds or assets received or the contractual amounts for assuming the present obligation, or, at the amounts of cash or cash equivalents expected to be paid to settle the liabilities in the normal course of business.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Regardless of whether that fair value is directly observable or estimated using valuation technique, fair value measurement and disclosure purposes in the financial statements are determined on such a basis.

For financial assets with transaction prices as the fair value upon initial recognition and using valuation technique of unobservable inputs in the subsequent measurement at the fair value, the technique is adjusted during the valuation to match the initial recognition results determined with the transaction prices.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(Continued)*

Basis of accounting and principle of measurement *(Continued)*

Fair value measurements are categorised into Level 1, 2 and 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance with the ASBE

The financial statements have been prepared by the Company in accordance with ASBE, and present truly and completely, the consolidated and the parent company's financial position as at 30 June 2021, and the consolidated and the parent company's results of operations, the consolidated and the parent company's statement of changes in shareholders' equity and the consolidated and the parent company's cash flows for the period from 1 January to 30 June 2021.

2. Accounting period

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

3. Operating cycle

An operating cycle refers to the period since when an enterprise purchases assets for processing purpose until the realization of those assets in cash or cash equivalents. The Group's operating cycle is 12 months.

4. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its subsidiaries choose RMB as their functional currency. The Company adopts RMB to prepare its financial statements.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

5.1 *Business combinations involving enterprises under common control*

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is adjusted to the share capital premium in capital reserve. If the share capital premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

5.2 *Business combinations not involving enterprises under common control and goodwill*

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

The cost of combination is the aggregate of the fair values of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. Where a business combination not involving enterprises under common control is achieved in stages that involve multiple transactions, the cost of combination is the sum of the consideration paid at the acquisition date and the fair value at the acquisition date of the acquirer's previously held interest in the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control *(Continued)*

5.2 Business combinations not involving enterprises under common control and goodwill *(Continued)*

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria shall be measured at fair value at the acquisition date. Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognized as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognizes it in profit or loss for the current period.

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statements.

6. Preparation of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control exists when the investor has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect its returns. Once there are any changes in relevant elements of the definition of control arising from changes in relevant facts or circumstances, the Group will make reassessment.

A subsidiary is consolidated commencing from the obtaining of the control over such subsidiary by the Group and is ceased to be consolidated upon losing the control over such subsidiary by the Group.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

6. Preparation of consolidated financial statements *(Continued)*

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

The impacts of internal transactions between the Company and its subsidiaries and among the subsidiaries on the consolidated financial statements are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as non-controlling interests and presented as "non-controlling interests" in the consolidated balance sheet within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to non-controlling shareholders are presented as "profit or loss attributable to non-controlling shareholders" in the consolidated income statement below the "net profit" line item.

When the amount of loss for the period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount is still allocated against non-controlling interests.

Acquisition of non-controlling interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Company owners' interests and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid/received is adjusted to capital reserve under owners' equity. If the capital reserve is not sufficient to absorb the difference, the excess is adjusted against retained earnings.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

6. Preparation of consolidated financial statements *(Continued)*

Where equity interests in an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination not involving enterprises under common control, the acquirer shall determine if these transactions are considered to be a “bundled transaction”. If yes, these transactions are accounted for as a single transaction where control is obtained. If no, these transactions are accounted for as multiple transactions where control is obtained at the acquisition date; in this case, the acquirer remeasures its previously-held equity interests in the acquiree at their fair value on the acquisition date and recognizes any differences between such fair value and carrying amounts in profit or loss for the period. Where equity interests in an acquiree held before the acquisition date involve changes in other comprehensive income or changes in other owners’ equity under equity method, they are transferred to income for the period that the acquisition date belongs to.

7. Classification of joint arrangements

A joint arrangement is classified into joint operation and joint venture, depending on the rights and obligations of the parties to the arrangement, which is assessed by considering the structure and the legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

The joint arrangement of the Group refers to the joint venture. The Group accounts for investments in joint ventures using equity method. Refer to Note (III) “14.3.2 Long-term equity investments accounted for using the equity method” for details.

8. Recognition criteria of cash and cash equivalents

Cash comprises cash on hand of the Group and its deposits that can be readily withdrawn on demand. Cash equivalents are the Group’s short-term (generally due within three months from the date of acquisition), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

9. Transactions denominated in foreign currencies and translation of financial statements denominated in foreign currencies

9.1 Transactions denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition, by applying the spot exchange rate on the date of the transaction.

At the balance sheet date, foreign currency monetary items are translated into the functional currency using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognized in profit or loss for the period, save as: (1) exchange differences relating to a special borrowing denominated in foreign currency qualified for capitalization are capitalized as part of the cost of the relevant asset during the capitalization period; (2) exchange differences relating to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting; (3) exchange differences arising from changes in the carrying amounts (other than amortized cost) of monetary items classified at FVTOCI are recognized in other comprehensive income.

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions.

9.2 Translation of financial statements denominated in foreign currencies

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items except for "retained earnings" are translated at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at the spot exchange rates on the dates of the transactions; the opening balance of retained earnings is the translated closing balance of the previous year's retained earnings; the closing balance of retained earnings is calculated and presented on the basis of each translated income statement and profit distribution item. The difference between the translated assets items and the aggregate of liabilities items and shareholders' equity items is presented as exchange difference and recognized in other comprehensive income and included in shareholders' equity.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at the spot exchange rate on the date of the cash flows. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the cash flow statement as "effect of exchange rate changes on cash and cash equivalents".

The opening balances of the period and the actual figures of the previous period are presented as the translated amounts in the previous period's financial statements.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

For all regular way purchase or sale of financial assets, assets to be received and liabilities to be assumed therefrom shall be recognized on a trade date basis, or assets sold shall be derecognized on a trade date basis.

Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognized in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognized amounts. For accounts receivable excluding significant financing components or regardless of financing components of contracts less than one year initially recognized based on *ASBE No. 14 – Revenue* (the “**Standard – Revenue**”), accounts receivable recognized shall be measured at transaction price defined based on the Standard – Revenue on initial recognition.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over each accounting period.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the net carrying amount of the financial asset or the amortized cost of financial liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability including earlier repayment, extension, call option or other similar options etc. without considering future credit losses.

The amortized cost of a financial asset or a financial liability is the amount of a financial asset or a financial liability initially recognized net of principal repaid, plus or less the cumulative amortized amount arising from amortization of the difference between the amount initially recognized and the amount at the maturity date using the effective interest method, net of cumulative loss allowance (only applicable to financial assets).

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

10.1 Classification, recognition and measurement of financial assets

Subsequent to initial recognition, the Group's financial assets of various categories are subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss.

If contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, such asset is classified into financial asset measured at amortized cost. Such financial assets mainly include bank and cash, notes receivable, accounts receivable, other receivables, long-term receivables, other non-current assets – time deposits and etc.

The contract clauses of financial assets stipulate that cash flows generated on a specified date are only payments of principal and interest based on the amount of outstanding principal and the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. The financial assets that meet the above conditions are classified as at fair value through other comprehensive income (FVTOCI), among which those with maturities over one year upon acquisition are presented under other debt investments, those with maturities within one year (inclusive) since the balance sheet date are presented under non-current assets due within one year, those classified as accounts receivable and notes receivable at FVTOCI upon acquisition are presented under financing receivables, those remaining items with maturities within one year (inclusive) upon acquisition are presented under other current assets.

Upon initial recognition, the Group can irrevocably designate non-trading equity instrument investments other than contingent considerations recognized in the business combination not under common control as financial assets at FVTOCI based on an individual financial asset. Such financial assets are presented as other equity instrument investments.

Financial assets meeting one of the following requirements indicate that the financial assets are held by the Group for trading:

- The obtaining of relevant financial assets is mainly for the purpose of sale in the near future.
- Relevant financial assets are part of the identifiable financial instrument combination under centralised management upon initial recognition and there is objective evidence indicating that recently there exists a short-term profit model.
- Relevant financial assets are derivatives, excluding derivatives that meet the definition of financial guarantee contracts as well as derivatives designated as effective hedging instruments.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

10.1 Classification, recognition and measurement of financial assets (Continued)

The financial assets at fair value through profit or loss (FVTPL) include those classified as at FVTPL and those designated as at FVTPL:

- Financial assets that are unqualified for the classification as at amortized cost and at FVTOCI are classified as at FVTPL.
- Upon initial recognition, to eradicate or significantly reduce accounting mismatches, the Group can irrevocably designate financial assets as at FVTPL.

Excluding derivative financial assets, financial assets at FVTPL are presented under held-for-trading financial assets. Those due over one year from the balance sheet date (or with no fixed term) and expected to be held for over one year are presented under other non-current financial assets.

10.1.1 Financial assets classified as at amortized cost

Financial assets measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from impairment or derecognition is included in profit or loss for the current period.

Interest income from the Group's financial assets measured at amortized cost is recognized based on the effective interest method. Interest income is determined by applying an effective interest rate to the book balance of the financial asset except for the following situations:

- For purchased or originated credit-impaired financial assets, the Group recognizes their interest income based on amortized cost and credit-adjusted effective interest rate of such financial assets since initial recognition.
- For purchased or originated financial assets without credit impairment but subsequently becoming credit-impaired, the Group subsequently recognizes their interest income based on amortized costs and effective interest rate of such financial assets. If there exists no credit impairment due to improvement in credit risk of the financial instruments subsequently, and such improvement can be associated with a particular event upon the application of the above rule, the Group recognizes interest income by applying effective interest rate to book balance of the financial assets.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

10.1 Classification, recognition and measurement of financial assets *(Continued)*

10.1.2 Financial assets classified as at FVTOCI

Gains or losses on impairment and interest income calculated using effective interest rate that relate to a financial asset classified as at FVTOCI are recognized in profit or loss for the period, otherwise fair value changes in the financial asset are included in other comprehensive income. The amount of the financial asset included in profit or loss for each period is equal to the amount as if it had been measured at amortized cost through profit or loss for each period. Upon derecognition of the financial asset, cumulative gains or losses previously recognized in other comprehensive income are transferred and included in profit or loss for the period.

The fair value change of non-trading equity instrument investments designated as at FVTOCI is recognized in other comprehensive income. Upon derecognition of the financial asset, cumulative gains or losses previously recognized in other comprehensive income are transferred and included in retained earnings. During the period for which the Group holds the investments in such non-trading equity instruments, dividend income is recognized and included in profit or loss for the period when the Group's right to collect dividend has been established; it is probable that economic benefits associated with dividend will flow into the Group; and the amount of dividend can be reliably measured.

10.1.3 Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured at fair value, gains or losses arising from fair value changes and dividends and interest income in relation to such financial assets are included in profit or loss for the period.

10.2 Impairment of financial instruments

The Group carries out impairment testing of and recognizes the loss allowance for financial assets measured at amortized cost, financial assets at FVTOCI and lease receivables based on expected credit loss ("ECL").

The Group measures loss allowance for all accounts receivable, long-term receivables, notes receivable, financing receivables arising from transactions regulated by the revenue standard and operating lease payments arising from the transactions regulated by the ASBE No. 21 – Lease based on the amount of full lifetime ECL.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

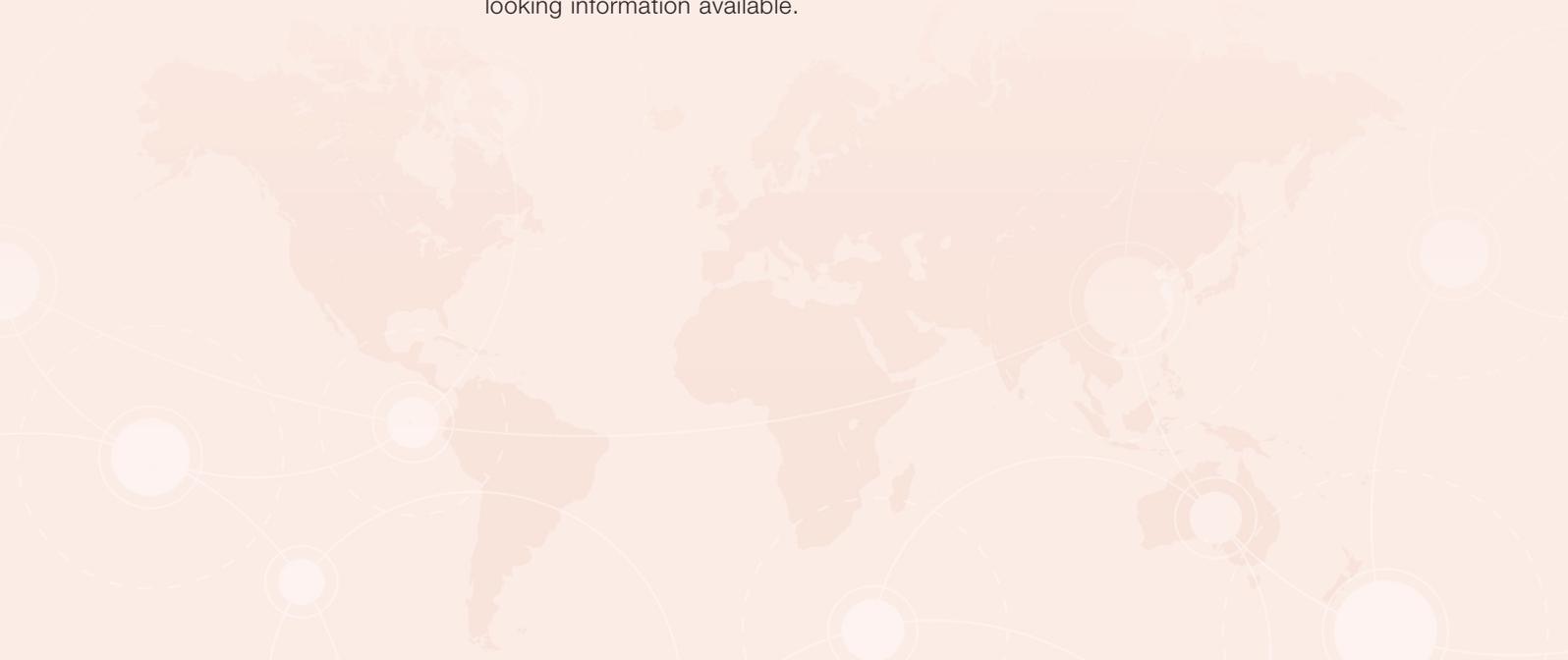
10.2 Impairment of financial instruments (Continued)

For other financial instruments, except for the purchased or internally generated credit-impaired financial assets, at each balance sheet date, the Group assesses changes in credit risk of relevant financial assets since initial recognition. If the credit risk of the above financial instruments has increased significantly since initial recognition, the Group measures loss allowance based on the amount of full lifetime ECL; if credit risk of the financial instruments has not increased significantly since initial recognition, the Group recognizes loss allowance based on 12-month ECL of the financial asset. Increase in or reversal of credit loss allowance is included in profit or loss as loss or gain on impairment. Except for financial assets classified as at FVTOCI, in which case the impairment amount is offset against the carrying amount of financial assets. For the financial assets classified as FVTOCI, the Group recognizes credit loss allowance in other comprehensive income, without reducing the carrying amount of the financial assets presented in the statement of financial position.

The Group measured loss allowance at the full lifetime ECL of the financial instruments in the prior accounting period. However, as at the balance sheet date for the current period, for the above financial instruments, due to failure to qualify as significant increase in credit risk since initial recognition, the Group measures loss allowance for the financial instruments at 12-month ECL at the balance sheet date for the current period. Relevant reversal of loss allowance is included in profit or loss as gain on impairment.

10.2.1 Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition by using reasonable and supportable forward-looking information available.



Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

10.2 Impairment of financial instruments (Continued)

10.2.1 Significant increase in credit risk (Continued)

The following information is taken into account when the Group assesses whether credit risk has increased significantly:

- (1) Whether expected adverse changes in business, financial and economic conditions of the borrower which will affect debtor's ability to perform repayment obligation have changed significantly.
- (2) Whether the actual or expected operating results of the debtor have changed significantly.
- (3) Whether credit risk of other financial instruments issued by the same debtor has increased significantly.
- (4) Whether regulatory, economic or technical environment for the debtor has significant adverse changes.
- (5) Whether the debtor's expected performance and repayment activities have changed significantly.

At the balance sheet date, the Group assumes that credit risk of the financial instrument has not increased significantly since initial recognition when the Group determines that the financial instrument is only exposed to lower credit risk.



Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

10.2 Impairment of financial instruments (Continued)

10.2.2 Credit-impaired financial assets

A financial asset is “credit-impaired” when one or more events that have an adverse impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes observable data about the following events:

- (1) Significant financial difficulty of the issuer or debtor;
- (2) A breach of contract by the debtor, such as a default or delinquency in interest or principal payments;
- (3) The creditor, for economic or contractual reasons relating to the debtor’s financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;
- (4) It becoming probable that the debtor will enter bankruptcy or other financial reorganizations;
- (5) The disappearance of an active market for that financial asset due to financial difficulties of issuer or debtor;
- (6) The purchase or origination of a financial asset at a significant discount that reflects the incurred credit losses.



Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

10.2 Impairment of financial instruments (Continued)

10.2.3 Recognition of ECL

The Group recognises credit loss for receivables-deposits and security deposits and long-term receivables on an individual basis and recognises credit loss of related financial instruments for accounts receivable and other receivables other than deposits and security deposits on a collectively basis using a provision matrix. The Group classifies financial instruments into different groups based on shared risk characteristics. Shared credit risk characteristics include type of financial instruments, the date of initial recognition, remaining contractual maturity and industry of debtor etc.

ECL of relevant financial instruments is recognized based on the following methods:

- For a financial asset, credit loss is the present value of difference between the contractual cash flow receivable and the expected cash flows to be received.
- For lease receivables, credit loss is the present value of difference between the contractual cash flow receivable and the expected cash flows to be received.
- For credit-impaired financial assets other than the purchased or internally generated credit-impaired financial assets at the balance sheet date, credit loss is difference between the carrying amount of financial assets and the present value of expected future cash flows discounted at original effective interest rate.

The Group's measurement of ECL of financial instruments reflects factors including unbiased probability weighted average amount recognized by assessing a series of possible results, time value of money, reasonable and supportable information related to historical events, current condition and forecast of future economic position that is available without undue cost or effort at the balance sheet date.

10.2.4 Reduction in financial assets

The Group directly reduces the carrying amount of financial assets when ceasing to reasonably expect that the contractual cash flow of such financial assets may be fully or partially recoverable. Such reduction comprises derecognition of relevant financial assets.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

10.3 Transfer of financial assets

The Group derecognizes a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (3) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, and it retains control of the financial asset, the Group continues to recognize the financial asset transferred to the extent of its continuing involvement and recognizes the relevant liabilities correspondingly. The Group measures the relevant liabilities in the following ways:

- If the financial asset transferred is measured at amortized cost, the carrying amount of the relevant liabilities is equal to the carrying amount of the financial asset transferred with continuing involvement less the amortized cost of the rights retained by the Group (if the Group retains relevant rights due to the transfer of financial assets) plus the amortized cost of the obligations undertaken by the Group (if the Group assumes relevant obligations due to the transfer of financial assets), and the relevant liabilities are not designated as financial liabilities at fair value through profit or loss.
- If the transferred financial asset is measured at fair value, the carrying amount of the relevant liabilities is equal to the carrying amount of the financial asset transferred with continuing involvement less the fair value of the rights retained by the Group (if the Group retains relevant rights due to the transfer of financial assets) plus the fair value of the obligations assumed by the Group (if the Group assumes relevant obligations due to the transfer of financial assets), and the fair value of the rights and obligations is measured on an individual basis.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between the carrying amount of the transferred financial asset on the date of derecognition plus the consideration received from the transfer of financial asset and the sum of corresponding amounts derecognized in the accumulated changes in the fair value of other comprehensive income is recognized in profit or loss for the period. If the Group transfers a financial asset that belongs to non-trading equity instrument designated as at FVTOCI, cumulative gains or losses previously recognized in other comprehensive income are transferred and included in retained earnings.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

10.3 Transfer of financial assets *(Continued)*

For a partial transfer of a financial asset that satisfies the derecognition criteria, the carrying amount of the financial asset in its entirety before transfer shall be amortized between the part of financial asset derecognized and the part of financial asset continued to be recognized at their respective fair values on the transfer dates. The difference between the sum of the consideration received from the part of financial asset derecognized and the amount corresponding to derecognition in the cumulative gains or losses previously recognized in other comprehensive income and the carrying amount of the part of financial asset derecognized at the date of derecognition is included in the profit or loss for the period. If the financial asset transferred by the Group is a non-trading equity instrument investment designated at FVTOCI, cumulative gains or losses previously recognized in other comprehensive income are transferred and included in retained earnings.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group continues to recognize the transferred financial asset in its entirety. The consideration received is recognized as a financial liability.

10.4 Classification of financial liabilities and equity instruments

The Group's financial instruments or their components are, on initial recognition, classified into financial liabilities or equity instruments on the basis of contractual terms for issuance and the economic substance reflected by such terms and in combination with definitions of financial liability and equity instrument, instead of only on the basis of the legal form.

10.4.1 Classification, recognition and measurement of financial liabilities

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. The Group's financial liabilities are all other financial liabilities, mainly including notes payable, accounts payable, other payables and etc.

10.4.1.1 Other financial liabilities

All other financial liabilities as measured at amortized cost, and gains or losses arising from derecognition or amortization are recognized in profit or loss for the period.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

10.4 Classification of financial liabilities and equity instruments (Continued)

10.4.2 Derecognition of financial liabilities

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

10.4.3 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinanced), repurchased, sold and cancelled by the Group are recognized as changes of equity. Change of fair value of equity instruments is not recognized by the Group. Transaction costs related to equity transactions are deducted from equity.

The Group recognizes the distribution to holders of the equity instruments as distribution of profits, and dividends paid do not affect total amount of shareholders equity.

10.5 Offsetting financial assets and financial liabilities

Where the Group has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

11. Financing receivables

Notes receivable classified at FVTOCI with maturities within one year (inclusive) upon acquisition are presented as financing receivables, whereas notes receivable with maturities of more than one year upon acquisition are presented as other debt investments. See Note 10 for the relevant accounting policies.

12. Inventories

12.1 Categories of inventories

The Group's inventories mainly include raw materials, packaging materials, low cost and short-lived materials, work in progress, and goods on hand, etc. Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

12.2 Valuation method of inventories upon delivery

The actual cost of inventories upon delivery is calculated using the weighted average method.

12.3 Basis for determining net realizable value of inventories and provision methods for decline in value of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made.

Net realizable value is the estimated selling price of inventories in the ordinary course of business less the estimated costs to be incurred up to completion, the estimated costs necessary to make the sale and relevant taxes. Net realizable value is determined on the basis of clear evidence obtained, and takes into consideration the purposes of holding inventories and effect of post balance sheet events.

For large quantity and low value items of inventories of the Group, provision for decline in value is made based on categories of inventories. For items of inventories relating to a product line that are produced and marketed in the same geographical area, have the same or similar end uses or purposes, and cannot be practicably evaluated separately from other items in that product line, provision for decline in value is determined on an aggregate basis.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

12. Inventories *(Continued)*

12.3 Basis for determining net realizable value of inventories and provision methods for decline in value of inventories *(Continued)*

For general books, textbooks and supplementary materials, the provision for decline in value of inventories is made by using the following method:

The provision for decline in value of self-owned, stenciling-rent, consigned printing and outsourcing (for underwriting part) general books are made by: aging within one year, no provision for impairment is made; aging for one to two years, provision is made at 10% of total pricing of book inventory at year end/period end; aging for two to three years, provision is made at 20% of total pricing of book inventory at year end/period end; aging for more than 3 years, provision is made at 100% of actual costs of book inventories at year end/period end. The provision for outsourcing (for returnable part) general books is made at 1%-3% of actual costs of book inventories at the year end/period end.

The Group makes impairment provisions for textbooks and supplementary materials produced or purchased for teaching in prior years in full amount. For those produced or purchased for current period's teaching, if the Group has a clear picture about the utilization for the next year, the Group will make impairment provision for textbooks and supplementary materials which will not be used in the next year at full amount, and will make impairment provision for those whose utilization condition is unclear at 50% of their costs. No impairment provision for textbooks and supplementary materials produced or purchased for teaching for next year will be made.

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realizable value of inventories is higher than their carrying amounts, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

12.4 Inventory count system

The perpetual inventory system is maintained for stock system.

12.5 Amortization method for low cost and short-lived consumable items and packaging materials

Low cost and short-lived consumable items and packaging materials are amortized using the immediate write-off method.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

13. Assets held for sale

Non-current assets and disposal groups are classified as held for sale category when the Group recovers the book value through a sale (including an exchange of non-monetary assets that has commercial substance) rather than continuing use.

Non-current assets or disposal groups classified as held for sale are required to satisfy the following conditions at the same time: (1) the asset or disposal group is available for immediate sale in its present condition subject to terms that are usual and customary for sales of such asset or disposal group; (2) the sale is highly probable, i.e. the Group has made a resolution about a selling plan and obtained a confirmed purchase commitment and the sale is expected to be completed within one year.

Non-current assets or disposal groups classified as held for sale are measured at the lower of the book value and the net amount of the fair value less the cost of disposal. Where the carrying amount is higher than the net amount of fair value less the cost of disposal, the carrying amount should be reduced to the net amount of fair value less the cost of disposal, and such reduction is recognized as impairment loss of assets and included in profit or loss for the period. In the meantime, provision for impairment of held-for-sale assets is made. When there is increase in the net amount of fair value of non-current assets held for sale less the cost of disposal at the subsequent balance sheet date, the original deduction should be reversed from impairment loss of assets recognized after the classification as held for sale, and the reversed amount is included in profit or loss for the period. The impairment loss of assets recognized before the classification as held for sale is not reversed.

Non-current assets or non-current assets within disposal groups classified as held for sale are not depreciated or amortized, and the interests and other costs of liabilities of disposal group classified as held for sale continue to be recognized.

All or part of equity investments in an associate or joint venture are classified as held-for-sale assets. For the part that is classified as held for sale, it is no longer accounted for using the equity method since the date of the classification.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

14. Long-term equity investments

14.1 Judgement criteria for joint control and significant influence

Control exists when the investor has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect its returns. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

14.2 Determination of initial investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost of the long-term equity investment is the attributable share of the carrying amount of the owners' equity of the acquiree at the date of combination. The difference between the initial investment cost of the long-term equity investment and the amount of cash paid, the carrying amounts of non-cash assets transferred and liabilities assumed is adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the aggregate cost on the date of acquisition. Where equity interests in an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination not involving enterprises under common control, the acquirer shall determine if these transactions are considered to be a "bundled transaction". If yes, these transactions are accounted for as a single transaction where control is obtained. If no, the sum of carrying amounts of equity investments previously held in the acquiree and the new investment cost is deemed as the initial investment cost of the long-term equity investment that was changed to be accounted for using cost method. If the equity interests previously held were accounted for using the equity method, the corresponding other comprehensive income is not subject to accounting treatment temporarily.

The expenses incurred by the acquirer or acquiree in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

The long-term equity investment acquired otherwise than through a business combination is initially measured at its cost.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

14. Long-term equity investments *(Continued)*

14.3 Subsequent measurement and recognition of profit or loss

14.3.1 Long-term equity investment accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the parent company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. The cost of the long-term equity investment is adjusted according to addition or disposal of investment. Investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

14.3.2 Long-term equity investment accounted for using the equity method

Except for the investment in associates and joint ventures entirely or partly classified as held-for-sale assets, the Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence and a joint venture refers to a joint arrangement whereby the Group has only the rights to the net assets of such arrangement.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income of the investee for the year as investment income and other comprehensive income respectively. Meanwhile, carrying amount of long-term equity investment is adjusted. The carrying amount of long-term equity investment is decreased in accordance with its share of the investee's declared profit or cash dividends. Other changes in owners' equity of the investee other than net profit or loss and other comprehensive income are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized in the capital reserve. The Group recognizes its share of the investee's net profit or loss based on the fair value of the investee's individual identifiable assets, etc. at the acquisition date after making appropriate adjustments. Where the accounting policies and accounting period adopted by the investee are not consistent with those of the Company, the Company shall adjust the financial statements of the investee to conform to the Company's accounting policies and accounting period, and recognize investment income and other comprehensive income based on the adjusted financial statements.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

14. Long-term equity investments *(Continued)*

14.3 Subsequent measurement and recognition of profit or loss *(Continued)*

14.3.2 Long-term equity investment accounted for using the equity method *(Continued)*

The Group's transactions with its associates and joint ventures where assets contributed or sold do not constitute a business, unrealised internal profit or loss is recognized as investment profit or loss to the extent that those attributable to the Group's proportionate shareholding are eliminated. However, unrealised losses resulting from the Group's internal transactions with its investees which represent impairment losses on the transferred assets are not eliminated.

The Group discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. In addition, if the Group has incurred obligations to assume additional losses of the investee, a provision is recognized according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognized.

14.4 Disposal of long-term equity investments

On disposal of a long-term equity investment, the difference between its carrying amount and the proceeds actually received is recognized in profit or loss for the period.

15. Investment properties

An investment property is a property held to earn rentals or for capital appreciation or both. The investment property of the Group is a building that is leased out.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

The Group uses the cost model for subsequent measurement of investment property, and adopts a depreciation policy for the investment property which is consistent with that for buildings.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

When an investment property is sold, transferred, retired or damaged, the Group recognizes the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

16. Fixed assets

16.1 Recognition criteria

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognized. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

16.2 Depreciation method

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Useful life	Estimated net residual value rate	Annual depreciation rate
Buildings	8-40 years	–	2.50-12.50%
Machinery and equipment	5-10 years	0-3%	9.70-20.00%
Electronic equipment and others	5-8 years	0-3%	12.13-20.00%
Transportation vehicles	5-8 years	0-3%	12.13-20.00%

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

16.3 Other explanations

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the period.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year end, and account for any change as a change in an accounting estimate.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

17. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

18. Intangible assets

18.1 Valuation method, useful life and impairment test for intangible assets

Intangible assets include land use rights, software and patents etc.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost is amortized over its estimated useful life using the straight-line method. The estimated net residual value of intangible assets of the Group is zero. The useful life for each category of intangible assets is as follows:

Category	Useful life
Land use rights	40-70 years
Patents	10-15 years
Software	5-10 years
Others	10 years

For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method at the end of the year, and makes adjustments when necessary.

For details of impairment test for intangible assets, please refer to Note (III) "19. Impairment of long-term assets".



Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

18. Intangible assets *(Continued)*

18.2 Internal research and development expenditure

Expenditure during the research phase is recognized as an expense in the period in which it is incurred.

Expenditure during the development phase that meets all of the following conditions at the same time is recognized as intangible asset. Expenditure during development phase that does not meet the following conditions is recognized in profit or loss for the period:

- (1) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (2) the Group has the intention to complete the intangible asset and use or sell it;
- (3) the Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset;
- (5) the expenditure attributable to the intangible asset during its development phase can be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognizes all of them in profit or loss for the period. The costs of intangible assets incurred in internal development activities only include the gross expenditures incurred for bringing the intangible assets to expected usage from the point of time of satisfaction of capitalization conditions. The expenditures included in the profit or loss capitalised before the same intangible asset meets the capitalization conditions during the course of development are not adjusted.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

19. Impairment of long-term assets

The Group reviews the long-term equity investments, investment properties measured by cost method, fixed assets, construction in progress, right-of-use assets and intangible assets with definite useful life at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If there is any indication that such assets may be impaired, the recoverable amounts are estimated for such assets.

Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The recoverable amount of asset or asset group is the higher of fair value net of disposal expenses and the present value of estimated future cash flow.

If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognized in profit or loss for the period.

Goodwill is tested for impairment at least at the end of each year. For the purpose of impairment testing, goodwill is considered together with the related assets group(s), i.e., goodwill is reasonably allocated to the related assets group(s) or each of assets group(s) expected to benefit from the synergies of the combination. An impairment loss is recognized if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. If the impairment loss is recognized, it is first deducted from the carrying amount of goodwill allocated to the asset group or sets of asset groups, and then deducted from the carrying amount of the remaining assets of the asset group or sets of asset groups excluding goodwill on a pro-rata basis.

An impairment loss once recognized shall not be reversed in a subsequent period.

20. Long-term prepaid expenses

Long-term prepaid expenses represent expenses incurred that should be amortized over the current period and each of the subsequent periods (together of more than one year). Long-term prepaid expenses are amortized over the expected periods in which benefits are derived.

21. Contract liabilities

Contract liabilities refer to the Group's obligation to transfer goods or services to a customer for which the Group has received or should receive consideration from the customer. Contract assets and contract liabilities under the same contract are presented in net amounts.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

22. Employee benefits

22.1 Accounting treatment for short-term employee benefits

In the accounting period in which an employee has rendered services, the Group recognizes the actual short-term employee benefits payable for those services as a liability and the profit or loss for the period in which they are incurred or cost of related assets. The Group recognizes the employee welfare as profit or loss for the period in which they are incurred or cost of related assets. The non-monetary employee welfare shall be measured at fair value.

Payment made by the Group of social security contributions for employees such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, etc. and payments of housing funds, as well as union running costs and employee education costs provided in accordance with relevant requirements, are calculated according to prescribed bases and percentages in determining the amount of employee benefits and recognized as relevant liabilities, with a corresponding charge to the profit or loss for the period or the costs of relevant assets in the accounting period in which employees provide services.

22.2 Accounting treatment of post-employment benefits

The entire post-employment benefits of the Group are defined contribution plan.

In an accounting period of an employee rendering services to the Group, the Group recognizes the payable amount calculated based on the defined contribution plan as a liability and includes it in the current profit or loss or as cost of related asset.

22.3 Accounting treatment of termination benefits

When the Group provides termination benefits to employees, employee benefit liabilities are recognized for termination benefits, with a corresponding charge to the profit or loss for the period at the earlier of: when the Group cannot unilaterally withdraw the offer of termination benefits because of the termination plan or a curtailment proposal; and when the Group recognizes costs or expenses related to restructuring that involves the payment of termination benefits.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

23. Provisions

Provisions are recognized when the Group has a present obligation related to a contingency, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the best estimate of provision is determined by discounting the estimated future cash outflows.

24. Revenue

Revenue of the Group is primarily from the following business categories:

- (1) Sales of textbooks and supplementary materials business. Textbooks and supplementary materials are mainly sold by taking orders from education system and primary and middle schools.
- (2) Sales of general books business. General books are sold through wholesales as well as through direct channels toward the ultimate clients, such as retail stores and internet (including self-owned and third party electronic commercial platform), etc.
- (3) Education informatized and equipment business where the Group purchases software and hardware primarily from the third party, and integrates them to provide digitalized solution for the schools.
- (4) Printing service and supply of materials business, which mainly includes sales of all kinds of paper and small quantities of printing machinery.
- (5) Concessionaire sales business. It mainly refers to the establishment of sales counters in the designated areas of the Group's retail stores by commodity suppliers, and sales by the sales staff of the supplier or the business staff of the retail stores.
- (6) Other operations are mainly logistics and warehousing services.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

24. Revenue *(Continued)*

The Group recognizes revenue based on the transaction price allocated to such performance obligation when a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation represents the commitment that a good and service that is distinct shall be transferred by the Group to the customer. Transaction price refers to the consideration that the Group is expected to receive a consideration due to the transfer of goods or services to the customer, but it does not include payments received on behalf of third parties and amounts that the Group expects to return to the customer.

If one of the following criteria is met and it is a performance obligation performed over time, the Group recognizes the revenue within a certain period of time according to the progress of the performance: (1) the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs; (2) the customer is able to control the goods under construction in the course of the Group’s performance; (3) the goods produced by the Group during the performance of the contract are irreplaceable and the Group has the right to charge for the accumulated part of the contract that has been performed so far during the whole contract period. Otherwise, the Group recognizes revenue at a certain point in time when “control” of the goods or services is transferred to the customer.

With respect to performance obligations performed overtime, the Group determines progress of performance by output method, i.e. determining the progress of performance in accordance with the value of merchandise or service already transferred to clients. Where the progress cannot be determined reasonably, the revenue is recognized based on the amount of cost that is expected to be compensated based on the cost already incurred, until the progress of performance is reasonably determined.

Where the contract includes two or more performance obligations, at contract inception, the Group allocates the transaction price to each single performance obligation according to the relative proportion of the stand-alone selling prices of the goods or services promised by each single performance obligation. However, where there is conclusive evidence that the contract discount or variable consideration is only related to one or more (not all) performance obligations in the contract, the Group shall allocate the contract discount or variable consideration to the relevant one or more performance obligations. The stand-alone selling price is the price at which the Group would sell a good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group shall consider all information that is reasonably available to the Group and maximize the use of observable inputs to estimate the stand-alone selling price.

The Group’s unconditional (i.e., depending on the passage of time only) right to receive consideration from the customer is separately presented as receivables.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

24. Revenue *(Continued)*

Variable consideration

If the contract includes variable consideration (such as sales rebate), the Group determines the best estimates of the variable consideration based on the expected value or the most likely amount. Transaction price comprising the variable consideration does not exceed the amount that it is highly probable that a significant reversal will not occur when relevant uncertainty is eliminated. At each balance sheet date, the Group re-estimates the amount of variable consideration which should be recognized in transaction price.

Additional purchase option

The additional purchase option of customers includes customer reward points. With respect to the additional purchase option with material rights provided to customers, the Group regards it as a single performance obligation, and recognizes relevant revenue upon obtaining the control over relevant goods or services by the customers who exercise the purchase option in future or upon lapse of such option. If a stand-alone selling price of the additional purchase option of customers is not directly observable, the Group shall consider all relevant information including the difference in discount obtained with and without the exercise of such option by customers and the possibility of exercising such option by customers during estimation.

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

Sales with sales return terms attached

For sales with sales return terms attached, as the customer obtains ownership of related goods, the Group recognizes revenue in accordance with the consideration (excluding expected refund amounts due to sales returns) that the Group is expected to receive due to the transfer of goods or services to the customer, and recognizes expected liabilities in accordance with expected refund amounts due to sales returns. The remaining amount, subsequent to deduction of expected costs from collecting the goods (including the decrease in value of the returned goods), is recognized as an asset (other current assets or other non-current assets) in accordance with the carrying value during the expected transfer of returned goods after deducting the costs of the above net assets carried forward.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

24. Revenue *(Continued)*

Significant financing component

If the contract includes significant financing component (including education informatized and equipment business), the Group determines the transaction price based on the amount payable under the assumption that the customer pays that amount payable in cash when control of the goods or services is obtained by the customer. The difference between the transaction price and the contract consideration shall be amortized within the contract period using effective interest rate. If the Group expects, at contract inception, that the period between when the Group transfers the good or service to a customer and when the customer pays for that good or service will be one year or less, the Group needs not to consider the significant financing component.

Sales with quality assurance terms attached

For sales with quality assurance terms, if the quality assurance provides a separate service to the customer other than ensuring that the goods or services sold meet the established standards, the quality assurance constitutes a single performance obligation. Otherwise, the Group will account for the quality assurance responsibility in accordance with the *ASBE No. 13 – Contingencies*.

Principal and agent

The Group determines whether it is a principal or an agent at the time of the transaction based on whether it owns the “control” of the goods or services before the transfer of such goods or services to the customer. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer, and the revenue shall be recognized based on the total consideration received or receivable; otherwise, the Group is an agent, and the revenue shall be recognized based on the amount of commission or handling fee that is expected to be charged, and such amount is determined based on the net amount of the total consideration received or receivable after deducting the prices payable to other related parties.



Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

25. Types and accounting method of government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognized only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable.

25.1 Basis for determination and accounting method of asset-related government grant

Included in the Group's government grants, as the government grants other than the book subsidy obtained by the Group are used in acquisition and construction of long-term assets, or to form long-term assets in other ways, such government grants are asset-related government grants.

A government grant related to an asset is recognized as deferred income, and amortized to profit or loss for the period over the useful life of the related asset using the straight-line method.

25.2 Basis for determination and accounting method of income-related government grant

Included in the Group's government grants, as the book subsidy is mainly used by the press to publish special books, such government grants are income-related government grants.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs, expenses or losses are recognized. If the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the period.

Government grants related to the Group's daily activities, based on the economic substance, are included in other income. Government grants not related to the Group's daily activities are included in non-operating income.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

26. Deferred income tax assets/deferred income tax liabilities

The income tax expenses include current income tax and deferred income tax.

26.1 Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

26.2 Deferred income tax assets and deferred income tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or for the temporary differences between the carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred income tax assets and liabilities are recognized using the balance sheet liability method.

Deferred income tax is generally recognized for all temporary differences. Deferred income tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred income tax asset or liability is recognized.

For deductible losses and tax credits that can be carried forward, deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

26. Deferred income tax assets/deferred income tax liabilities *(Continued)*

26.2 Deferred income tax assets and deferred income tax liabilities (Continued)

At the balance sheet date, deferred income tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realised or the liability is settled.

Current and deferred income tax expenses or income are recognized in profit or loss for the period, except when they arise from transactions or events that are directly recognized in other comprehensive income or in shareholders equity, in which case they are recognized in other comprehensive income or in shareholders equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred income tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred income tax assets to be utilized. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

26.3 Offset of income tax

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current income tax assets and current income tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current income tax assets and liabilities on a net basis, and deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current income tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred income tax assets or liabilities are expected to be reversed, deferred income tax assets and deferred income tax liabilities are offset and presented on a net basis.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

27. Lease

A lease refers to a contract assigning a lessor's right to use an asset to a lessee for a certain period of time for consideration.

At the contract commencement date, the Group evaluates whether the contract is a lease or comprises a lease. The Group shall not reassess whether a contract is a lease or comprises a lease unless there are changes to the contract terms and conditions.

27.1 The Group as lessee

27.1.1 Right-of-use assets

Except for short-term leases, the Group recognizes right-of-use assets for leases on the commencement date of lease term. The commencement date of lease term refers to the date from which a leased asset is provided by the lessor for the Group's use. Right-of-use assets are initially measured by their costs. These costs include:

- The initially measured amount of lease liabilities;
- For lease payments on or prior to the commencement date of lease term with lease incentives, the related amount of lease incentives enjoyed shall be deducted;
- Initial and direct expenses incurred to the Group;
- The expected costs incurred to the Group to demolish and remove leased assets, restore the premises where the leased assets are located, or restore the leased assets to the conditions bound by the lease terms.

The right-of-use assets are depreciated in accordance with the depreciation provisions under the *ASBE No. 4 – Fixed Assets*. For a leased asset which the ownership can be reasonably determined at the expiry of the lease term, its right-of-use asset is depreciated over its remaining useful life. A leased asset which the ownership cannot be reasonably determined at the expiry of the lease term is depreciated utilizing the shorter period between the lease term and the remaining useful life of the leased asset.

The Group determines whether a right-of-use asset has been impaired in accordance with the provisions under the *ASBE No. 8 – Impairment of Assets* and applies accounting treatment to the impairment loss identified accordingly.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

27. Lease *(Continued)*

27.1 The Group as lessee (Continued)

27.1.2 Lease liabilities

Except for short-term leases, the Group initially measures lease liabilities on the commencement date of lease term according to the present value of outstanding lease payments on that date. When calculating the present value of lease payments, the Group uses incremental borrowing rate as discount rate as the rate included in the lease cannot be determined.

Lease payments refer to the amount paid by the Group to a lessor which is related to the right to use lease assets during the lease term, including:

- Fixed payments and substantially fixed payments (deduct related lease incentive amount, if any);
- Variable lease payments which depend on an index or a rate;
- The exercise price of an option which the Group reasonably determines that the purchase option is to be exercised;
- The amount payable upon exercising an option to terminate a lease, provided that the exercising of such option by the Group can be reflected over the lease term;
- Estimated amount due based on the residual value of the guarantee provided by the Group.

Variable lease payments that depend on an index or a rate are initially measured using the index or rate as at the commencement date of lease term. Variable lease payments not included in the measurement of lease liabilities are accounted in profit or loss for the period or as relevant asset costs when actually incurred.

Upon commencement date of the lease term, the Group accounts for interest expenses of lease liabilities for each period during the lease term according to fixed periodic rates and includes the same in profit or loss for the period or the cost of relevant assets.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

27. Lease *(Continued)*

27.1 The Group as lessee *(Continued)*

27.1.2 Lease liabilities *(Continued)*

For the following cases after the commencement date of lease term, the Group shall remeasure lease liabilities and adjust the right-of-use assets correspondingly. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the lease liability, the Group recognizes any difference in profit or loss for the period:

- If changes are caused by changes in lease term or assessment results of purchase option, the Group shall remeasure lease liabilities according to its present value calculated using the revised lease payments and discount rates;
- Should there be changes to the payable amounts estimated by residual value of the guarantee or the index or ratio used to determine lease payments, the Group shall remeasure lease liabilities according to its present value calculated using the revised lease payments and original discount rates.

27.1.3 Short-term leases

For short-term leases under office and operating buildings, the Group chooses not to recognize right-of-use assets and lease liabilities. Short-term leases refer to those with lease term under 12 months and without purchase option as of the commencement date of lease term. Lease payments of short-term leases are included in profit or loss for the period within each period during lease term using the straight-line method.

27.1.4 Lease modification

If modification of lease occurs and meets the following conditions, the Group will conduct accounting treatment for the modification of lease as a separate lease:

- The modification of lease expands the scope of lease by increasing the right-of-use of one or more leased assets;
- The increased consideration and the individual price of the expanded part of scope of lease are equivalent after adjustment is made in accordance with situation of the contract.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

27. Lease *(Continued)*

27.1 The Group as lessee (Continued)

27.1.4 Lease modification (Continued)

If accounting treatment for the modification of lease as a separate lease is not conducted, the Group shall re-amortize the modified consideration of contract and redetermine the lease term on the effective date of modification of lease and discount the modified lease payments using the revised discount rate, in order to remeasure the lease liabilities.

If the modification of lease results in a narrower scope of lease or a shorter lease term, the Group reduces the carrying amount of the right-of-use assets accordingly and recognizes the gains or losses relevant to the partial or complete termination of the leases in profit or loss for the period.

27.2 The Group as lessor

27.2.1 Classification of leases

A lease is classified as a finance lease if it transfers practically substantially all the risks and rewards incidental to ownership of a leased asset. Other leases which are not finance leases are operating leases.

27.2.2 The Group as lessor accounting for operating lease business

During each period of the lease term, the Group recognizes rents of operating leases as rental income using the straight-line method. Initial direct expenses related to operating leases are capitalised when incurred, and are amortized to profit or loss in the period over the lease term using the same basis as for the recognition of rental income.

For the variable lease payments not included in lease payments but related to operating lease, the Group recognizes the amount in profit or loss during the period it is actually incurred.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

28. Changes in significant accounting policies and accounting estimates

28.1 ASBE Interpretation No. 14

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

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

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

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(IV) KEY ASSUMPTIONS AND UNCERTAINTIES APPLIED IN ACCOUNTING ESTIMATES

In the application of accounting policies as set out in Note (III), the Group is required to make judgements, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainties of the operating activities. These judgements, estimates and assumptions are based on historical experience of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates of the Group.

The aforementioned judgements, estimates and assumptions are reviewed regularly by the Group on a going concern basis. The effect of a change in accounting estimate is recognized in the period of the change, if the change affects that period only; or recognized in the period of the change and future periods, if the change affects both.

Key assumptions and uncertainties applied in accounting estimates

The following are the key assumptions and uncertainties in accounting estimates at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods:

Credit loss provision

The Group determines credit loss provision on the basis of recoverability of accounts receivable. At the end of the reporting period, the Group made adjustments to the estimates of ECL rate and credit loss provision based on the historical data and forward-looking information of the existing customers. If the re-assessment results differ from the existing estimates, the difference shall affect carrying amount of accounts receivable and profit or loss for the period when estimates change.

Provisions for decline in value of inventories

The Group determines provisions for decline in value of inventories on the basis of the estimates of net realizable value of inventories. Judgements and estimates shall be applied in determining and measuring provisions for decline in value of inventories. If the re-assessment results differ from the existing estimates, the difference shall affect carrying amount of inventories and profit or loss for the period when estimates change.

Impairment of goodwill

The Group tests whether goodwill is impaired at least on an annual basis and when circumstances indicate that goodwill may be impaired. This requires an estimation of the future cash flows that will be generated by the asset groups or groups of asset group to which the goodwill is allocated, and a choice of a suitable discount rate in order to calculate the present value of those future cash flows.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(V) TAXES

1. Major categories of taxes and tax rates

Category of tax	Basis of tax calculation	Tax rate
Value-added tax	Note	13%, 9%, 6%, 3%
City maintenance and construction tax	Turnover tax paid	7%, 5%
Education surcharges	Turnover tax paid	3%
Local education surcharges	Turnover tax paid	2%
Enterprise income tax	Assessable income	25%, 15%

Note: Value-added tax is calculated at the amount of output tax net of deductible input tax. Output tax is calculated on the basis of sales volume as per relevant tax laws.

2. Tax incentives and official approvals

Enterprise income tax

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(V) TAXES *(Continued)*

2. Tax incentives and official approvals *(Continued)*

Enterprise income tax (Continued)

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

Value-added tax

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Item	30 June 2021 (Unaudited)			31 December 2020		
	Amounts of the original currencies	Exchange rate	Amount in RMB	Amounts of the original currencies	Exchange rate	Amount in RMB
Cash on hand:						
RMB	1,986,971.83	1.0000	1,986,971.83	2,033,235.17	1.0000	2,033,235.17
Bank balances:						
RMB (Note 1)	5,225,333,811.94	1.0000	5,225,333,811.94	5,737,135,430.61	1.0000	5,737,135,430.61
USD	18,347.13	6.4601	118,524.29	18,346.38	6.5249	119,708.29
EUR	85.27	7.6862	655.40	85.27	8.0250	684.29
HKD	44,129.25	0.8321	36,719.95	35,578.73	0.8416	29,943.06
Other currency funds:						
RMB (Note 2)	38,415,420.54	1.0000	38,415,420.54	46,655,799.43	1.0000	46,655,799.43
Total			5,265,892,103.95			5,785,974,800.85

Note 1: At the end of the Period, the bank balances include 3-month above time deposits and interests amounting to RMB2,641,175,972.22 (31 December 2020: RMB1,678,331,780.82) with an interest rate of 2.22%-3.85%. Among the 3-month above time deposits, the management held the term deposits of RMB2,290,000,000.00 (31 December 2020: RMB1,678,331,780.82) with the intention of flexible arrangement of funds and withdrew funds at any time depending on the capital needs.

Note 2: At the end of the Period, other cash and bank balances include the balances with Alipay App account and WeChat App account of RMB1,164,278.64 (31 December 2020: RMB1,522,066.76), and the remaining are restricted currency funds. Restricted currency funds are set out in Note (VI)53.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2. Held-for-trading financial assets

Item	<i>RMB</i>	
	30 June 2021 (Unaudited) Carrying amount	31 December 2020 Carrying amount
Financial assets at FVTPL (Note)	14,825.46	6,510,463.20
Including: Bank wealth management products	–	6,500,000.00
Investment in A-share listed companies	14,825.46	10,463.20
Total	14,825.46	6,510,463.20

Note: At the end of the Period, the Group's classification of financial assets at FVTPL is mainly composed of purchased investment in A-share listed companies. The details of measurement of fair value are set out in Note (X).

3. Notes receivable

Categories of notes receivable

Category	<i>RMB</i>	
	30 June 2021 (Unaudited)	31 December 2020
Commercial acceptances	12,154,432.33	4,344,936.39

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

4. Accounts receivable

(1) Disclosure by aging

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

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

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

See Note (IX) for details of recognition of credit loss.

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

There were no accounts receivable actually written off for the current period.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

4. Accounts receivable *(Continued)*

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

RMB

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

5. Financing receivables

(1) *Classification of financing receivables*

RMB

Item	30 June 2021	31 December 2020
	(Unaudited)	
Bank acceptance bills (Note 1)	7,540,726.73	6,201,191.14

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

5. Financing receivables *(Continued)*

- (2) Notes receivables endorsed by the Group at the end of Period and not yet due as at the balance sheet date

Item	RMB	
	Amounts derecognized at the end of Period (Unaudited)	Amounts not yet derecognized at the end of Period (Unaudited)
Bank acceptance bills (Note 2)	31,256,295.01	–

Note 1: In the process of managing corporate liquidity, the Group would endorse the transfer of some of its bank acceptance bills before they are due, and derecognize endorsed bank acceptance bills given that substantially all risks and rewards have been transferred to the relevant counterparties. The business model of some of the Group's subsidiaries in managing bank acceptance bills receivables aims at both receiving contract cash flows and selling the financial assets. Therefore, these bank acceptance bills receivables under this business model are classified as financial assets at FVTOCI. Please refer to Note (X)1 for the determination of fair value.

As at the end of Period, the Group has not provided credit impairment loss for its financing receivables.

Note 2: As at 30 June 2021, the Group had bank acceptance bills endorsed and not yet due of RMB31,256,295.01 (31 December 2020: RMB26,888,870.21). As for the derecognition of bank acceptance bills endorsed by the Group and not yet due as at the balance sheet date, please refer to Note (IX)2 for details.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

6. Prepayments

(1) Aging analysis of prepayments

Aging	30 June 2021 (Unaudited)		31 December 2020	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	78,278,176.68	80.92	57,519,390.33	74.25
More than 1 year but not exceeding 2 years	7,646,908.78	7.90	9,609,190.99	12.40
More than 2 years but not exceeding 3 years	2,610,064.70	2.70	4,328,156.67	5.59
More than 3 years	8,199,329.40	8.48	6,008,489.72	7.76
Total	96,734,479.56	100.00	77,465,227.71	100.00

The prepayment aged more than one year is mainly outstanding payments for goods prepaid to the supplier.

(2) Top five entities with the largest balances of prepayments at the end of the Period

Name of entity	Relationship with the Group	30 June 2021 (Unaudited)		As a percentage of the total prepayments (%)		Reasons for unsettlement
		Amount	Aging	prepayments (%)	Reasons for unsettlement	
Central Party Literature Press	Third party	13,009,500.00	Within 1 year	13.45	Goods not yet received	
Beijing Jingdong Century Information Technology Co., Ltd.	Third party	8,234,878.88	Within 1 year	8.51	Goods not yet received	
Echo Publishing Co., Ltd.	Third party	3,492,504.03	1-2 years, more than 3 years	3.61	Services not yet fully received	
Yibin Jiangqu Logistics Information Consulting Co., Ltd.	Third party	3,704,000.00	Within 1 year	3.83	Goods not yet received	
Shanghai Yining Culture Media Center	Third party	3,411,560.00	1-2 years	3.53	Not yet fully published and printed	
Total		31,852,442.91		32.93		

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

7. Other receivables

7.1 Other receivables summary

Item	RMB	
	30 June 2021 (Unaudited)	31 December 2020
Dividend receivables	72,000.00	72,000.00
Other receivables	142,111,264.62	103,704,291.44
Total	142,183,264.62	103,776,291.44

7.2 Dividend receivables

Item	RMB	
	30 June 2021 (Unaudited)	31 December 2020
Sichuan Education and Science Forum Magazine Press Co., Ltd. ("Education and Science Forum")	72,000.00	72,000.00
Total	72,000.00	72,000.00

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

7. Other receivables *(Continued)*

7.3 Other receivables

(1) Other receivables by aging

Aging	30 June 2021 (Unaudited)				31 December 2020			
	Amount	Proportion	Credit loss provision	Carrying amount	Amount	Proportion	Credit loss provision	Carrying amount
		(%)				(%)		
Within 1 year	102,638,580.23	64.32	4,348,566.25	98,290,013.98	73,890,005.62	60.68	4,086,964.45	69,803,041.17
More than 1 year but not exceeding 2 years	24,706,501.13	15.48	2,630,738.87	22,075,762.26	19,951,966.23	16.39	2,812,153.78	17,139,812.45
More than 2 years but not exceeding 3 years	10,102,008.56	6.33	653,368.78	9,448,639.78	8,649,833.07	7.10	741,670.67	7,908,162.40
More than 3 years	22,129,754.14	13.87	9,832,905.54	12,296,848.60	19,272,074.04	15.83	10,418,798.62	8,853,275.42
Total	159,576,844.06	100.00	17,465,579.44	142,111,264.62	121,763,878.96	100.00	18,059,587.52	103,704,291.44

RMB

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

See Note (IX) for details of recognition of credit loss.

(3) Other accounts receivable actually written off in the current period

No other accounts receivable was actually written off in the current period.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

7. Other receivables *(Continued)*

7.3 Other receivables *(Continued)*

(4) Other receivables presented by nature

Nature of other receivables	RMB	
	30 June 2021 (Unaudited)	31 December 2020
Amount due from related parties	160,448.87	340,863.42
Deposit/guarantee deposit	65,046,009.69	65,308,232.88
Petty cash	1,614,696.70	1,236,805.77
VAT first levied then returned	24,747,690.97	–
Others	68,007,997.83	54,877,976.89
Total	159,576,844.06	121,763,878.96

(5) Top five debtors with the largest closing balances of other receivables at the end of the Period

Name of entity	Nature	30 June 2021 (Unaudited)		RMB	
				As a percentage of the total other receivables (%)	Credit loss provision as at 30 June 2021 (Unaudited)
Education Department of Tibet Autonomous Region	Deposit/guarantee deposit	5,230,000.00	Within 1 year, 1-2 years	3.28	–
Anhui Sihe Digital Technology Development Co., Ltd.	Others	5,107,996.00	More than 3 years	3.20	5,107,996.00
Education, Sports and Science and Technology Bureau of Xide County	Deposit/guarantee deposit	3,419,198.45	Within 1 year	2.14	–
Dazhou Senior High School	Deposit/guarantee deposit	3,158,938.20	Within 1 year	1.98	–
Santai Fengze Education Investment Co., Ltd.	Deposit/guarantee deposit	2,955,427.30	1-2 years	1.85	–
Total		19,871,559.95		12.45	5,107,996.00

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

8. Inventories

(1) Categories of inventories

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

RMB

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

(2) Provision for decline in value of inventories

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

RMB

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

9. Other current assets

Item	RMB	
	30 June 2021 (Unaudited)	31 December 2020
Refund costs receivable (Note 1)	79,987,820.66	61,433,364.54
VAT input tax to be deducted (Note 2)	20,951,821.19	24,798,095.63
Total	100,939,641.85	86,231,460.17

Note 1: The refund cost receivable is the carrying amount of the goods expected to be returned to the Group within one year after deducting the estimated costs of recovering the returned goods (including the impairment of the value of returned goods).

Note 2: VAT input tax to be deducted is the amount of VAT input tax to be deducted by the Group within one year in the future.

10. Long-term receivables

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

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

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Long-term equity investments

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

Investee	1 January 2021	Changes for the Period						Provision for impairment as at 30 June 2021 (Unaudited)	
		Increase in investments	Decrease in investments	Investment profit or loss recognized under equity method	Adjustment of other comprehensive income	Changes in other equity	Distribution of cash dividends or profits declared		Provision for impairment loss
Joint Ventures									
Hainan Publishing House Co., Ltd. ("Hainan Publishing House")	201,674,680.56	-	-	13,503,476.44	-	-	-	-	215,178,157.00
Sichuan Fudou Technology Co., Ltd. ("Sichuan Fudou") (Note (VI)11(2))	-	-	-	-	-	-	-	-	-
Shenzhen Xuancai Venture Capital Investment Fund Management Co., Ltd.	12,350,021.47	-	-	62,982.34	-	-	-	-	12,413,003.81
Liangshan Xinhua Winshare Education Technology Co., Ltd.	20,013,293.32	-	-	(633,007.17)	-	-	-	-	19,380,286.15
Subtotal	234,037,995.35	-	-	12,933,451.61	-	-	-	-	246,971,446.96
Associates									
Sichuan Winshare BLOGIS Supply Chain Co., Ltd	45,894,372.58	-	-	1,028,338.56	-	-	-	-	46,922,711.14
Commercial Press (Chengdu) Co., Ltd.	3,290,451.36	-	-	186,167.12	-	-	-	-	3,476,618.48
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	11,260,393.34	-	-	(1,227,925.97)	-	-	-	-	10,032,467.37
Guizhou Xinhua Winshare Book Audio-Visual Product Chainstore Co., Ltd. ("Guizhou Winshare") (Note (VI)11(2))	-	-	-	-	-	-	-	-	-
Ming Bo Education Technology Holdings Co., Ltd.	30,511,387.57	-	-	(2,018,612.37)	-	-	-	-	28,492,775.20
Shanghai Jingjie Information Technology Co., Ltd. (Note (VI)11(2))	-	-	-	-	-	-	-	-	-

RMB

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Long-term equity investments (Continued)

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

Investee	1 January 2021	Changes for the Period						Provision for impairment as at 30 June 2021 (Unaudited)		
		Increase in investments	Decrease in investments	Investment profit or loss recognized under equity method	Adjustment of other comprehensive income	Changes in other equity	Distribution of cash dividends or profits declared		Provision for impairment loss	Other decreases
Sichuan Winshare Preschool Educational Management Co., Ltd. ("Winshare Preschool")	5,622,359.24	-	-	713,709.36	-	-	-	-	6,336,068.60	(1,604,619.30)
Chengdu Winshare Venture Capital Investment Fund Management Co., Ltd. Education and Science Forum	36,632,411.19	-	-	(4,429,760.39)	-	-	-	-	32,202,650.80	-
Fuzhou Winshare Technology Partnership (Limited Partnership) ("Fuzhou Winshare")	787,195.45	-	-	115,897.87	-	-	-	-	903,093.32	-
Sichuan Jiaoyang Shihue Film Co., Ltd. Xinhua Yingxuan (Beijing) Screen Culture Co., Ltd. ("Xinhua Yingxuan")	6,617,923.97	-	-	(22,281.27)	-	-	-	-	6,595,642.70	-
Tianjin Tianxi Zhongda Cultural Development Co., Ltd. Winshare Yinshi (Beijing) Cultural Communication Co., Ltd. ("Winshare Yinshi")	127,233.36	-	-	-	-	-	-	-	127,233.36	-
Hainan Phoenix Xinhua Publishing and Distribution Co., Ltd. ("Hainan Phoenix")	5,824,727.43	-	-	(999,208.95)	-	-	-	-	4,825,518.48	(5,042,726.27)
Subtotal	20,035,328.55	-	-	810,549.41	-	-	-	-	20,845,877.96	-
	186,691.89	-	-	95,057.25	-	-	-	-	281,749.14	-
	317,061,075.00	-	-	1,964,190.99	-	-	(6,726,325.00)	-	312,298,940.99	-
	483,851,550.93	-	-	(3,783,878.39)	-	-	(6,726,325.00)	-	473,341,347.54	(6,647,345.57)
Total	717,889,546.28	-	-	9,149,573.22	-	-	(6,726,325.00)	-	720,312,794.50	(6,647,345.57)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

11. Long-term equity investments *(Continued)*

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

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

RMB

12. Other equity instrument investments

(1) Details of other equity instruments investments

Other equity instrument investments designated at FVTOCI:

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

RMB

* Also refer to the parent company's other equity instrument investments.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

12. Other equity instrument investments *(Continued)*

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

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

13. Other non-current financial assets

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

* Also refer to the parent company's other non-current financial assets.

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

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

Note 3: Changes in fair value for the current period were losses of RMB228,750.00, and were recognized in losses from changes in fair values. During the current period, Winshare Investment Co., Ltd. ("**Winshare Investment**") received dividends of RMB693,948.50 from Qingdao Goldstone Zhixin Investment Center (Limited Partnership), which were recognized in investment income.

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

Details of measurement of the above non-current financial assets at fair value are set out in Note (X).

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

14. Investment properties

Investment properties measured at cost

Item	RMB	
	Buildings	
I. Cost		
1. 1 January 2021		120,576,261.75
2. Increase in the Period		11,404.14
(1) Purchase		11,404.14
3. 30 June 2021 (Unaudited)		120,587,665.89
II. Accumulated depreciation		
1. 1 January 2021		34,471,876.63
2. Increase in the Period		1,805,043.73
(1) Provision		1,805,043.73
3. 30 June 2021 (Unaudited)		36,276,920.36
III. Carrying amount		
1. 30 June 2021 (Unaudited)		84,310,745.53
2. 1 January 2021		86,104,385.12

(2) *Investment properties of which certificates of title have not been obtained as at the end of the Reporting Period*

Item	Carrying amount	RMB	
		Reasons why certificates of title have not been obtained	
Low-rise shops Nos.11-21, Building No.7 under "Renbei Shop Relocation" (人北遷返商舖)	36,992,454.33	In Process	

The above investment properties of which certificates of title have not been obtained have no significant influence on the Group's operations.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

15. Fixed assets

(1) Fixed assets

Item	RMB				
	Buildings	Machinery and equipment	Electronic equipment and others	Transportation vehicles	Total
I. Cost					
1. 1 January 2021	2,402,615,618.26	338,320,051.47	173,278,320.62	91,251,940.43	3,005,465,930.78
2. Increase in the Period	29,735,431.18	2,102,823.85	4,003,370.51	24,013,815.38	59,855,440.92
(1) Acquisition	29,735,431.18	2,102,823.85	4,003,370.51	24,013,815.38	59,855,440.92
3. Decrease in the Period	-	253,600.00	2,996,347.28	12,542,747.00	15,792,694.28
(1) Disposal	-	253,600.00	2,996,347.28	12,542,747.00	15,792,694.28
4. 30 June 2021 (Unaudited)	2,432,351,049.44	340,169,275.32	174,285,343.85	102,723,008.81	3,049,528,677.42
II. Accumulated depreciation					
1. 1 January 2021	559,674,373.37	231,096,216.69	130,623,657.03	74,242,459.55	995,636,706.64
2. Increase in the Period	31,497,725.22	8,802,582.04	9,205,933.70	3,163,339.26	52,669,580.22
(1) Provision	31,497,725.22	8,802,582.04	9,205,933.70	3,163,339.26	52,669,580.22
3. Decrease in the Period	-	245,992.00	2,905,210.48	12,166,464.59	15,317,667.07
(1) Disposal	-	245,992.00	2,905,210.48	12,166,464.59	15,317,667.07
4. 30 June 2021 (Unaudited)	591,172,098.59	239,652,806.73	136,924,380.25	65,239,334.22	1,032,988,619.79
III. Provision for impairment of fixed assets					
1. 1 January 2021 and 30 June 2021 (Unaudited)	558,577.29	-	-	-	558,577.29
IV. Carrying amount					
1. 30 June 2021 (Unaudited)	1,840,620,373.56	100,516,468.59	37,360,963.60	37,483,674.59	2,015,981,480.34
2. 1 January 2021	1,842,382,667.60	107,223,834.78	42,654,663.59	17,009,480.88	2,009,270,646.85

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

15. Fixed assets *(Continued)*

- (2) *Fixed assets of which certificates of title have not been obtained by the end of the current period*

Item	Carrying amount	Reasons why certificates of title have not been obtained
Office building (Beijing Branch)	58,071,958.24	Processing
Warehouse and office building (Sichuan Longquan)	7,574,586.84	Processing
Warehouse and office building (Sichuan Peng'an)	4,615,789.15	Processing
Warehouse and office building (Sichuan Guang'an)	8,416,799.48	Processing
Warehouse and office building (Sichuan Nanchong)	13,735,167.43	Processing
Warehouse and office building (Bazhong)	15,109,748.52	Processing
Warehouse and office building (Sichuan Wenjiang)	187,518,113.14	Processing
Warehouse and office building (Suining)	23,365,132.52	Processing
Total	318,407,295.32	

The above fixed assets of which certificates of title not yet obtained had no material impacts on the Group's operations.

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

16. Construction in progress

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

Item	30 June 2021 (Unaudited)			31 December 2020		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Ziyang textbooks transfer station project	33,775,719.06	-	33,775,719.06	32,988,295.59	-	32,988,295.59
Lezhi branch complex Publishing and Media Creativity Center secondary installation project	-	-	-	500,000.00	-	500,000.00
Neijiang City Company Operation Headquarters and Teaching Material Logistics Distribution Center	29,411,893.75	-	29,411,893.75	4,135,850.40	-	4,135,850.40
Others	296,430.41	-	296,430.41	-	-	-
	66,446.60	-	66,446.60	46,023.59	-	46,023.59
Total	63,550,489.82	-	63,550,489.82	37,670,169.58	-	37,670,169.58

RMB

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Construction in progress (Continued)

(2) Changes in construction in progress for current period

RMB

Item name	Budget amount	1 January 2021	Increase in the Period	Transfer to others	30 June 2021 (Unaudited)	Amount injected as a proportion of budget amount (%)	Construction progress (%)	Amount of accumulated capitalized interest	Including: Amount of capitalized interest for the Period	Interest capitalization rate for the Period (%)	Source of funds
Ziyang textbooks transfer station project	35,730,000.00	32,988,295.59	787,423.47	-	33,775,719.06	94.53	94.53	-	-	-	Self-financing
Lezhi branch complex	19,700,000.00	500,000.00	-	500,000.00	-	98.28	100.00	-	-	-	Self-financing
Publishing and Media Creativity Center secondary installation project	249,000,000.00	4,135,850.40	25,276,043.35	-	29,411,893.75	11.81	11.81	-	-	-	Self-financing
Neijiang City Company Operation Headquarters and Teaching Material Logistics Distribution Center	31,000,000.00	-	296,430.41	-	296,430.41	0.96	0.96	-	-	-	Self-financing
Others	-	46,023.59	20,423.01	-	66,446.60	-	-	-	-	-	Self-financing
Total	335,430,000.00	37,670,169.58	26,380,320.24	500,000.00	63,550,489.82	-	-	-	-	-	-

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

17. Right-of-use assets

Item	<i>RMB</i> Buildings
I. Cost:	
1. 1 January 2021	628,899,853.13
2. Increase in the Period	9,679,141.90
3. Decrease in the Period	24,821,932.63
4. 30 June 2021 (Unaudited)	613,757,062.40
II. Accumulated depreciation	
1. 1 January 2021	181,417,310.66
2. Increase in the Period	60,716,647.21
(1) Provision	60,716,647.21
3. Decrease in the Period	23,632,957.79
4. 30 June 2021 (Unaudited)	218,501,000.08
III. Carrying amount	
1. 30 June 2021 (Unaudited)	395,256,062.32
2. 1 January 2021	447,482,542.47

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

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

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS*(Continued)***18. Intangible assets***(1) Intangible assets*

RMB

Item	Land use rights	Patent	Software	Distribution channel	Others	Total
I. Cost						
1. 1 January 2021	355,471,193.19	9,101,615.27	205,028,796.53	44,944,000.00	8,658,545.14	623,204,150.13
2. Increase in the Period	1,594,307.50	9,107,589.79	3,240,421.23	-	-	13,942,318.52
(1) Acquisition	1,594,307.50	-	3,240,421.23	-	-	4,834,728.73
(2) Transfer from development expenses	-	9,107,589.79	-	-	-	9,107,589.79
3. Decrease in the Period	140,752.40	-	594,334.79	-	1,002,400.00	1,737,487.19
(1) Disposal	140,752.40	-	594,334.79	-	1,002,400.00	1,737,487.19
4. 30 June 2021 (Unaudited)	356,924,748.29	18,209,205.06	207,674,882.97	44,944,000.00	7,656,145.14	635,408,981.46
II. Accumulated amortization						
1. 1 January 2021	100,635,947.04	5,857,334.63	111,630,176.30	32,944,000.00	4,323,268.15	255,390,726.12
2. Increase in the Period	4,208,697.28	637,335.35	10,802,456.86	-	703,468.95	16,351,958.44
(1) Provision	4,208,697.28	637,335.35	10,802,456.86	-	703,468.95	16,351,958.44
3. Decrease in the Period	40,147.40	-	594,334.79	-	1,002,400.00	1,636,882.19
(1) Disposal	40,147.40	-	594,334.79	-	1,002,400.00	1,636,882.19
4. 30 June 2021 (Unaudited)	104,804,496.92	6,494,669.98	121,838,298.37	32,944,000.00	4,024,337.10	270,105,802.37
III. Provision for impairment						
1. 1 January 2021	-	-	-	12,000,000.00	-	12,000,000.00
2. 30 June 2021 (Unaudited)	-	-	-	12,000,000.00	-	12,000,000.00
IV. Carrying amount						
1. 30 June 2021 (Unaudited)	252,120,251.37	11,714,535.08	85,836,584.60	-	3,631,808.04	353,303,179.09
2. 1 January 2021	254,835,246.15	3,244,280.64	93,398,620.23	-	4,335,276.99	355,813,424.01

At the end of Period, intangible assets developed as a result of internal research and development as a percentage of the balance of intangible assets were 15.48%.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

19. Goodwill

(1) Cost of goodwill

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

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

(2) Provision for impairment of goodwill

		<i>RMB</i>		
Name of the investee or item resulting in goodwill	1 January 2021	Increase in the current period	Decrease in the current period	30 June 2021 (Unaudited)
Others	3,851,606.53	-	-	3,851,606.53

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

20. Long-term prepaid expenses

Item	1 January 2021	<i>RMB</i>		
		Increase in the current period	Amortization for the period	30 June 2021 (Unaudited)
Leasehold improvement	12,173,654.73	4,788,319.18	6,138,762.34	10,823,211.57
Others	20,642.13	-	14,961.98	5,680.15
Total	12,194,296.86	4,788,319.18	6,153,724.32	10,828,891.72

21. Deferred income tax assets/deferred income tax liabilities

(1) Deferred income tax assets

Item	<i>RMB</i>		<i>RMB</i>	
	30 June 2021 (Unaudited)		31 December 2020	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for impairment of assets	134,164,486.16	23,154,546.42	81,305,598.23	20,326,399.55
Employee benefits payable	-	-	3,427,589.58	856,897.40
Total	134,164,486.16	23,154,546.42	84,733,187.81	21,183,296.95

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

21. Deferred income tax assets/deferred income tax liabilities *(Continued)*

(2) *Deferred income tax liabilities*

Item	30 June 2021 (Unaudited)		31 December 2020	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Differences between carrying amount and fair value in acquisitions of subsidiary	29,242,676.88	7,310,669.22	30,583,115.80	7,645,778.95
Changes in fair value of other equity instrument investments	568,963.12	142,240.78	484,290.52	121,072.63
Changes in fair value of other non-current financial assets	50,021,235.08	12,505,308.77	72,036,268.13	18,009,067.03
Total	79,832,875.08	19,958,218.77	103,103,674.45	25,775,918.61

RMB

The amount for offsetting of deferred income tax assets and deferred income tax liabilities at the end of the Period is nil.

(3) *The following deductible temporary difference and deductible taxable losses are not recognized as deferred income tax assets*

Item	30 June 2021 (Unaudited)	31 December 2020
	Deductible temporary differences	176,888,587.42
Deductible taxable losses	195,517,974.49	162,818,978.89
Total	372,406,561.91	328,250,815.62

RMB

The Group believes that it is not probable that taxable profits will be available in future periods to offset the aforementioned deductible losses, therefore, deferred income tax assets are not recognized on the above items.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

21. Deferred income tax assets/deferred income tax liabilities *(Continued)*

(4) *Deductible losses, for which no deferred income tax assets are recognized, will expire in the following years*

Year	RMB	
	30 June 2021 (Unaudited)	31 December 2020
2021	10,400,656.96	22,437,281.03
2022	31,639,521.03	31,705,074.32
2023	28,984,175.26	28,984,175.26
2024	39,194,524.69	39,194,524.69
2025	40,497,923.59	40,497,923.59
2026	44,801,172.96	–
Total	195,517,974.49	162,818,978.89

22. Other non-current assets

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

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

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

23. Notes payable

Item	<i>RMB</i>	
	30 June 2021 (Unaudited)	31 December 2020
Commercial acceptance bills	19,304,600.00	11,927,902.85
Bank acceptance bills	9,962,149.97	33,910,322.43
Total	29,266,749.97	45,838,225.28

At the end of the Period, the Group's deposit for the above-mentioned bank acceptance bills was RMB2,988,645.00.

The Group's bank acceptances bills will all be due within 3 months.

24. Accounts payable

Details of aging analysis of accounts payable are as follows:

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

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

25. Contract liabilities

(1) *Presentation of contract liabilities:*

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

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

(3) *Analysis on related contract liabilities*

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

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

26. Employee benefits payable

(1) Presentation of employee benefits payable

<i>RMB</i>				
Item	1 January 2021	Increase in the current period	Decrease in the current period	30 June 2021 (Unaudited)
I. Short-term benefits	468,528,771.37	585,367,887.76	714,723,194.23	339,173,464.90
II. Post-employment benefit				
– defined contribution plan	4,250,799.68	88,961,123.51	88,641,616.37	4,570,306.82
III. Termination benefits	–	628,297.56	628,297.56	–
Total	472,779,571.05	674,957,308.83	803,993,108.16	343,743,771.72

(2) Presentation of short-term benefits

<i>RMB</i>				
Item	1 January 2021	Increase in the current period	Decrease in the current period	30 June 2021 (Unaudited)
I. Wages or salaries, bonuses, allowances and subsidies	392,005,289.32	489,593,905.27	624,819,632.58	256,779,562.01
II. Staff welfare	4,300.00	6,009,871.26	6,009,871.26	4,300.00
III. Social security contributions	133,711.40	31,170,678.64	31,036,465.88	267,924.16
Including: Medical insurance	43,246.55	27,960,989.51	27,801,168.18	203,067.88
Work injury insurance	28,072.79	1,194,865.25	1,184,458.43	38,479.61
Maternity insurance	14,002.18	1,993,916.45	1,986,972.24	20,946.39
Other insurances	48,389.88	20,907.43	63,867.03	5,430.28
IV. Housing funds	861,772.92	41,323,597.30	40,935,534.29	1,249,835.93
V. Union running costs and employee education costs	75,430,346.24	16,854,540.12	11,506,395.00	80,778,491.36
VI. Others	93,351.49	415,295.17	415,295.22	93,351.44
Total	468,528,771.37	585,367,887.76	714,723,194.23	339,173,464.90

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

26. Employee benefits payable *(Continued)*

(3) Defined contribution plan

Item	1 January 2021			<i>RMB</i>
		Increase in the current period	Decrease in the current period	30 June 2021 (Unaudited)
I. Basic pension insurance expense	69,790.99	57,584,802.98	57,298,774.69	355,819.28
II. Unemployment insurance expense	41,290.41	2,241,817.09	2,237,455.47	45,652.03
III. Enterprise annuity	4,139,718.28	29,134,503.44	29,105,386.21	4,168,835.51
Total	4,250,799.68	88,961,123.51	88,641,616.37	4,570,306.82

The Group participates in pension insurance and unemployment insurance plans established by government in accordance with the relevant requirements. According to the plans, the Group makes a monthly contribution equivalent to 16% and 0.6% of the employee's monthly basic wage and performance-linked compensation, respectively, to the plans. Save as the monthly contribution above, the Group has not undertaken further payment obligation. The corresponding expenses are included in profit or loss for the period or the cost of the relevant asset when incurred.

During the Period, the Group's contributions of RMB57,584,802.98 and RMB2,241,817.09 (the Same Period of Last Year: RMB21,423,469.22 and RMB881,783.53) are payable to pension insurance and unemployment insurance plans respectively. As at 30 June 2021, the outstanding contributions of RMB355,819.28 and RMB45,652.03 (31 December 2020: RMB69,790.99 and RMB41,290.41) payable by the Group are contributions due during the Reporting Period and yet to be paid to the pension insurance and unemployment insurance plans. Such contributions payable were settled after the Reporting Period.

27. Taxes payable

Item	<i>RMB</i>	
	30 June 2021 (Unaudited)	31 December 2020
Income tax	7,112,818.45	19,669,009.58
Value added tax	16,409,475.50	18,402,837.69
City construction and maintenance tax	273,559.06	411,311.53
Education surcharges	225,986.32	295,876.08
Housing property tax	9,077.37	2,857,068.83
Individual income tax	1,749,919.25	4,020,540.48
Others	17,942,760.49	18,424,986.69
Total	43,723,596.44	64,081,630.88

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

28. Other payables

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

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

29. Other current liabilities

Item	<i>RMB</i>	
	30 June 2021 (Unaudited)	31 December 2020
Government grants (Note 1)	95,889,383.30	97,012,083.80
Expected sales returns (Note 2)	94,959,494.69	73,793,586.53
Output tax to be transferred	4,908,084.04	5,666,466.55
Total	195,756,962.03	176,472,136.88

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

29. Other current liabilities *(Continued)*

Note 1: Item involving government subsidies:

Item	1 January 2021	New grants for the current period	Amount recognized in other income for the current period	RMB	
				30 June 2021 (Unaudited)	Related to an asset/related to income
Books subsidies	97,012,083.80	6,084,121.28	7,206,821.78	95,889,383.30	Related to income

For the publication of certain topics, the publishing units of the Group will receive various forms of government subsidies. When the relevant publications are completed, the corresponding government subsidies will be included in the other income, and the government subsidies that have been acquired but not yet implemented of the relevant issuing business will be shown under other current liabilities.

Note 2: Expected sales returns are related to the customer's right of refund subsequent to purchase of books. On the basis of accumulated historical experiences, the Group assesses the quantity of sales returns using the expected-value method on an organization level.

30. Lease liabilities

	RMB	
	30 June 2021 (Unaudited)	31 December 2020
Rents	394,984,489.06	461,131,191.79
Less: Lease liabilities included in non-current liabilities due within one year	102,536,661.01	103,865,186.60
Total	292,447,828.05	357,266,005.19

31. Deferred income

Item	RMB	
	30 June 2021 (Unaudited)	31 December 2020
Government grants	40,666,375.73	45,644,566.05

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

31. Deferred income *(Continued)*

Items related to government grants:

RMB

Item	1 January 2021	Amount charged		30 June 2021 (Unaudited)	Related to an asset/ related to income
		New grants for the current period	to other income for the current period		
Copyright protection of audio and video cloud application system	918,207.39	-	74,449.25	843,758.14	related to an asset
Integration and Application Demonstration of Key Technology in Digital Education	808,526.39	-	167,281.38	641,245.01	related to an asset
Construction of Full Media Center of "Tibetan-Chinese Bilingual Language"	47,873.54	-	3,132.79	44,740.75	related to an asset
Western Culture Logistics and Distribution Base	932,389.41	-	128,029.76	804,359.65	related to an asset
Special funds for technological transformation	7,221,415.70	-	2,094,397.39	5,127,018.31	related to an asset
Research and development and industrialization project of rich media digital resources online edit system	2,319,973.92	-	316,568.00	2,003,405.92	related to an asset
Wisdom Bookstore Project	2,139,186.48	-	499,806.10	1,639,380.38	related to an asset
Winshare Cloud Digital Campus Development and Application Promotion	880.84	-	-	880.84	related to an asset
Special fund for Stackway	2,483,795.81	-	215,130.78	2,268,665.03	related to an asset
Network Construction of Shuxiang Tianfu, Wisdom Xinhua Physical Bookstore – finance	937,736.03	-	100,718.96	837,017.07	related to an asset
Digital Media Education Service System Construction	592,824.24	-	80,839.68	511,984.56	related to an asset
Digital Evaluation Platform	2,012,351.29	-	163,163.62	1,849,187.67	related to an asset
Establishment of Big data based Math Analysis Model which is published on demand and Key Technology Research Project	3,092,906.62	-	314,214.65	2,778,691.97	related to an asset
Model project of semantics-based content resources linking technology and education compound application system research and development and application	468,321.66	-	104,151.72	364,169.94	related to an asset
Education and media convergence projects	500,000.00	-	155,687.60	344,312.40	related to an asset
Unified content-based media distribution service platform for culture and education	1,000,000.00	-	133,676.00	866,324.00	related to an asset
Others	20,168,176.73	-	426,942.64	19,741,234.09	related to an asset
Total	45,644,566.05	-	4,978,190.32	40,666,375.73	

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS*(Continued)***32. Share capital****For the current period**

RMB

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

For the Same Period of Last Year

RMB

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

33. Capital reserve

For the current period

Item	1 January 2021	<i>RMB</i>		30 June 2021 (Unaudited)
		Increase in the current period	Decrease in the current period	
Share capital premium	2,540,421,521.70	-	-	2,540,421,521.70
Including: Capital contributed by investors	2,623,214,037.85	-	-	2,623,214,037.85
Effect of business combination involving enterprises under common control	(24,511,900.00)	-	-	(24,511,900.00)
Equity transaction with non- controlling shareholders	(55,415,409.56)	-	-	(55,415,409.56)
Deemed acquisition of additional interests in subsidiaries	(2,865,206.59)	-	-	(2,865,206.59)
Other capital reserve	32,103,244.62	-	-	32,103,244.62
Including: Transfer from capital reserve under the previous accounting system	23,281,007.10	-	-	23,281,007.10
Conversion of appreciation of net assets arising from associates to subsidiaries on pro-rata basis	9,820,616.03	-	-	9,820,616.03
Treasury shares	(998,378.51)	-	-	(998,378.51)
Total	2,572,524,766.32	-	-	2,572,524,766.32

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

33. Capital reserve *(Continued)*

For the Same Period of Last Year

Item	1 January 2020	Increase in the current period	Decrease in the current period	<i>RMB</i>
				30 June 2020 (Unaudited)
Share capital premium	2,540,421,521.70	-	-	2,540,421,521.70
Including: Capital contributed by investors	2,623,214,037.85	-	-	2,623,214,037.85
Effect of business combination involving enterprises under common control	(24,511,900.00)	-	-	(24,511,900.00)
Equity transaction with non- controlling shareholders	(55,415,409.56)	-	-	(55,415,409.56)
Deemed acquisition of additional interests of subsidiaries	(2,865,206.59)	-	-	(2,865,206.59)
Other capital reserve	32,103,244.62	-	-	32,103,244.62
Including: Transfer from capital reserve under the previous accounting system	23,281,007.10	-	-	23,281,007.10
Conversion of appreciation of net assets arising from associated to subsidiaries on pro-rata basis	9,820,616.03	-	-	9,820,616.03
Treasury shares	(998,378.51)	-	-	(998,378.51)
Total	2,572,524,766.32	-	-	2,572,524,766.32

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

34. Other comprehensive income

For the current period

RMB

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

For the Same Period of Last Year

RMB

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

35. Surplus reserve

For the current period

<i>RMB</i>				
Item	1 January 2021	Increase in the current period	Decrease in the current period	30 June 2021 (Unaudited)
Statutory surplus reserve	897,647,684.81	-	-	897,647,684.81

For the Same Period of Last Year

<i>RMB</i>				
Item	1 January 2020	Increase in the current period	Decrease in the current period	30 June 2020 (Unaudited)
Statutory surplus reserve	792,353,770.15	-	-	792,353,770.15

36. Undistributed profits

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

36. Undistributed profits *(Continued)*

(1) *Appropriation to statutory surplus reserve*

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

(2) *Cash dividends approved in shareholders' meeting*

On 21 May 2021, the resolution regarding the Company's 2020 Annual Profit Distribution Proposal was approved at 2020 annual general meeting of the Company. The profit distribution was based on the Company's total share capital of 1,233,841,000 shares before the implementation of the proposal. The cash dividend per share was RMB0.31 (tax-inclusive) (prior year: RMB0.30 (tax-inclusive)) and the total cash dividends of RMB382,490,710.00 (tax-inclusive) (prior year: RMB370,152,300.00 (tax-inclusive)) was distributed.

(3) *Internal carry-over within equity*

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

(4) *Appropriation to surplus reserve by subsidiaries*

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

37. Operating income and operating costs

(1) *Operating income and costs*

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

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

37. Operating income and operating costs *(Continued)*

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

RMB

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

Division of publication segment and distribution segment and other details are set out in Note (XV)2.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

38. Taxes and surcharges

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i>
		Amount incurred in the same period of last year (Unaudited)
City construction and maintenance tax	2,490,827.25	1,750,570.34
Education surcharges	1,780,354.39	1,248,788.61
Property tax	10,901,253.58	10,283,254.05
Urban land use tax	1,639,629.71	1,867,479.96
Vessel and vehicle tax	89,675.32	113,364.60
Stamp duty	1,564,374.02	4,936,899.98
Others	4,441.49	155,943.78
Total	18,470,555.76	20,356,301.32

39. Selling expenses

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i>
		Amount incurred in the same period of last year (Unaudited)
Wages and other labor costs	332,083,455.84	308,770,417.04
Transportation costs	145,988,550.82	139,921,218.17
Entrusted logistics fees	53,591,299.94	33,572,129.97
Business conference fees	26,438,363.63	15,276,412.71
Vehicle fees	8,395,249.02	7,281,242.81
Travel expenses	10,110,756.86	7,653,790.54
Advertising and promotion fees	69,409,179.11	46,176,272.88
Distribution commission	21,921,241.02	14,519,273.72
Packing expenses	10,190,709.33	5,246,149.34
Others	21,311,012.14	27,959,208.95
Total	699,439,817.71	606,376,116.13

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS*(Continued)***40. Administrative expenses**

Item	Amount incurred in the current period (Unaudited)	RMB
		Amount incurred in the same period of last year (Unaudited)
Wages and other labor costs	309,632,836.27	249,384,890.67
Business entertainment fees	66,465,432.29	46,545,798.63
Lease payments	7,704,767.53	7,569,441.16
Depreciation and amortization expenses	114,603,700.07	95,804,235.92
Conference fees	8,641,763.18	7,063,648.99
Property management fees	20,443,366.00	17,750,784.72
Travel expenses	4,874,729.94	2,151,731.47
Energy costs	7,792,827.63	6,138,248.58
Office expenses	3,545,459.40	2,951,070.79
Repair charges	9,528,766.91	8,147,381.03
Audit and other non-audit service fees	720,000.00	720,000.00
Others	42,664,874.87	31,801,498.74
Total	596,618,524.09	476,028,730.70

41. Finance expenses

Item	Amount incurred in the current period (Unaudited)	RMB
		Amount incurred in the same period of last year (Unaudited)
Interest expense	15,003.44	63,922.28
Interest expense on lease liabilities	10,953,699.23	11,489,111.97
Interest income	(41,822,203.98)	(29,703,730.17)
Interest income of long-term receivables	(6,560,521.63)	(6,373,701.09)
Exchange gains or losses and others	4,708,067.72	5,680,658.45
Total	(32,705,955.22)	(18,843,738.56)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

42. Other income

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i>
		Amount incurred in the same period of last year (Unaudited)
Book publishing subsidies	7,206,821.78	4,444,146.05
VAT first levied then returned	24,747,690.97	5,197,605.89
Other financial subsidies	6,649,941.88	7,672,776.30
Total	38,604,454.63	17,314,528.24

43. Investment income

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i>
		Amount incurred in the same period of last year (Unaudited)
Income from long-term equity investments Including: Income from investments under equity method	9,149,573.22	31,439,093.39
Losses on disposal of long-term equity investments	-	(254,299.46)
Investment income from other non-current financial assets	693,948.50	-
Investment income from other equity instrument investments	56,742,400.00	53,544,416.02
Investment income from disposal of financial assets at FVTPL	2,578,353.34	20,254,285.95
Others	1,407,398.19	-
Total	70,571,673.25	104,983,495.90

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

44. Gains (losses) from fair value change

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same period of last year (Unaudited)
Financial assets at FVTPL	(36,891,522.25)	127,162,814.85

45. Gains (losses) on credit impairment

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same period last year (Unaudited)
Credit impairment losses of accounts receivable	(61,330,345.36)	(104,662,597.81)
Impairment gains of other receivables	594,008.08	158,986.80
Total	(60,736,337.28)	(104,503,611.01)

46. Impairment gains (losses) of assets

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same period of last year (Unaudited)
Losses from decline in value for inventories	(35,461,604.56)	(31,323,764.19)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

47. Non-operating income

Item	Amount incurred in the current period (Unaudited)	Amount incurred in the same period of last year (Unaudited)	<i>RMB</i>
			Amount included in non- recurring profit or loss for the current period
Others	2,776,841.20	5,348,531.32	2,776,841.20

48. Non-operating expenses

Item	Amount incurred in the current period (Unaudited)	Amount incurred in the same period of last year (Unaudited)	<i>RMB</i>
			Amount included in non- recurring profit or loss for the current period
Donations	15,618,669.80	16,900,175.55	15,618,669.80
Penalties	28,144.82	12,952.74	28,144.82
Others	447,309.28	1,292,775.12	447,309.28
Total	16,094,123.90	18,205,903.41	16,094,123.90

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

49. Income tax

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

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

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

50. Calculation process of basic earnings per share

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

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

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

	Current period (Unaudited)	<i>Number of shares</i> Same period of last year (Unaudited)
Number of ordinary shares outstanding at the beginning of the period	1,233,841,000	1,233,841,000
Number of ordinary shares outstanding at the end of the period	1,233,841,000	1,233,841,000

Earnings per share:

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

The Company has no dilutive potential ordinary shares.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

51. Notes to items in the cash flow statement

(1) *Other cash receipts relating to operating activities*

Item	Amount incurred in the current period (Unaudited)	RMB
		Amount incurred in the same period of last year (Unaudited)
Interests	34,543,529.65	27,638,312.36
Government grants	7,755,872.84	5,047,161.38
Receipt of amounts due to/from other entities	36,322,135.65	38,032,527.69
Others	37,879,944.03	57,206,026.65
Total	116,501,482.17	127,924,028.08

(2) *Other cash payments relating to operating activities*

Item	Amount incurred in the current period (Unaudited)	RMB
		Amount incurred in the same period of last year (Unaudited)
Selling expenses	366,168,715.66	296,345,397.72
Including: Transportation costs	145,988,550.82	139,921,218.17
Advertising and promotion fees	69,409,179.11	46,176,272.88
Entrusted logistics fees	53,591,299.94	33,572,129.97
Business conference fees	26,438,363.63	15,276,412.71
Distribution commission	21,921,241.02	14,519,273.72
Travel expenses	10,110,756.86	7,653,790.54
Vehicles fees	8,395,249.02	7,281,242.81
Administrative expenses	225,749,910.24	193,581,299.12
Including: Lease payment	7,704,767.53	7,569,441.16
Business entertainment fees	66,465,432.29	46,545,798.63
Property management fees	20,443,366.00	17,750,784.72
Conference fees	8,641,763.18	7,063,648.99
Energy costs	7,792,827.63	6,138,248.58
Repair charges	9,528,766.91	8,147,381.03
Others	20,913,189.16	36,510,930.91
Total	612,831,815.06	526,437,627.75

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

51. Notes to items in the cash flow statement *(Continued)*

(3) Other cash receipts relating to investing activities

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same period of last year (Unaudited)
Receipt of time deposit over 3 months	–	77,000,000.00
Recovery of interest from time deposit	–	453,965.75
Total	–	77,453,965.75

(4) Other cash payments relating to investing activities

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the Same Period of Last Year (Unaudited)
Cash outflow due to disposal of subsidiaries	–	5,106,518.99
Increase of time deposit over 3 months	700,000,000.00	240,000,000.00
Total	700,000,000.00	245,106,518.99

(5) Other cash payments relating to financing activities

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same period of last year (Unaudited)
Payment for lease payments	45,156,312.16	37,485,372.05

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

52. Supplementary information to the cash flow statement

(1) *Supplementary information to the cash flow statement*

Supplementary information	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same period last year (Unaudited)
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	599,817,596.48	567,633,530.75
Add: Impairment losses of assets	35,461,604.56	31,323,764.19
Loss on credit impairment	60,736,337.28	104,503,611.01
Depreciation of fixed assets	52,669,580.22	42,488,991.64
Depreciation of right-of-use assets	60,716,647.21	58,023,324.88
Depreciation of investment properties	1,805,043.73	1,257,357.74
Amortization of intangible assets	16,351,958.44	16,186,535.12
Amortization of long-term prepaid expenses	6,153,724.32	7,898,947.27
Asset disposal losses (gains)	(1,951,843.33)	(188,874.38)
Losses (gains) from fair value changes	36,891,522.25	(127,162,814.85)
Finance expenses	3,690,028.34	2,293,990.71
Investment loss (income)	(69,171,673.25)	(104,983,495.90)
Decrease (increase) in deferred income tax assets	(1,971,249.47)	(3,573,701.07)
Increase (decrease) in deferred income tax liabilities	(5,838,868.00)	25,891,130.26
Decrease (increase) in inventories	(122,654,877.69)	8,362,783.34
Decrease (increase) in receivables from operating activities	(255,926,973.20)	(265,868,664.82)
Increase (decrease) in payables from operating activities	54,360,088.30	(95,654,084.54)
Net cash flow from operating activities	471,138,646.19	268,432,331.35
2. Material investment and financing activities not involving cash receipts and payments:		
Right-of-use assets recognized for leased fixed assets	9,679,141.90	52,634,522.34
3. Net changes in cash and cash equivalents:		
Closing balance of cash for the period	4,877,464,989.83	3,180,555,923.75
Less: Opening balance of cash for the period	5,740,841,068.18	3,393,906,225.68
Net increase (decrease) in cash and cash equivalents	(863,376,078.35)	(213,350,301.93)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

52. Supplementary information to the cash flow statement *(Continued)*

(2) Cash and cash equivalents

Item	RMB	
	30 June 2021 (Unaudited)	31 December 2020
Cash	4,877,464,989.83	5,740,841,068.18
Including: Cash on hand	1,986,971.83	2,033,235.17
Bank deposits readily available for payment	4,874,313,739.36	5,737,285,766.25
Other cash and bank balances readily available for payment	1,164,278.64	1,522,066.76
Balance of cash and cash equivalents	4,877,464,989.83	5,740,841,068.18

53. Assets with restricted ownership

Assets with restricted ownership	RMB	
	30 June 2021 (Unaudited)	31 December 2020
Cash and bank balances (Note)	37,251,141.90	45,133,732.67

Note: At the end of the Period, the Group's cash and bank balances with restricted ownership consist of security deposit for the issuance of bank acceptance bills of RMB2,988,645.00 (31 December 2020: RMB10,926,115.05), security deposit placed in bank for the issuance of guarantee letter of RMB8,468,517.58 (31 December 2020: RMB8,527,574.17), the special fund for housing reform and housing repair of RMB24,743,979.32 (31 December 2020: RMB24,727,430.45) and security deposit for travel service quality of Sichuan Winshare Xingzhi Study Tour Travel Agency Co., Ltd., a subsidiary of the Group, of RMB1,050,000.00 (31 December 2020: nil), frozen bank deposits of nil (31 December 2020: RMB952,613.00) in relation to the litigation of a subsidiary Beijing Aerospace Cloud.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

54. Net current assets

Item	<i>RMB</i>	
	30 June 2021 (Unaudited)	31 December 2020
Current assets	9,867,277,651.64	9,969,754,834.05
Less: Current liabilities	6,453,933,026.40	6,511,999,503.39
Net current assets	3,413,344,625.24	3,457,755,330.66

55. Total assets less current liabilities

Item	<i>RMB</i>	
	30 June 2021 (Unaudited)	31 December 2020
Total assets	17,205,889,863.27	16,968,836,010.58
Less: Current liabilities	6,453,933,026.40	6,511,999,503.39
Total assets less current liabilities	10,751,956,836.87	10,456,836,507.19

(VII) CHANGES IN CONSOLIDATION SCOPE

1. Change of scope of consolidation due to other reasons

The liquidation of the Company's subsidiaries Sichuan Winshare Music Culture Communication Co., Ltd. ("Winshare Music") and Sichuan Winshare Cloud Image Culture Innovation Technology Co., Ltd. ("Winshare Cloud Image") completed, which ceased to be consolidated into the Group for the Period.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VIII) INTERESTS IN OTHER ENTITIES

1. Subsidiaries:

(1) Subsidiaries incorporated by investments

RMB

Full name of subsidiary	Type of the subsidiary	Principal place of business and place of incorporation	Nature of business	Registered capital	Business scope	Proportion of ownership interests (%)	Proportion of voting power (%)	Consolidated statements or not
Sichuan Xinhua Winshare Media Co., Ltd. ("Winshare Media")	LLC	Chengdu	Periodicals	3,990,000.00	Sales of books and periodicals, etc.	100.00	100.00	Y
Winshare Education Technology	LLC	Chengdu	Technical Services	330,000,000.00	Software development and sales of electronic equipment	100.00	100.00	Y
Sichuan Wenchuan Logistics Co., Ltd. ("Wenchuan Logistics")	LLC	Chengdu	Storage and distribution	350,000,000.00	Storage and distribution of goods	100.00	100.00	Y
Xinhua Winshare Commercial Chain (Beijing) Co., Ltd. ("Beijing Winshare Commercial")	LLC	Beijing	Sales of publications	180,000,000.00	Sales of books, newspaper and periodicals	51.00	51.00	Y
Sichuan Winshare Arts Investment and Management Co., Ltd. ("Arts Investment")	LLC	Chengdu	Exhibition of artwork	20,000,000.00	Project investment and management, exhibition of artwork	100.00	100.00	Y
Sichuan Winshare Online E-commerce Co., Ltd. ("Winshare Online")	LLC	Chengdu	Sales of publications	60,000,000.00	Online sales of various products	75.00	75.00	Y
Sichuan Watch Panda Magazine Co., Ltd. ("Watch Panda")	LLC	Chengdu	Periodicals	2,000,000.00	Sales of periodicals	100.00	100.00	Y
Winshare Investment	LLC	Chengdu	Investment	300,000,000.00	Venture investment, business investment	100.00	100.00	Y
Winshare International Cultural Communication Co., Ltd. ("Winshare International")	LLC	Chengdu	Business advisory services	50,000,000.00	Organization and planning of cultural and art exchange activities, business consulting, conference and exhibition services	100.00	100.00	Y
Sichuan Winshare Xingzhi Study Tour Travel Agency Co., Ltd.	LLC	Chengdu	Business services	5,000,000.00	Travel agency and related services, study tour event planning, conference, exhibition and related services	100.00	100.00	Y

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VIII) INTERESTS IN OTHER ENTITIES *(Continued)***1. Subsidiaries:** *(Continued)**(1) Subsidiaries incorporated by investments (Continued)*

RMB

Full name of subsidiary	Type of the subsidiary	Principal place of business and place of incorporation	Nature of business	Registered capital	Business scope	Proportion of ownership interests (%)	Proportion of voting power (%)	Consolidated statements or not
Winshare Quan Media (Beijing) Culture Communication Co., Ltd. (" Winshare Quan Media ")	LLC	Beijing	Business advisory services	10,000,000.00	Organization of cultural and art exchange activities	100.00	100.00	Y
Beijing Aerospace Cloud	LLC	Beijing	Technical Services	41,783,300.00	Computer software development and system services	70.00	70.00	Y
Beijing Huaxia Shengxuan Book Co., Ltd. (" Huaxia Shengxuan ")	LLC	Beijing	Sales of publications	15,000,000.00	Sales of publications, etc.	100.00	100.00	Y
Sichuan Winshare Stackway Cultural Development Co., Ltd. (" Stackway ")	LLC	Chengdu	Wholesale and retail	50,000,000.00	Book wholesale and retail	100.00	100.00	Y
Chengdu Gangqiong Online Technology Co., Ltd.	LLC	Chengdu	Technical Services	30,000.00	Computer system services; manufacturing, agency, etc.	100.00	100.00	Y
Sichuan Moyuan Cultural Communication Co., Ltd.	LLC	Chengdu	Sales	1,000,000.00	Sales of books	75.00	75.00	Y
Sichuan Xinyaxuan Cultural Communication Co., Ltd.	LLC	Chengdu	Sales	1,000,000.00	Sales of books	75.00	75.00	Y
Sichuan Aiyuecheng Cultural Communication Co., Ltd.	LLC	Chengdu	Sales	1,000,000.00	Sales of publications	75.00	75.00	Y
Sichuan Xingyueyue Cultural Communication Co., Ltd.	LLC	Chengdu	Sales	1,000,000.00	Sales of publications	75.00	75.00	Y
Sichuan Tianyuge Cultural Communication Co., Ltd.	LLC	Chengdu	Sales	1,000,000.00	Sales of publications	75.00	75.00	Y
Sichuan Xuehaizhizhou Cultural Communication Co., Ltd.	LLC	Chengdu	Sales	1,000,000.00	Sales of publications	75.00	75.00	Y

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VIII) INTERESTS IN OTHER ENTITIES *(Continued)*

1. Subsidiaries: *(Continued)*

(2) Subsidiaries acquired in business combination involving enterprises under common control

RMB

Full name of subsidiary	Type of the subsidiary	Principal place of business and place of incorporation	Nature of business	Registered capital	Business scope	Proportion of ownership interests (%)	Proportion of voting power (%)	Consolidated statements or not
Xinhua Online	LLC	Chengdu	Sales of publications	50,000,000.00	Internet publishing, wholesale and retail of goods	100.00	100.00	Y
Beijing Shuchuan	LLC	Beijing	Sales of publications	2,000,000.00	Sales of publications	100.00	100.00	Y
Sichuan Culture Communication	LLC	Chengdu	Advertising agency and leasing	20,523,700.00	Advertising agency and leasing	100.00	100.00	Y

(3) Subsidiaries acquired in business combination not involving enterprises under common control

RMB

Full name of subsidiary	Type of the subsidiary	Principal place of business and place of incorporation	Nature of business	Registered capital	Business scope	Proportion of ownership interests (%)	Proportion of voting power (%)	Consolidated statements or not
Sichuan Xin Hua Shang Paper Co., Ltd. (" Xin Hua Shang ")	LLC	Chengdu	Paper sales	15,000,000.00	Sales of pulp, paper and paper products	51.00	51.00	Y
Winshare Sports Cultural Development Co., Ltd. (" Winshare Sports ")	LLC	Chengdu	Venue rental	100,000,000.00	Venue management services, advertising, self-owned housing rental	100.00	100.00	Y
Sichuan People's Publishing House Co., Ltd. (" People's Publishing House ")	LLC	Chengdu	Publication	34,000,000.00	Publication of books	100.00	100.00	Y
Sichuan Publication Printing Co., Ltd. (" Publication Printing ")	LLC	Chengdu	Publication	50,000,000.00	Textbook rental printed supplies	100.00	100.00	Y
Sichuan Education Publishing House Co., Ltd. (" Education Publishing House ")	LLC	Chengdu	Publication	10,000,000.00	Publication and distribution of books	100.00	100.00	Y

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VIII) INTERESTS IN OTHER ENTITIES *(Continued)***1. Subsidiaries:** *(Continued)***(3) Subsidiaries acquired in business combination not involving enterprises under common control** *(Continued)*

RMB

Full name of subsidiary	Type of the subsidiary	Principal place of business and place of incorporation	Nature of business	Registered capital	Business scope	Proportion of ownership interests (%)	Proportion of voting power (%)	Consolidated statements or not
Youth and Children's Publishing House	LLC	Chengdu	Publication	110,000,000.00	Publication of books and periodicals	100.00	100.00	Y
Sichuan Science & Technology Publishing House Co., Ltd. (" Science & Technology Publishing House ")	LLC	Chengdu	Publication	4,000,000.00	Publication of books	100.00	100.00	Y
Sichuan Nature Exploration Magazine House Co., Ltd.	LLC	Chengdu	Publication	300,000.00	Publication of periodicals	100.00	100.00	Y
Sichuan Fine Arts Publishing House Co., Ltd. (" Fine Arts Publishing House ")	LLC	Chengdu	Publication	16,250,000.00	Sales of arts and crafts and publication of books	100.00	100.00	Y
Sichuan Lexicographical Publishing House Co., Ltd. (" Lexicographical Publishing House ")	LLC	Chengdu	Publication	20,000,000.00	Publication of books	100.00	100.00	Y
Sichuan Literature & Art Publishing House Co., Ltd. (" Literature & Art Publishing House ")	LLC	Chengdu	Publication	45,000,000.00	Publication of books	100.00	100.00	Y
Sichuan Tiandi Publishing House Co., Ltd. (" Tiandi Publishing House ")	LLC	Chengdu	Publication	230,634,700.00	Publication of books	100.00	100.00	Y
Sichuan Era English Cultural Communication Co., Ltd.	LLC	Chengdu	Publication	600,000.00	Publication of domestic books, newspapers and periodicals	51.00	51.00	Y
Sichuan Bashu Publishing House Co., Ltd. (" Bashu Publishing House ")	LLC	Chengdu	Publication	42,000,000.00	Publication of books	100.00	100.00	Y

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VIII) INTERESTS IN OTHER ENTITIES *(Continued)*

1. Subsidiaries: *(Continued)*

(3) Subsidiaries acquired in business combination not involving enterprises under common control *(Continued)*

RMB

Full name of subsidiary	Type of the subsidiary	Principal place of business and place of incorporation	Nature of business	Registered capital	Business scope	Proportion of ownership interests (%)	Proportion of voting power (%)	Consolidated statements or not
Sichuan Printing Materials Co., Ltd. (" Printing Materials ")	LLC	Chengdu	Wholesale and retail	30,000,000.00	Wholesale and retail of goods	100.00	100.00	Y
Sichuan Digital Publishing Co., Ltd. (" Digital Publishing ")	LLC	Chengdu	Publication	10,000,000.00	Publication of audio and video product, Internet publishing	100.00	100.00	Y
Sichuan Reader's Journal Press Co., Ltd. (" Reader's Journal Press ")	LLC	Chengdu	Publication	1,500,000.00	Reader's Journal Press-related publishing, advertising, wholesale and retail of goods, software and information technology services	100.00	100.00	Y
Sichuan Pictorial Co., Ltd. (" Pictorial ")	LLC	Chengdu	Publication	1,500,000.00	Publication of periodicals	100.00	100.00	Y
Sichuan Xinhua Printing Co., Ltd. (" Sichuan Xinhua Printing ")	LLC	Chengdu	Publication	100,160,000.00	Printing of publications	100.00	100.00	Y
Sichuan Yunhan Internet and Media Co., Ltd. (" Sichuan Yunhan ")	LLC	Chengdu	Wholesale	50,000,000.00	Wholesale of publications	75.00	75.00	Y

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VIII) INTERESTS IN OTHER ENTITIES *(Continued)*

2. Key financial information of the Group's significant non-wholly owned subsidiaries is as follows:

RMB

Full name of subsidiary	Proportion of ownership interests held by non-controlling shareholders (%)	Proportion of voting power held by non-controlling shareholders (%)	Losses attributable to non-controlling shareholders		Non-controlling interests	
			Current period (Unaudited)	Same period of last year (Unaudited)	30 June 2021 (Unaudited)	31 December 2020
Beijing Winshare Commercial	49.00	49.00	(2,886,471.88)	(7,398,946.86)	(88,934,866.28)	(86,048,394.40)
Winshare Online	25.00	25.00	301,714.86	(505,962.99)	(23,362,816.28)	(23,664,531.14)

a. *Beijing Winshare Commercial*

RMB

	30 June 2021 (Unaudited)	31 December 2020
Current assets	82,865,481.11	75,395,366.02
Non-current assets	944,830.09	1,415,330.35
Current liabilities	212,515,259.58	199,620,385.84
Non-current liabilities	25,390.96	29,890.94

RMB

	Amount incurred in the current period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Operating income	37,683,727.40	33,436,364.69
Operating costs and expenses	43,574,486.33	48,536,256.24
Total amount of loss, net loss	(5,890,758.93)	(15,099,891.55)
Net cash flow from operating activities	3,215,505.02	(5,234,506.64)
Net cash flow from investing activities	34,241.11	19,677.67
Net cash flow from financing activities	(85,769.79)	(229,273.58)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VIII) INTERESTS IN OTHER ENTITIES *(Continued)*

2. Key financial information of the Group's significant non-wholly owned subsidiaries is as follows: *(Continued)*

b. Winshare Online

	30 June 2021 (Unaudited)	<i>RMB</i> 31 December 2020
Current assets	2,467,511,884.17	2,233,317,121.33
Non-current assets	156,453,684.39	5,877,029.65
Current liabilities	2,716,787,833.68	2,333,223,275.52
Non-current liabilities	629,000.00	629,000.00

	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the Same Period of Last Year (Unaudited)
Operating income	1,257,187,454.14	831,557,896.90
Operating costs and expenses	1,255,980,594.72	833,581,748.87
Total amount of profit (total amount of loss), net profit (loss)	1,206,859.42	(2,023,851.97)
Net cash flow from operating activities	63,208,926.85	137,814,375.71
Net cash flow from investing activities	(490,846,820.61)	(136,512,931.86)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VIII) INTERESTS IN OTHER ENTITIES *(Continued)*

3. Interests in joint ventures or associates

(1) Significant joint venture or associates

Name of joint venture or associates	Principal place of operation and place of incorporation	Nature of business	Proportion of ownership interests in investee (%)	<i>RMB</i>
				Accounting method used for investment in joint venture or associates
Joint venture				
Hainan Publishing House Associates	Haikou	Publication	50	Equity method
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	Beijing	Wholesale of books, periodicals, newspapers and electronic publications	20	Equity method
Ming Bo Education Technology Holdings Co., Ltd.	Beijing	Publication of internet education	20.4	Equity method
Sichuan Winshare BLOGIS Supply Chain Co., Ltd.	Chengdu	Logistics transportation	45	Equity method

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VIII) INTERESTS IN OTHER ENTITIES *(Continued)*

3. Interests in joint ventures or associates *(Continued)*

(2) Key financial information of significant joint venture

a. Hainan Publishing House

	30 June 2021/ Amount incurred in the current period (Unaudited)	<i>RMB</i> 31 December 2020/ Amount incurred in the Same Period of Last Year (Unaudited)
Current assets	517,820,858.49	472,386,697.85
Including: Cash and cash equivalents	28,434,723.31	81,273,980.90
Non-current assets	150,736,425.92	145,262,234.96
Total assets	668,557,284.41	617,648,932.81
Current liabilities	278,739,250.52	249,015,496.97
Non-current liabilities	20,230,000.00	19,900,000.00
Total liabilities	298,969,250.52	268,915,496.97
Equity attributable to the parent company's shareholders	368,885,252.03	341,878,299.15
Non-controlling interests	702,781.86	6,855,136.69
Net assets calculated on pro-rata basis of shareholding	184,442,626.02	170,939,149.58
Goodwill	30,735,530.98	30,735,530.98
Carrying amount of equity investments in joint venture	215,178,157.00	201,674,680.56
Operating income	104,353,183.78	47,602,289.66
Net profit and total comprehensive income	20,854,598.05	8,102,104.40
Non-controlling interests	(6,152,354.83)	(104,695.76)
Interest income	437,620.90	39,585.42
Income tax	6,555.66	-

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VIII) INTERESTS IN OTHER ENTITIES *(Continued)*

3. Interests in joint ventures or associates *(Continued)*

(3) Key financial information of significant associates

a. Ren Min Eastern (Beijing) Book Industry Co., Ltd.

	30 June 2021/ Amount incurred in the current period (Unaudited)	<i>RMB</i> 31 December 2020/ Amount incurred in the Same Period of Last Year (Unaudited)
Current assets	78,107,196.07	104,226,134.07
Non-current assets	8,056,600.07	6,198,847.80
Total assets	86,163,796.14	110,424,981.87
Current liabilities and total liabilities	36,001,459.29	54,123,015.16
Net assets calculated on pro-rata basis of shareholding	10,032,467.37	11,260,393.34
Carrying amount of equity investments in associate	10,032,467.37	11,260,393.34
Operating income	9,259,141.64	5,886,110.16
Net loss and total comprehensive income	(6,139,629.86)	(4,339,587.51)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VIII) INTERESTS IN OTHER ENTITIES *(Continued)*

3. Interests in joint ventures or associates *(Continued)*

(3) Key financial information of significant associates *(Continued)*

b. Ming Bo Education Technology Holdings Co., Ltd.

	30 June 2021/ Amount incurred in the current period (Unaudited)	<i>RMB</i> 31 December 2020/ Amount incurred in the Same Period of Last Year (Unaudited)
Current assets	139,182,310.49	195,863,567.27
Non-current assets	33,474,902.39	35,634,973.18
Total assets	172,657,212.88	231,498,540.45
Current liabilities	30,898,226.71	75,380,489.65
Non-current liabilities	2,091,565.42	6,552,230.87
Total liabilities	32,989,792.13	81,932,720.52
Equity attributable to the parent company's shareholders	139,670,466.65	149,565,625.32
Non-controlling interests	(3,045.90)	194.61
Net assets calculated on pro-rata basis of shareholding	28,492,775.20	30,511,387.57
Carrying amount of equity investments in associate	28,492,775.20	30,511,387.57
Operating income	36,586,587.59	73,317,041.26
Net (loss) profit and total comprehensive income	(9,898,399.18)	1,228,603.93
Non-controlling interests	(3,240.51)	(1,665.27)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VIII) INTERESTS IN OTHER ENTITIES *(Continued)*

3. Interests in joint ventures or associates *(Continued)*

(3) Key financial information of significant associates *(Continued)*

c. Sichuan Winshare BLOGIS Supply Chain Co., Ltd.

	30 June 2021/ Amount incurred in the current period (Unaudited)	<i>RMB</i> 31 December 2020/ Amount incurred in the Same Period of Last Year (Unaudited)
Current assets	318,629,305.59	395,778,599.02
Non-current assets	14,775,707.44	16,050,693.80
Total assets	333,405,013.03	411,829,292.82
Current liabilities	229,020,587.83	309,536,158.90
Non-current liabilities	224,188.34	279,853.59
Total liabilities	229,244,776.17	309,816,012.49
Equity attributable to the parent company's shareholders	104,272,691.42	101,987,494.62
Non-controlling interests	(112,454.56)	25,785.71
Net assets calculated on pro-rata basis of shareholding	46,922,711.14	45,894,372.58
Carrying amount of equity investments in associate	46,922,711.14	45,894,372.58
Operating income	1,132,349,582.36	256,965,181.91
Net profit and total comprehensive income	2,146,956.53	1,627,219.86
Non-controlling interests	(138,240.27)	556,350.88

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(VIII) INTERESTS IN OTHER ENTITIES *(Continued)*

3. Interests in joint ventures or associates *(Continued)*

(4) Summarized financial information of insignificant joint ventures and associates

	30 June 2021/ Amount incurred in the current period (Unaudited)	<i>RMB</i> 31 December 2020/ Amount incurred in the Same Period of Last Year (Unaudited)
Insignificant joint ventures		
Total carrying amount of investments	31,793,289.96	32,363,314.79
Sum of net (loss) profit and total comprehensive income calculated according to proportion of investment	(570,024.83)	5,049,897.94
Insignificant associates		
Total carrying amount of investments	387,893,393.83	396,185,397.44
Sum of net (loss) profit and total comprehensive income calculated according to proportion of investment	(1,565,678.61)	31,903,534.49

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group's major financial instruments consist of financial assets measured at amortized cost, financing receivables-bank acceptance bills, financial assets at FVTPL, other equity instrument investments, other non-current assets – time deposits and payables. Risk exposures associated with these financial instruments and the risk management strategy adopted by the Group to reduce the risk is set out below. The management of the Group manages and monitors the risk exposures to ensure the risks are controlled at a certain level.

The Group adopts sensitivity analysis method to analyze the potential impact of reasonable and possible changes in risk variables on current profit and loss or on the owners' equity. As a risk variable seldom changes alone and correlation between variables greatly accounts for the final amount influenced by changes of a certain risk variable, the following content is based on the assumption that changes of each variable are independent of each other's.

1. Risk management objectives and policies

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimize the adverse impacts of risks on the Group's operation performance, and maximize the benefits of the shareholders. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyze the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, implement risk management, and monitor regularly and effectively these exposures to ensure the risks are monitored at a certain level.

1.1 Market risk

1.1.1 Currency risk

The Group mainly operates in the PRC, and the sales and purchases of the Group are mainly denominated and settled in RMB. At each balance sheet date, the balance of the Group's assets and liabilities are both denominated in RMB except that the assets and liabilities set out below. The management believes that the RMB exchange rates may have no significant impact on the net profit and the shareholders' equity of the Group.

	<i>RMB</i>	
Item	30 June 2021 (Unaudited)	31 December 2020
Cash and bank balances		
USD	118,524.29	119,708.29
EUR	655.40	684.29
HKD	36,719.95	29,943.06

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

(Continued)

1. Risk management objectives and policies *(Continued)*

1.1 Market risk *(Continued)*

1.1.2 Interest rate risk

The Group had no interest-bearing borrowings at the end of the Period. As the impact of changes in the amount of lease liabilities and in the statement of profit or loss as a result of changes in interest rate was relatively small, the Group was not exposed to material interest rate risk.

1.1.3 Other price risk

The Group measured the investment in listed shares of Wan Xin Media, HGZN and Bank of Chengdu at fair value, which was exposed to the stock price risk as the fair value is determined based on the quoted prices from the active market (Note (VI)12). The directors of the Company regularly monitor the share prices of Wan Xin Media, HGZN and Bank of Chengdu. For the current period, the Group's direct investments in Wan Xin Media, HGZN and Bank of Chengdu equity recognized in other comprehensive income resulted in a loss of RMB3,739,200.00, and a gain of RMB84,672.63 and a gain of RMB157,600,000.00, respectively.

Assuming that other variables remain constant, the pre-tax effects of other reasonable changes in stock prices in other comprehensive income and shareholders' equity during the period are as follows:

		<i>RMB</i>	
		Effects (before tax) on other comprehensive income and shareholders' equity	
Item	Price fluctuation	Current period (Unaudited)	Same period of last year (Unaudited)
Other equity instrument investments			
Wan Xin Media	Stock prices rise 5%	29,415,040.00	34,649,920.00
HGZN	Stock prices rise 5%	43,411.52	37,161.88
Bank of Chengdu	Stock prices rise 5%	50,560,000.00	31,840,000.00
Other equity instrument investments			
Wan Xin Media	Stock prices fall 5%	(29,415,040.00)	(34,649,920.00)
HGZN	Stock prices fall 5%	(43,411.52)	(37,161.88)
Bank of Chengdu	Stock prices fall 5%	(50,560,000.00)	(31,840,000.00)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

(Continued)

1. Risk management objectives and policies *(Continued)*

1.2 Credit risk

As at 30 June 2021, the Group's maximum exposure to credit risk which will cause a financial loss to the Group is due to failure to discharge an obligation by the counterparties, including: the carrying amounts of financial assets such as cash and bank balances, accounts receivable, notes receivable, financing receivables-bank acceptance bills, other receivables, long-term receivables and other non-current assets – time deposits etc.

In order to minimize the credit risk, the management of the Group has established policies to ensure that sales are only limited to customers with a good credit history and has continually examined the credit risk exposures. The Group also sets up a team responsible for determination of credit limits, credit approvals as well as execution of other monitoring procedures to ensure the overdue debts are able to be collected by necessary actions. Therefore, the management of the Group considers that the Group's credit risk is significantly reduced.

Details such as the Group's specific method of assessing credit risk since initial recognition, evidence for determination of credit impairment of financial assets, combination methods of assessing expected credit risk of financial instruments on the basis of categorization, and policies on direct write-down of financial instrument are set out in Note (III)10.2.1, Note (III)10.2.2, Note (III)10.2.3, and Note (III)10.2.4.

The management considers the credit risk on cash and bank balances, interest receivables, financing receivables – bank acceptance bills and other non-current assets – time deposits of the Group is limited because these financial assets are deposited with or due from banks with high credit ratings.



Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

(Continued)

1. Risk management objectives and policies *(Continued)*

1.2 Credit risk *(Continued)*

The following table shows the exposure to credit risk of the Group's financial assets:

Item	Future 12-month/full lifetime ECL	<i>RMB</i>
		Carrying amount 30 June 2021 (Unaudited)
Financial assets measured at amortized cost:		
Cash and bank balances	Future 12-month ECL	5,265,892,103.95
Other non-current assets	Future 12-month ECL	597,546,715.80
– time deposits		
Accounts receivable	Full lifetime ECL (not credit-impaired)	1,938,538,485.58
	Full lifetime ECL (credit-impaired)	433,783,523.16
Notes receivable	Full lifetime ECL (not credit-impaired)	12,154,432.33
	Full lifetime ECL (credit-impaired)	–
Other receivables	Future 12-month ECL	118,449,208.11
	Full lifetime ECL (not credit-impaired)	–
	Full lifetime ECL (credit-impaired)	15,920,960.36
Long-term receivables (including those expected to be recovered within one year)	Full lifetime ECL (not credit-impaired)	402,537,765.28
Financial assets at FVTOCI:		
Financing receivables-bank acceptance bills	Full lifetime ECL (not credit-impaired)	7,540,726.73

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

(Continued)

1. Risk management objectives and policies *(Continued)*

1.2 Credit risk *(Continued)*

Accounts receivable

As part of the Group's credit risk asset management, the Group adopts the aging analysis to assess impairment losses of accounts receivable arising from the Group's operations. The Group's operations involve a large number of small customers with the same risk characteristics. Aging information may reflect these customers' solvency in regard of such accounts receivable.

As at 30 June 2021 and 31 December 2020, description of credits risks and expected credit losses of accounts receivable of the Group's operations is as follows:

Aging	30 June 2021 (Unaudited)			31 December 2020		
	Expected average loss rate	Amount RMB	Credit loss provision RMB	Expected loss rate	Amount RMB	Credit loss provision RMB
Within 1 year	12.34%	1,938,538,485.58	239,162,284.86	11.88%	1,692,271,225.55	201,121,723.66
1 – 2 years	55.41%	251,901,685.19	139,588,834.29	59.02%	233,683,796.55	137,927,039.54
2 – 3 years	100.00%	70,295,103.12	70,295,103.12	100.00%	63,142,430.17	63,142,430.17
More than 3 years	100.00%	111,586,734.85	111,586,734.85	100.00%	97,111,418.39	97,111,418.39
Total		2,372,322,008.74	560,632,957.12		2,086,208,870.66	499,302,611.76

The expected average rate of loss is based on historical rate of bad debt, and takes into account of current circumstances and projections on future economic conditions. For the current period, the Group's assessment method and significant assumptions did not change.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

(Continued)

1. Risk management objectives and policies *(Continued)*

1.2 Credit risk *(Continued)*

Accounts receivable (Continued)

Changes in credit loss provision for accounts receivable:

RMB

	Full lifetime expected credit losses (not credit-impaired)	Full lifetime expected credit losses (credit-impaired)	Total
1 January 2021	201,121,723.66	298,180,888.10	499,302,611.76
Adjustment of expected credit losses for the current period	38,040,561.20	29,068,098.62	67,108,659.82
Transfer of incurred credit impairment	–	(5,778,314.46)	(5,778,314.46)
30 June 2021 (Unaudited)	239,162,284.86	321,470,672.26	560,632,957.12

Other receivables

Credit loss provision for other receivables:

RMB

Credit loss provision	Stage 1 Future 12-month expected credit losses	Stage 2 Full lifetime expected credit losses (not credit-impaired)	Stage 3 Full lifetime expected credit losses (credit- impaired)	Total
Balance as at 1 January 2021	4,086,964.45	–	13,972,623.07	18,059,587.52
Adjustment of expected credit losses for the current period	261,601.80	–	34,790.80	296,392.60
Reversal of incurred credit impairment	–	–	(890,400.68)	(890,400.68)
30 June 2021 (Unaudited)	4,348,566.25	–	13,117,013.19	17,465,579.44

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

(Continued)

1. Risk management objectives and policies *(Continued)*

1.2 Credit risk *(Continued)*

Long-term receivables

The Group's balances of long-term receivables (including those expected to be recovered within one year) are receivables from governmental institutions and schools. The management is of the opinion that these long-term receivables are exposed to lower credit risks.

1.3 Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group aims at maintaining a balance between capital return and flexibility through operating activities and the issuance of other interest-bearing borrowings as the main source of funding. The Group manages the financing activities by maintaining adequate cash so as to finance the Group's operations. The Group also ensures that bank credit facilities are available to meet any short-term funding needs.

The following is the maturity analysis for financial liabilities and lease liabilities held by the Group which is based on undiscounted remaining contractual obligations:

End of the current period (Unaudited)

RMB

Item	Within 1 year	1 to 5 years	More than 5 years	Total
Notes payable	29,266,749.97	-	-	29,266,749.97
Accounts payable	4,709,546,981.82	-	-	4,709,546,981.82
Other payables	542,332,606.27	-	-	542,332,606.27
Lease liabilities	126,024,633.57	263,631,487.08	62,235,007.38	451,891,128.03
Total	5,407,170,971.63	263,631,487.08	62,235,007.38	5,733,037,466.09

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

(Continued)

1. Risk management objectives and policies *(Continued)*

1.3 Liquidity risk *(Continued)*

End of the prior year

Item	Within 1 year	1 to 5 years	RMB	
			More than 5 years	Total
Notes payable	45,838,225.28	–	–	45,838,225.28
Accounts payable	4,550,158,695.76	–	–	4,550,158,695.76
Other payables	655,979,050.64	–	–	655,979,050.64
Lease liabilities	123,635,067.97	332,630,204.87	71,190,043.44	527,455,316.28
Total	5,375,611,039.65	332,630,204.87	71,190,043.44	5,779,431,287.96

2. Transfer of Financial Assets

At the end of the Period, the amount of bank acceptance bills that the Group had endorsed but not yet due was RMB31,256,295.01 (31 December 2020: RMB26,888,870.21), which was the accounts payable to the suppliers. The Group believes that substantially all the risks and rewards of the endorsed notes receivable have been transferred to the suppliers. Therefore, these endorsed notes receivable were derecognized. In the event that the accepting bank fails to accept the notes due, the Group is jointly and severally liable for the notes receivable in accordance with the relevant PRC laws and regulations. The Group considers that the accepting bank is of sound reputation and the risk of non-payment by the accepting bank on due date is remote.

At the end of the Period, if the accepting bank fails to accept the notes due, the maximum loss which may be incurred by the Group is equivalent to the same amount payable by the Group to the suppliers for such endorsed notes.

At the end of the Period, all notes receivable endorsed to suppliers will be due within six months from the end of the Reporting Period.

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2021

(X) DISCLOSURE OF FAIR VALUE

1. Fair value

1.1 Financial assets measured at fair value on a recurring basis

The Group's investment of equity securities in listed company, unlisted private equity and partnership, bank wealth management products and financing receivables are measured at fair value at the end of each reporting year. The fair value measurements for such financial assets are detailed as follows:

Financial assets	Fair value at the end of each reporting year	Fair value hierarchy	Valuation method and inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value	RMB
						30 June 2021 (Unaudited)
Held-for-trading financial assets – shares of A share listed companies	14,825,46	Level 1	Quoted prices in active markets	N/A	N/A	
Other equity instrument investments – shares of A share listed company – Wan Xin Media	588,300,800.00	Level 1	Quoted prices in active markets	N/A	N/A	
Other equity instrument investments – shares of A share listed company – HGZN	868,230,46	Level 1	Quoted prices in active markets	N/A	N/A	
Other equity instrument investments – shares of A share listed company – Bank of Chengdu	1,011,200,000.00	Level 1	Quoted prices in active markets	N/A	N/A	
Held-for-trading financial assets – bank wealth management products	-	Level 2	Calculated based on a discounted cash flow model, the input values are 3-month USD LIBOR, EUR/USD exchange rate, USD/SFR exchange rate and gold/USD fixing price.	N/A	N/A	

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2021

(X) DISCLOSURE OF FAIR VALUE (Continued)

1. Fair value (Continued)

1.1 Financial assets measured at fair value on a recurring basis (Continued)

Financial assets	Fair value at the end of each reporting year	Fair value hierarchy	Valuation method and inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value	RMB
						30 June 2021 (Unaudited)
Financing receivables – bank acceptance bills	7,540,726.73	Level 2	Calculated based on a discounted cash flow model, the input values are discount rates for bank acceptance bills in the same term.	N/A	N/A	
Other equity instrument investments – others	375,393.81	Level 3	Discounted cash flow. Future cash flow is estimated based on expected recoverable amount and discounted at the rate determined by the management based on the best estimate of expected future risk level.	<ul style="list-style-type: none"> Expected recoverable amount Discount rate in line with expected risk level 	<ul style="list-style-type: none"> The higher the expected recoverable amount, the higher the fair value The lower the discount rate, the higher the fair value 	
Other non-current financial assets – CITIC Buyout Investment Fund (Shenzhen) (Limited Partnership)	180,605,269.80	Level 3	Market approach Method of discounted future cash flow	<ul style="list-style-type: none"> Price earnings ratio, price sales ratio, liquidity discount Discount rate in line with expected risk level 	<ul style="list-style-type: none"> The higher the price earnings ratio and price sales ratio, the higher the fair value The lower the liquidity discount, the higher the fair value The lower the discount rate, the higher the fair value 	

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2021

(X) DISCLOSURE OF FAIR VALUE (Continued)**1. Fair value (Continued)****1.1 Financial assets measured at fair value on a recurring basis (Continued)**

Financial assets	Fair value at the end of each reporting year	Fair value hierarchy	Valuation method and inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value	RMB
						30 June 2021 (Unaudited)
Other non-current financial assets – Winshare Hengxin (Shenzhen) Equity Investment Fund (Limited Partnership)	233,637,441.71	Level 3	Adjusted quoted prices in active markets Method of discounted future cash flow	<ul style="list-style-type: none"> Liquidity discount Discount rate in line with expected risk level 	<ul style="list-style-type: none"> The lower the liquidity discount, the higher the fair value The lower the discount rate, the higher the fair value 	31 December 2020
Other non-current financial assets – Qingdao Jinshi Zhixin Investment Center (Limited Partnership)	111,676,675.26	Level 3	Discounted cash flow. Future cash flow is estimated based on expected recoverable amount and discounted at the rate determined by the management based on the best estimate of expected future risk level.	<ul style="list-style-type: none"> Expected recoverable amount Discount rate in line with expected risk level 	<ul style="list-style-type: none"> The higher the expected recoverable amount, the higher the fair value The lower the discount rate, the higher the fair value 	
Other non-current financial assets – Ningbo Meishan Free Trade Port Winshare Dingsheng Equity Investment Partnership (Limited Partnership)	141,315,686.57	Level 3	Adjusted quoted prices in active markets Method of discounted future cash flow	<ul style="list-style-type: none"> Liquidity discount Discount rate in line with expected risk level 	<ul style="list-style-type: none"> The lower the liquidity discount, the higher the fair value The lower the discount rate, the higher the fair value 	
Other non-current financial assets – Xinhua Internet E-Commerce Co., Ltd.	3,000,000.00	Level 3	Discounted cash flow. Future cash flow is estimated based on expected recoverable amount and discounted at the rate determined by the management based on the best estimate of expected future risk level.	<ul style="list-style-type: none"> Expected recoverable amount Discount rate in line with expected risk level 	<ul style="list-style-type: none"> The higher the expected recoverable amount, the higher the fair value The lower the discount rate, the higher the fair value 	

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2021

(X) DISCLOSURE OF FAIR VALUE (Continued)

1. Fair value (Continued)

1.1 Financial assets measured at fair value on a recurring basis (Continued)

1.1.1 Reconciliation of Level 3 fair value measurements

	RMB
	Current period (Unaudited)
	Prior year
1 January	681,256,012.07
Included in gains or losses on fair value change in the current period	(36,892,451.26)
Purchases in the current period	6,950,000.00
Disposals in the current period	–
End of period (Unaudited)/year end	651,313,560.81
	627,811,803.52
	101,623,609.80
	125,369,501.66
	(173,548,902.91)
	681,256,012.07

1.2 Financial assets and financial liabilities not measured at fair value on a recurring basis

The management of the Group considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost in the financial statements approximate their fair values.

(XI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent company of the Company

Name of the parent company	Type of the entity	Place of incorporation	Legal representative	Nature of business	Registered capital	Proportion of the Company's ownership interest held by the parent company (%)	Proportion of the Company's voting power held by the parent company (%)	Ultimate controlling party of the Company	Organization
									registration code certificate
Sichuan Xinhua Publishing and Distribution Group	LLC	Chengdu	Luo Yong	Goods wholesale and retail, house lease, real estate, project investment	59,382.20	52.32 (Note)	52.32 (Note)	SASAC of Sichuan	70892370-8

Note: Sichuan Xinhua Publishing and Distribution Group holds 592,809,525 promoter's shares of the Company, accounting for 48.05% of the total share capital of the Company. Sichuan Xinhua Publishing and Distribution Group holds 52,683,000 H shares of the Company, accounting for 4.27% of the total share capital of the Company, resulting in an aggregate shareholding of 52.32% of the total share capital of the Company.

2. Subsidiaries of the Company

Please refer to Notes (VIII) Interests in Other Entities for details of the subsidiaries of the Company.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

3. Joint ventures and associates of the Company

Please refer to Notes (VIII) for details of the significant joint venture or associates of the Company.

Information of other joint ventures or associates which have had balances through related party transactions with the Group for the current period or for the Same Period of Last Year is as follows:

Name of other related party	Relationship between other related party and the Company
Commercial Press (Chengdu) Co., Ltd.	Associate
Shanghai Jingjie Information Technology Co., Ltd.	Associate
Chengdu Winshare Equity Investment Funds Management Co., Ltd.	Associate
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	Associate
Ming Bo Education Technology Holdings Co., Ltd.	Associate
Xinhua Yingxuan	Associate
Sichuan Winshare BLOGIS Supply Chain Co., Ltd.	Associate
Tianjin Tianxi Zhongda Cultural Development Co., Ltd.	Associate
Hainan Publishing House	Joint venture
Liangshan Xinhua Winshare Education Technology Co., Ltd.	Joint venture

4. Other related party relationships

Sichuan Xinhua International Hotel Co., Ltd.	Controlling shareholder's subsidiary
Sichuan Guanghan Sanxingdui Qushanyuan Cultural Ltd.	Controlling shareholder's subsidiary
Sichuan Xinhua Cultural Property Service Co., Ltd.	Controlling shareholder's subsidiary
Sichuan Xinhua Haiyi Cultural Development Co., Ltd.	Controlling shareholder's subsidiary
Sichuan Xinhua Haiyi Hotel Co., Ltd.	Controlling shareholder's subsidiary
Sichuan Xinhua Fanyue Culture Media Co., Ltd.	Controlling shareholder's subsidiary
Sichuan Xinhua Wanyun Technology Co., Ltd.	Controlling shareholder's subsidiary
Chengdu Xinhua Chuangzhi Cultural Industry Investment Co., Ltd.	Controlling shareholder's subsidiary
Sichuan Xinhua Cultural Land Group Co., Ltd.	Controlling shareholder's subsidiary
Sichuan Cultural Investment Group	Other enterprise over which the directors of the Company have significant influence
Sichuan Cultural Investment Hengxi Property Management Co., Ltd.	Other enterprise over which the directors of the Company have significant influence

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions

(1) Sales and purchase of goods, provision and receipt of services

Purchase of goods/receipt of services

Related party	Type of related party transaction	Details of related party transaction	Pricing and decision-making procedures of related party transactions	RMB	
				Amount incurred in the current period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Tianjin Tianxi Zhongda Cultural Development Co., Ltd.	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	11,576,939.03	-
Ming Bo Education Technology Holdings Co., Ltd.	Purchase of goods and receipt of services	Payments for goods purchased and research and development service fees	Price negotiated by both parties	11,110,776.94	7,462,907.84
Commercial Press (Chengdu) Co., Ltd.	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	10,877,152.39	7,646,540.10
Hainan Publishing House	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	5,944,850.49	4,046,583.35
Sichuan Xinhua Cultural Property Service Co., Ltd.	Receipt of services	Payments for property management service fees	Price negotiated by both parties	5,215,193.86	6,265,513.47
Sichuan Cultural Investment Hengxi Property Management Co., Ltd.	Receipt of services	Payments for property management service fees	Price negotiated by both parties	1,661,246.68	1,866,283.53
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	1,332,404.11	1,509,433.91
Sichuan Xinhua International Hotel Co., Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	133,039.12	58,552.26
Sichuan Guanghan Sanxingdui Qushanyuan Cultural Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	91,355.66	25,351.89
Sichuan Xinhua Haiyi Cultural Development Co., Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	82,467.92	93,613.11
Sichuan Winshare BLOGIS Supply Chain Co., Ltd.	Receipt of services	Payments for printing service fees	Price negotiated by both parties	3,560.00	-
Sichuan Xinhua Haiyi Hotel Co., Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	-	6,037.74
Total				48,028,986.20	28,980,817.20

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

(1) Sales and purchase of goods, provision and receipt of services *(Continued)*

Sales of goods/provision of services

RMB

Related party	Type of related party transaction	Details of related party transaction	Pricing and decision-making procedures of related party transactions	Amount incurred in the current period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Sichuan Xinhua Publishing and Distribution Group	Sales of goods	Sales of goods	Price negotiated by both parties	406,178.21	284,221.66
Tianjin Tianxi Zhongda Cultural Development Co., Ltd.	Sales of goods	Sales of goods	Price negotiated by both parties	8,147.17	-
Liangshan Xinhua Winshare Education Technology Co., Ltd.	Sales of goods	Sales of goods	Price negotiated by both parties	3,708.80	-
Sichuan Xinhua Fanyue Culture Media Co., Ltd.	Sales of goods	Sales of goods	Price negotiated by both parties	1,183.49	2,178.90
Sichuan Xinhua Cultural Land Group Co., Ltd.	Provision of services	Provision of promotion service	Price negotiated by both parties	830.19	-
Total				420,047.86	286,400.56

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

(2) Leases with related parties

The Group as lessor:

Name of lessor	Name of lessee	Type of leased assets	Commencement date of leases	Expiration date of leases	Basis of determining the lease income	RMB	
						Amount incurred in the current period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
The Company	Sichuan Xinhua Publishing and Distribution Group	Buildings	2019.1.1	2021.12.31	Contractual price negotiated by both parties	639,787.89	639,787.89
The Company	Sichuan Xinhua Publishing and Distribution Group	Buildings	2020.11.1	2023.12.31	Contractual price negotiated by both parties	651,243.43	-
The Company	Xinhua Yingxuan	Buildings	2019.3.1	2021.2.28	Contractual price negotiated by both parties	66,985.03	103,214.62
The Company	Xinhua Yingxuan	Buildings	2021.3.1	2022.12.31	Contractual price negotiated by both parties	133,970.07	-
Total						1,491,986.42	743,002.51

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)***5. Related party transactions** *(Continued)***(2) Leases with related parties** *(Continued)*

The Group as lessee:

Name of lessor	Name of lessee	Type of leased assets	Commencement date of leases	Expiration date of leases	Basis of determining the lease income	RMB	
						Lease payment in the current period (Unaudited)	Lease payment in the prior period (Unaudited)
Sichuan Xinhua Publishing and Distribution Group (Note 1)	The Company	Buildings	2019.1.1	2021.12.31	Contractual price negotiated by both parties	-	-
Sichuan Xinhua Publishing and Distribution Group (Note 2)	The Group	Buildings	2021.1.1	2021.12.31	Contractual price negotiated by both parties	194,064.00	-
Sichuan Xinhua Publishing and Distribution Group (Note 3)	The Group	Buildings	2021.1.1	2021.12.31	Contractual price negotiated by both parties	-	-
Sichuan Cultural Investment Group (Note 4)	The Company	Buildings	2020.1.1	2022.12.31	Contractual price negotiated by both parties	6,249,229.74	6,249,229.73
Chengdu Winshare Equity Investment Funds Management Co., Ltd. (Note 5)	The Group	Buildings	2020.6.1	2023.5.31	Contractual price negotiated by both parties	408,679.20	204,339.60
Total						6,851,972.94	6,453,569.33

Note 1: During the current period, the Company as lessee rented buildings from Sichuan Xinhua Publishing and Distribution Group. Right-of-use assets amounting to RMB248,143.30 were reduced as a result of lease changes, while depreciation of right-of-use assets amounting to RMB17,458,120.14 was recognized during the current period.

Note 2: During the current period, the Group as lessee rented buildings from Sichuan Xinhua Publishing and Distribution Group, and the lease contract was short-term lease. Lease expense amounting to RMB184,822.86 was recognized during the current period.

Note 3: During the current period, the Group as lessee rented buildings from Sichuan Xinhua Publishing and Distribution Group, and the lease contract was short-term lease. Lease expense amounting to RMB90,002.69 was recognized during the current period.

Note 4: During the current period, the Company as lessee rented buildings from Sichuan Cultural Investment Group. Depreciation of right-of-use assets amounting to RMB5,564,638.26 was recognized during the current period.

Note 5: During the current period, the Group rented buildings from Chengdu Winshare Equity Investment Fund Management Co., Ltd. Depreciation of right-of-use assets amounting to RMB383,210.22 was recognized during the current period.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

(3) Advance payments from a related party

Name of entity	Amount incurred in the current period (Unaudited)		Amount incurred in the Same Period of Last Year (Unaudited)	
	Advance payments	Interest expense	Advance payments	Interest expense
	Sichuan Winshare BLOGIS Supply Chain Co., Ltd. (Note)	2,051,612.27	15,003.44	1,650,393.29

Note: During the current period, the advance payment balance of a related party Sichuan Winshare BLOGIS Supply Chain Co., Ltd. amounted to RMB2,051,612.27, and the capital appropriation fee was RMB15,003.44.

(4) Compensation for key management personnel

Item	Amount incurred in the current period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Compensation for key management personnel	2,318,610.28	1,584,814.56

Key management personnel are those personnel having the authority and responsibility for planning, directing and controlling the activities of the entity, including director, supervisor and other personnel who perform similar strategic functions. Compensation for key management personnel includes basic salaries, bonuses and various subsidies.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)***6. Amount due to/from related parties**

Item	Related party	<i>RMB</i>	
		30 June 2021 (Unaudited)	31 December 2020
Accounts receivable	Shanghai Jingjie Information Technology Co., Ltd.	195,984.00	195,984.00
	Sichuan Xinhua Wanyun Technology Co., Ltd.	140,000.00	140,000.00
	Sichuan Xinhua Publishing and Distribution Group	46,380.19	–
	Liangshan Xinhua Winshare Education Technology Co., Ltd.	–	312,500.00
Total		382,364.19	648,484.00
Other receivables	Shanghai Jingjie Information Technology Co., Ltd.	26,478.80	26,478.80
	Xinhua Yingxuan	133,970.07	314,384.62
Total		160,448.87	340,863.42
Accounts payable	Commercial Press (Chengdu) Co., Ltd.	16,171,694.22	12,562,642.62
	Tianjin Tianxi Zhongda Cultural Development Co., Ltd.	26,958,350.02	15,554,437.23
	Ming Bo Education Technology Holdings Co., Ltd.	1,768,646.06	144,373.83
	Hainan Publishing House	1,858,528.11	1,783,709.54
	Liangshan Xinhua Winshare Education Technology Co., Ltd.	2,038,599.50	2,038,599.50
	Ren Min Eastern (Beijing) Book Industry Co., Ltd.	1,641,247.19	1,032,448.12
	Sichuan Winshare BLOGIS Supply Chain Co., Ltd.	–	180.69
	Sichuan Xinhua Wanyun Technology Co., Ltd.	–	1,188.68
Total		50,437,065.10	33,117,580.21
Notes payable	Ming Bo Education Technology Holdings Co., Ltd.	9,304,600.00	6,145,870.00
Contract liabilities	Sichuan Xinhua Publishing and Distribution Group	–	52,895.75

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

6. Amount due to/from related parties *(Continued)*

Item	Related party	<i>RMB</i>	
		30 June 2021 (Unaudited)	31 December 2020
Other payables	Chengdu Xinhua Chuangzhi Cultural Industry Investment Co., Ltd.	38,696,055.85	38,696,055.85
	Sichuan Xinhua Publishing and Distribution Group	40,205,984.72	–
	Ming Bo Education Technology Holdings Co., Ltd.	1,540,862.08	1,540,862.08
	Sichuan Xinhua Cultural Property Service Co., Ltd.	2,935,619.05	2,282,113.71
	Sichuan Cultural Investment Group	556,157.71	971,845.40
	Sichuan Winshare BLOGIS Supply Chain Co., Ltd.	3,000.00	4,714,542.82
	Total	83,937,679.41	48,205,419.86
Lease liabilities due within a year	Sichuan Xinhua Publishing and Distribution Group	34,793,967.81	34,045,456.57
	Sichuan Cultural Investment Group	11,393,415.22	11,130,484.13
	Chengdu Winshare Equity Investment Funds Management Co., Ltd.	768,878.10	750,867.61
Total	46,956,261.13	45,926,808.31	
Lease liabilities	Sichuan Xinhua Publishing and Distribution Group	74,737,457.25	112,378,231.45
	Sichuan Cultural Investment Group	5,917,379.22	11,670,845.13
	Chengdu Winshare Equity Investment Funds Management Co., Ltd.	601,057.05	990,052.09
Total	81,255,893.52	125,039,128.67	

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

7. Transactions with Bank of Chengdu and closing balance of the Period

According to *Administrative Measures for the Disclosure of Information of Listed Companies*, enterprises of which the directors or senior management are the directors, supervisor and senior management of listed companies are regarded as the related parties of the listed companies. You Zugang, the secretary of the board of directors of the Company, also serves as the director of Bank of Chengdu. The Group's transactions with Bank of Chengdu within the Reporting Period and the closing balance of the Period are detailed as follows:

(1) Dividend income

Current period (Unaudited)		Same Period of Last Year (Unaudited)	
Amount	Proportion (%)	Amount	Proportion (%)
36,800,000.00	52.15	33,600,000.00	32.01

RMB

The shown proportion is the proportion of the amount of the transaction to total investment income in the current period.

(2) Interest income

Current period (Unaudited)		Same Period of Last Year (Unaudited)	
Amount	Proportion (%)	Amount	Proportion (%)
5,312,375.79	12.70	1,261,816.58	4.25

RMB

The shown proportion is the proportion of the amount of the transaction to total amount of similar transactions in the current period.

(3) Handling fee expenses

Current period (Unaudited)		Same Period of Last Year (Unaudited)	
Amount	Proportion (%)	Amount	Proportion (%)
56,412.83	1.68	–	–

RMB

The shown proportion is the proportion of the amount of the transaction to total amount of similar transactions in the current period.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

7. Transactions with Bank of Chengdu and closing balance of the Period *(Continued)*

(4) Amount due to/from

Item	30 June 2021 (Unaudited)	<i>RMB</i> 31 December 2020
Bank balances	438,794,359.05	242,868,911.17

During the current period, the Company purchased the time deposit products of Bank of Chengdu, the principal and interest of which are accounted for as other non-current assets item.

(XII) CONTINGENCIES

At the balance sheet date, the Group has no significant contingencies of which disclosure is required.

(XIII) COMMITMENTS

Capital and other commitments

	30 June 2021 (Unaudited)	<i>RMB</i> 31 December 2020
Commitment for acquisition and construction of long-term assets that are contracted but not yet recognized in the financial statements	187,388,225.05	82,333,269.43
Subscribed capital contribution commitments for investments in partnership	50,350,498.34	56,850,498.34
Total	237,738,723.39	139,183,767.77

(XIV) EVENTS AFTER THE BALANCE SHEET DATE

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XV) OTHER SIGNIFICANT EVENTS

1. Capital management

The Group manages its capital principally aiming to secure the Group as going concern and achieve maximum income for shareholders through optimizing the combination structure of equity financing and debt financing. The Group's capital comprises the following components:

- Cash and cash equivalents;
- Paid-in capital, capital reserve, surplus reserve and undistributed profit.

The Group's management reviews the capital structure according to the interim or annual financial statements. During the review, the management considers the capital cost and risks associated with various type of capital. The Group optimizes the overall capital structure through issuing additional shares or borrowing or repayment of borrowings based on the choice of the management.

2. Segment reporting

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

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

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

Distribution: Distribution of textbooks and supplementary materials to schools, teachers and students and supply of education informatized and equipment services for secondary and primary school education; retailing, distribution and online sales of publications;

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

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XV) OTHER SIGNIFICANT EVENTS *(Continued)*

2. Segment reporting *(Continued)*

(1) Segment reporting information

For the current period (Unaudited)

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

RMB

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XV) OTHER SIGNIFICANT EVENTS *(Continued)*

2. Segment reporting *(Continued)*

(1) Segment reporting information *(Continued)*

For the Same Period of Last Year (Unaudited)

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XV) OTHER SIGNIFICANT EVENTS *(Continued)*

2. Segment reporting *(Continued)*

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

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

(3) *Concentration on major customers*

The Group's revenue from its single largest customer for the current period is RMB481,615,423.00 (Same Period of Last Year: RMB475,129,508.02), which is attributable to the distribution segment. Apart from the aforesaid single largest customer, the Group has no external customer from which the revenue accounts for 10% or more of the total revenue in the current period and the Same Period of Last Year.

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



Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Cash and bank balances

RMB

Item	30 June 2021 (Unaudited)			31 December 2020		
	Amount in the original currency	Exchange rate	Amount in RMB	Amount in the original currency	Exchange rate	Amount in RMB
Cash:						
RMB	1,687,929.54	1.0000	1,687,929.54	1,699,308.10	1.0000	1,699,308.10
Bank balances:						
RMB (Note 1)	4,141,159,549.34	1.0000	4,141,159,549.34	4,233,225,124.54	1.0000	4,233,225,124.54
USD	4,499.77	6.4601	29,068.96	4,499.54	6.5249	29,359.05
HKD	44,129.25	0.8321	36,719.95	35,578.73	0.8416	29,943.06
Other cash and bank balances:						
RMB (Note 2)	7,800,317.64	1.0000	7,800,317.64	7,838,902.24	1.0000	7,838,902.24
Total			4,150,713,585.43			4,242,822,636.99

Note 1: At the end of the current period, the bank balances include 3-month above term deposits and accrued interests amounting to RMB2,290,000,000.00 (31 December 2020: RMB1,678,331,780.82) with an interest rate of 2.22%-3.85%. During the current period, the management held the term deposits with the intention of flexible arrangement of funds and withdrew funds at any time depending on the capital needs.

Note 2: At the end of the current period, other cash and bank balances include the balances with Alipay App account and WeChat App account of RMB133,283.76 (31 December 2020: RMB98,504.83), and the rest are restricted currency funds. Restricted currency funds are set out in Note (XVI)37.

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

2. Accounts receivable

(1) Accounts receivable by aging:

Aging	30 June 2021 (Unaudited)				31 December 2020			
	Amount	Proportion (%)	Credit loss provision	Carrying amount	Amount	Proportion (%)	Credit loss provision	Carrying amount
Within 1 year	1,099,840,632.64	89.88	154,015,028.60	945,825,604.04	881,457,057.87	89.14	151,173,624.37	730,283,433.50
More than 1 year but not exceeding 2 years	66,759,565.14	5.46	44,670,778.68	22,088,786.46	55,672,174.64	5.63	38,329,698.66	17,342,475.98
More than 2 years but not exceeding 3 years	9,772,449.81	0.80	9,772,449.81	-	8,811,936.05	0.89	8,811,936.05	-
More than 3 years	47,201,734.31	3.86	47,201,734.31	-	42,887,220.23	4.34	42,887,220.23	-
Total	1,223,574,381.90	100.00	255,659,991.40	967,914,390.50	988,828,388.79	100.00	241,202,479.31	747,625,909.48

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

During the current period, the credit loss provision was RMB17,012,189.44, and the reversal of credit loss provision was RMB2,554,677.35.

(3) Accounts receivable actually written off in the current period

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

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

Name of entity	Relationship with the Company	30 June 2021 (Unaudited)	Aging	As a percentage of the total accounts receivable (%)	Credit loss provision as at 30 June 2021 (Unaudited)
Winshare Education Technology	Subsidiary	231,660,672.53	Within 1 year, 1-2 years	18.93	-
Beijing Winshare Commercial	Subsidiary	106,424,627.95	Within 1 year, 1-2 years	8.70	-
Education and Sports Bureau of Jianyang City	Third party	22,773,992.52	1-2 years	1.86	115,967.51
Liaoning Northern Education Investment Holdings Limited	Third party	15,572,216.04	Within 1 year	1.27	-
Hunan Province Xinhua Bookstore Group Book Audio and Video Distribution Company	Third party	15,121,948.24	Within 1 year, 1-2 years, 2-3 years	1.24	4,708,204.57
Total		391,553,457.28		32.00	4,824,172.08

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

3. Prepayments

(1) *Aging analysis of prepayments:*

RMB

Aging	30 June 2021 (Unaudited)		31 December 2020	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	17,089,298.93	97.02	31,474,882.47	95.86
1-2 years	–	–	838,302.45	2.55
2-3 years	50,000.00	0.28	50,000.00	0.15
More than 3 years	474,040.62	2.70	474,040.62	1.44
Total	17,613,339.55	100.00	32,837,225.54	100.00

Prepayment amounts aged more than one year are mainly prepayments for goods that are not settled by the suppliers.

(2) *Top five entities with the largest closing balances of prepayments by subjects of prepayment*

RMB

Name of entity	Relationship with the Company	30 June 2021 (Unaudited)	Aging	Proportion to total prepayments (%)	Reasons for unsettlement
Yibin Jiangqu Logistics Information Consulting Co., Ltd.	Third party	3,704,000.00	Within 1 year	21.03	Goods not yet received
Chengdu Wanve Technology Co., Ltd.	Third party	2,214,444.43	Within 1 year	12.57	Goods not yet received
Sichuan Xiongfeng Construction Project Co., Ltd.	Third party	1,107,174.59	Within 1 year	6.28	Services not yet received
Chengdu Dongjiang Printing Co., Ltd.	Third party	944,145.35	Within 1 year	5.36	Goods not yet received
Howbon Construction Group Co., Ltd.	Third party	733,944.96	Within 1 year	4.17	Services not yet received
Total		8,703,709.33		49.41	

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

4. Other receivables

4.1 Other receivables summary

(1) Other receivables by categories

Item	<i>RMB</i>	
	30 June 2021 (Unaudited)	31 December 2020
Dividend receivables	–	400,000,000.00
Other receivables	481,138,495.52	494,926,509.15
Total	481,138,495.52	894,926,509.15

4.2 Dividend receivables

(1) Dividend receivables

Item	<i>RMB</i>	
	30 June 2021 (Unaudited)	31 December 2020
Education Publishing House	–	300,000,000.00
Publication Printing	–	100,000,000.00
Total	–	400,000,000.00

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)***4. Other receivables** *(Continued)*4.3 *Other receivables*(1) *Other receivables by aging*

Aging	30 June 2021 (Unaudited)				31 December 2020			
	Amount	Proportion	Credit loss provision	Carrying amount	Amount	Proportion	Credit loss provision	Carrying amount
		(%)				(%)		
Within 1 year	325,500,543.17	66.83	208,298.84	325,292,244.33	329,225,563.93	65.73	207,512.04	329,018,051.89
More than 1 year but not exceeding 2 years	62,983,492.05	12.93	114.00	62,983,378.05	73,680,831.61	14.71	-	73,680,831.61
More than 2 years but not exceeding 3 years	31,475,852.74	6.46	-	31,475,852.74	30,628,857.78	6.12	-	30,628,857.78
More than 3 years	67,138,441.59	13.78	5,751,421.19	61,387,020.40	67,307,437.00	13.44	5,708,669.13	61,598,767.87
Total	487,098,329.55	100.00	5,959,834.03	481,138,495.52	500,842,690.32	100.00	5,916,181.17	494,926,509.15

RMB

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

The amount of credit loss provision for the current period was RMB43,652.86, and there was no credit loss provision reversed for the period.

(3) *Other receivables actually written off in the current period*

There were no other receivables actually written off in the current period.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

4. Other receivables *(Continued)*

4.3 Other receivables *(Continued)*

(4) Other receivables by their nature

Nature of other receivables	RMB	
	30 June 2021 (Unaudited)	31 December 2020
Receivables from related parties	425,936,715.60	442,812,844.52
Deposit/security deposit	38,369,482.13	34,642,386.10
Petty cash	1,254,154.76	913,452.05
Others	21,537,977.06	22,474,007.65
Total	487,098,329.55	500,842,690.32

(5) Top five entities with the largest balances of other receivables at the end of the Period

Name of entity	Nature	RMB			
		30 June 2021 (Unaudited)	Aging	As a percentage of the total other receivables (%)	Credit loss provision as at 30 June 2021 (Unaudited)
Printing Materials	Receivables from subsidiaries	200,575,247.10	Within 1 year, above 3 years	41.18	-
Reader's Journal Press	Receivables from subsidiaries	37,911,027.45	Within 1 year, 1-2 years, 2-3 years, above 3 years	7.78	-
Winshare Online	Receivables from subsidiaries	36,090,414.04	Within 1 year	7.41	-
Arts Investment	Receivables from subsidiaries	28,183,930.12	Above 3 years	5.79	-
Winshare Education Technology	Receivables from subsidiaries	24,691,743.16	Within 1 year, 1-2 years, 2-3 years, above 3 years	5.07	-
Total		327,452,361.87		67.23	-

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

5. Inventories

(1) Categories of inventories

Item	30 June 2021 (Unaudited)			31 December 2020		
	Gross carrying amount	Provision for decline in value	Carrying amount	Gross carrying amount	Provision for decline in value	Carrying amount
Goods on hand	437,443,863.23	117,115,325.34	320,328,537.89	699,119,192.80	97,581,049.90	601,538,142.90
Work-in-progress	-	-	-	858,437.29	-	858,437.29
Raw materials	5,239,496.58	-	5,239,496.58	3,693,856.00	-	3,693,856.00
Total	442,683,359.81	117,115,325.34	325,568,034.47	703,671,486.09	97,581,049.90	606,090,436.19

RMB

The Group has no inventories pledged as collaterals at the end of the period.

(2) Provision for decline in value of inventories

Category of inventories	1 January 2021	Increase in the current period	Decrease in the current period		30 June 2021 (Unaudited)
			Reversals	Write-off	
Goods on hand	97,581,049.90	19,534,275.44	-	-	117,115,325.34

RMB

6. Other current assets

Item	30 June 2021 (Unaudited)	31 December 2020
	Receivables from cost of sales returns	60,353,391.17
VAT input tax to be deducted	12,883,613.68	11,041,907.94
Total	73,237,004.85	55,991,778.32

RMB

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

7. Long-term equity investment

(1) Investment in subsidiaries

RMB

Investee	1 January 2021	Change for the current period			30 June 2021 (Unaudited)	Provision for impairment as at 30 June 2021
		Addition in investment	Reduction in investment	Provision for impairment		
Xinhua Online	40,000,000.00	-	-	-	40,000,000.00	(2,072,032.00)
Winshare Media	3,990,000.00	-	-	-	3,990,000.00	-
Winshare Sports	124,915,135.82	-	-	-	124,915,135.82	-
Winshare Education Technology	333,840,776.30	-	-	-	333,840,776.30	-
Xinhua Shang	12,396,162.00	-	-	-	12,396,162.00	-
Arts Investment	20,680,000.00	-	-	-	20,680,000.00	-
Winshare Online	45,000,000.00	-	-	-	45,000,000.00	-
Beijing Winshare Commercial	36,800,000.00	-	-	-	36,800,000.00	(55,000,000.00)
Wenchuan Logistics	350,000,000.00	-	-	-	350,000,000.00	-
Watch Panda	2,000,000.00	-	-	-	2,000,000.00	-
Winshare Cloud Image	24,800,400.00	-	(24,800,400.00)	-	-	-
Publication Printing	598,185,830.79	-	-	-	598,185,830.79	-
Printing Materials	40,944,463.95	-	-	-	40,944,463.95	-
People's Publishing House	42,189,167.92	-	-	-	42,189,167.92	-
Education Publishing House	211,321,291.49	-	-	-	211,321,291.49	-
Youth and Children's Publishing House	385,039,941.53	-	-	-	385,039,941.53	-
Digital Publishing & Media Literature & Art Publishing	5,605,427.63	-	-	-	5,605,427.63	-
House	60,731,819.65	-	-	-	60,731,819.65	-
Fine Arts Publishing House	17,559,756.46	-	-	-	17,559,756.46	-
Science & Technology Publishing House	24,294,897.94	-	-	-	24,294,897.94	-
Lexicographical Publishing House	27,809,021.68	-	-	-	27,809,021.68	-
Bashu Publishing House	45,244,860.20	-	-	-	45,244,860.20	-
Tiandi Publishing House	239,379,050.03	-	-	-	239,379,050.03	-
Reader's Journal Press	866,830.73	-	-	-	866,830.73	-
Pictorial	7,521,475.38	-	-	-	7,521,475.38	-

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)***7. Long-term equity investment** *(Continued)**(1) Investment in subsidiaries (Continued)*

RMB

Investee	1 January 2021	Change for the current period			30 June 2021 (Unaudited)	Provision for impairment as at 30 June 2021
		Addition in investment	Reduction in investment	Provision for impairment		
Winshare Investment	300,000,000.00	-	-	-	300,000,000.00	-
Sichuan Xinhua Printing	248,599,490.28	-	-	-	248,599,490.28	-
Beijing Aerospace Cloud	29,248,300.00	-	-	-	29,248,300.00	-
Winshare International	20,000,000.00	-	-	-	20,000,000.00	-
Winshare Quan Media	10,000,000.00	-	-	-	10,000,000.00	-
Winshare Music	10,000,000.00	-	(10,000,000.00)	-	-	-
Sichuan Culture Communication	30,710,006.28	-	-	-	30,710,006.28	-
Stackway	50,000,000.00	-	-	-	50,000,000.00	-
Total	3,399,674,106.06	-	(34,800,400.00)	-	3,364,873,706.06	(57,072,032.00)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

7. Long-term equity investment *(Continued)*

(2) Investment in joint ventures or associates

RMB

Investee	1 January 2021	Changes for the Period							30 June 2021 (Unaudited)	Provision for impairment as at 30 June 2021	
		Increase in investment	Decrease in investment	Investment profit or loss recognized under equity method	Adjustment of other comprehensive income	Changes in other equity	Distribution of cash dividends or profits declared	Provision for impairment loss			Others
Joint Ventures											
Hainan Publishing House	201,674,680.56	-	-	13,503,476.44	-	-	-	-	-	215,178,157.00	-
Liangshan Xinhua Winshare Education Technology Co., Ltd.	20,013,293.32	-	-	(633,007.17)	-	-	-	-	-	19,380,286.15	-
Subtotal	221,687,973.88	-	-	12,870,469.27	-	-	-	-	-	234,558,443.15	-
Associates											
Commercial Press (Chengdu) Co., Ltd.	3,290,451.36	-	-	186,167.12	-	-	-	-	-	3,476,618.48	-
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	11,260,393.34	-	-	(1,227,925.97)	-	-	-	-	-	10,032,467.37	-
Ming Bo Education Technology Holdings Co., Ltd.	30,511,387.57	-	-	(2,018,612.37)	-	-	-	-	-	28,492,775.20	-
Winshare Preschool	5,622,359.24	-	-	713,709.36	-	-	-	-	-	6,336,068.60	-
Xinhua Yingxuan	5,824,727.43	-	-	(999,208.95)	-	-	-	-	-	4,825,518.48	-
Winshare Yinshi	186,691.89	-	-	95,057.25	-	-	-	-	-	281,749.14	-
Hainan Phoenix	317,061,075.00	-	-	1,964,190.99	-	-	(6,726,325.00)	-	-	312,298,940.99	-
Subtotal	373,757,085.83	-	-	(1,286,622.57)	-	-	(6,726,325.00)	-	-	365,744,138.26	-
Total	595,445,059.71	-	-	11,583,846.70	-	-	(6,726,325.00)	-	-	600,302,581.41	-

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

8. Investment properties

Investment properties measured at cost

Item	<i>RMB</i> Buildings
I. Cost	
1.1 January 2021 and 30 June 2021 (Unaudited)	33,651,290.75
II. Accumulated depreciation	
1. 1 January 2021	14,662,971.50
2. Increase in the Period	450,095.02
(1) Provision	450,095.02
3. 30 June 2021 (Unaudited)	15,113,066.52
III. Carrying amount	
1. 30 June 2021 (Unaudited)	18,538,224.23
2. 1 January 2021	18,988,319.25

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

9. Fixed assets

RMB

Item	Buildings	Machinery and equipment	Electronic equipment and others	Transportation vehicles	Total
I. Cost					
1. 1 January 2021	1,936,921,354.49	132,998,342.75	142,015,502.84	71,672,984.78	2,283,608,184.86
2. Increase in the Period	29,621,569.81	2,102,823.85	2,177,747.66	23,251,484.15	57,153,625.47
(1) Acquisition	29,621,569.81	2,102,823.85	2,177,747.66	23,251,484.15	57,153,625.47
3. Decrease in the Period	-	-	2,046,166.18	12,434,200.00	14,480,366.18
(1) Disposal	-	-	2,046,166.18	12,434,200.00	14,480,366.18
4. 30 June 2021 (Unaudited)	1,966,542,924.30	135,101,166.60	142,147,084.32	82,490,268.93	2,326,281,444.15
II. Accumulated depreciation					
1. 1 January 2021	439,225,012.08	70,541,435.62	105,107,992.48	58,674,431.33	673,548,871.51
2. Increase in the Period	24,494,604.07	3,825,932.22	6,580,692.02	2,750,542.25	37,651,770.56
(1) Provision	24,494,604.07	3,825,932.22	6,580,692.02	2,750,542.25	37,651,770.56
3. Decrease in the Period	-	-	1,996,931.15	12,061,174.00	14,058,105.15
(1) Disposal	-	-	1,996,931.15	12,061,174.00	14,058,105.15
4. 30 June 2021 (Unaudited)	463,719,616.15	74,367,367.84	109,691,753.35	49,363,799.58	697,142,536.92
III. Carrying amount					
1. 30 June 2021 (Unaudited)	1,502,823,308.15	60,733,798.76	32,455,330.97	33,126,469.35	1,629,138,907.23
2. 1 January 2021	1,497,696,342.41	62,456,907.13	36,907,510.36	12,998,553.45	1,610,059,313.35

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

10. Right-of-use assets

(1) Presentation of right-of-use assets

Item	RMB Buildings
I. Cost:	
1. 1 January 2021	575,850,257.63
2. Increase in the Period	8,458,270.71
3. Decrease in the Period	5,690,240.65
4. 30 June 2021 (Unaudited)	578,618,287.69
II. Accumulated depreciation	
1. 1 January 2021	155,868,693.01
2. Increase in the Period	52,316,361.84
(1) Provision	52,316,361.84
3. Decrease in the Period	4,687,943.64
4. 30 June 2021 (Unaudited)	203,497,111.21
III. Carrying amount	
1. 30 June 2021 (Unaudited)	375,121,176.48
2. 1 January 2021	419,981,564.62

The lease term of buildings of the Company ranged from one to fifteen years. During the current period, the expenses related to short-term lease upon which the simplified approach was applied and included in profit or loss for the current period amounted to RMB6,291,771.67 (same period last year: RMB6,355,853.56).

During the current period, the total cash outflow related to leases was RMB45,007,332.21 (Same Period of Last Year: RMB33,865,583.98).

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

11. Intangible assets

Intangible assets are as follows:

Item	<i>RMB</i>			
	Land use rights	Software	Others	Total
I. Cost				
1. 1 January 2021	187,227,758.50	87,030,446.70	167,700.00	274,425,905.20
2. Increase in the Period	1,594,307.50	3,235,996.45	–	4,830,303.95
(1) Acquisition	1,594,307.50	3,235,996.45	–	4,830,303.95
3. 30 June 2021 (Unaudited)	188,822,066.00	90,266,443.15	167,700.00	279,256,209.15
II. Accumulated amortization				
1. 1 January 2021	73,415,916.59	61,288,135.98	167,700.00	134,871,752.57
2. Increase in the Period	2,492,722.65	2,468,384.00	–	4,961,106.65
(1) Provision	2,492,722.65	2,468,384.00	–	4,961,106.65
3. 30 June 2021 (Unaudited)	75,908,639.24	63,756,519.98	167,700.00	139,832,859.22
III. Carrying amount				
1. 30 June 2021 (Unaudited)	112,913,426.76	26,509,923.17	–	139,423,349.93
2. 1 January 2021	113,811,841.91	25,742,310.72	–	139,554,152.63

12. Long-term prepaid expenses

Item	1 January 2021	<i>RMB</i>		
		Increase amount in the current period	Amortization amount in the current period	30 June 2021 (Unaudited)
Leasehold improvement	3,938,214.43	1,452,081.66	2,803,755.73	2,586,540.36
Others	20,642.13	–	14,961.98	5,680.15
Total	3,958,856.56	1,452,081.66	2,818,717.71	2,592,220.51

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

13. Other non-current assets

Item	<i>RMB</i>	
	30 June 2021 (Unaudited)	31 December 2020
Receivables from subsidiaries	591,000,000.00	531,000,000.00
VAT input tax to be deducted	68,352,928.37	60,228,693.74
Prepaid purchase price for property	–	13,904,800.00
Time deposits <i>(Note)</i>	446,600,361.63	241,444,013.69
Total	1,105,953,290.00	846,577,507.43

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

14. Accounts payable

Details of aging analysis of accounts payable are as follows:

Item	<i>RMB</i>	
	30 June 2021 (Unaudited)	31 December 2020
Within 1 year	3,005,910,938.95	3,393,914,705.23
1-2 years	355,452,053.33	377,157,923.44
2-3 years	155,027,807.33	125,940,849.90
More than 3 years	183,736,765.87	192,222,436.02
Total	3,700,127,565.48	4,089,235,914.59

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

15. Contract liabilities

(1) Presentation of contract liabilities:

Item	RMB	
	30 June 2021 (Unaudited)	31 December 2020
Advanced receipts for sold goods	318,879,446.80	301,110,189.30
Membership card points	3,111,544.38	1,848,526.94
Total	321,990,991.18	302,958,716.24

- (2) During the current period, the Company's recognized revenue of RMB166,864,067.66 was included in the carrying amount of contract liabilities at the beginning of the year. It included contract liabilities of RMB165,601,050.22 arising from advanced receipts for sold goods, and contract liabilities of RMB1,263,017.44 arising from membership card points.

16. Employee benefits payable

(1) Presentation of employee benefits payable

Item	1 January 2021	RMB		
		Increase in the current period	Decrease in the current period	30 June 2021 (Unaudited)
I. Short-term benefits	319,814,491.15	382,061,181.03	487,657,878.57	214,217,793.61
II. Post-employment benefits				
– defined contribution plan	4,252,286.56	66,646,645.10	66,541,856.10	4,357,075.56
III. Termination benefits	-	214,578.00	214,578.00	-
Total	324,066,777.71	448,922,404.13	554,414,312.67	218,574,869.17

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)***16. Employee benefits payable** *(Continued)**(2) Presentation of short-term benefits*

		<i>RMB</i>		
Item	1 January 2021	Increase in the current period	Decrease in the current period	30 June 2021 (Unaudited)
I. Wages or salaries, bonuses, allowance and subsidies	267,910,224.81	318,973,997.62	428,356,449.05	158,527,773.38
II. Staff welfare	4,300.01	3,239,312.95	3,239,312.96	4,300.00
III. Social security contributions	44,678.40	20,719,199.09	20,675,396.16	88,481.33
Including: Medical insurance	34,902.52	18,539,584.07	18,505,804.67	68,681.92
Work-related injury insurance	6,222.55	997,844.00	988,288.84	15,777.71
Maternity insurance	3,553.33	1,179,643.62	1,179,175.25	4,021.70
Other insurances	-	2,127.40	2,127.40	-
IV. Housing funds	642,586.13	27,579,384.30	27,307,484.14	914,486.29
V. Union running costs and employee education costs	51,119,350.34	11,177,835.77	7,707,784.94	54,589,401.17
VI. Others	93,351.46	371,451.30	371,451.32	93,351.44
Total	319,814,491.15	382,061,181.03	487,657,878.57	214,217,793.61

(3) Defined contribution plan

		<i>RMB</i>		
Item	1 January 2021	Increase in the current period	Decrease in the current period	30 June 2021 (Unaudited)
I. Basic pension insurance	107,904.53	39,487,750.14	39,415,790.30	179,864.37
II. Unemployment insurance	4,663.75	1,539,069.37	1,535,357.44	8,375.68
III. Enterprise annuity	4,139,718.28	25,619,825.59	25,590,708.36	4,168,835.51
Total	4,252,286.56	66,646,645.10	66,541,856.10	4,357,075.56

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

17. Taxes payable

Item	<i>RMB</i>	
	30 June 2021 (Unaudited)	31 December 2020
City construction and maintenance tax	–	30,660.92
Education surcharges	–	18,266.54
Individual income tax	1,170,155.38	1,229,490.36
Property tax	–	2,095,174.61
Others	17,446,614.28	17,516,612.33
Total	18,616,769.66	20,890,204.76

18. Other payables

Item	<i>RMB</i>	
	30 June 2021 (Unaudited)	31 December 2020
Amounts due to related parties	906,828,854.76	578,369,183.75
Security deposit/deposit/quality warranty/ performance security	24,685,487.59	26,829,200.60
Construction and infrastructure construction expenses	19,473,097.96	19,958,854.13
Investment payables	–	317,061,075.00
Dividends payable	137,000,501.00	–
Others	77,072,076.28	66,790,758.84
Total	1,165,060,017.59	1,009,009,072.32

Other payables of large amounts and aged more than 1 year are mainly deposits and outstanding payments for construction.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)***19. Lease liabilities**

Item	<i>RMB</i>	
	30 June 2021 (Unaudited)	31 December 2020
Rents	377,082,296.67	439,081,349.70
Less: Lease liabilities included in non-current liabilities due within one year	95,203,728.87	93,769,873.33
Total	281,878,567.80	345,311,476.37

20. Capital reserve*Current period*

Item	1 January 2021	<i>RMB</i>		30 June 2021 (Unaudited)
		Increase in the current period	Decrease in the current period	
Share capital premium				
Including: Capital contributed by investors	2,622,033,862.15	-	-	2,622,033,862.15
Effects of business combination involving enterprises under common control	(14,325,593.72)	-	-	(14,325,593.72)
Other capital reserve				
Including: Transfer from capital reserve under the previous accounting system	23,349,059.67	-	-	23,349,059.67
Total	2,631,057,328.10	-	-	2,631,057,328.10

Same Period of Last Year

Item	1 January 2020	<i>RMB</i>		30 June 2020 (Unaudited)
		Increase in the current period	Decrease in the current period	
Share capital premium				
Including: Capital contributed by investors	2,622,033,862.15	-	-	2,622,033,862.15
Effects of business combination involving enterprises under common control	(14,325,593.72)	-	-	(14,325,593.72)
Other capital reserve				
Including: Transfer from capital reserve under the previous accounting system	23,349,059.67	-	-	23,349,059.67
Total	2,631,057,328.10	-	-	2,631,057,328.10

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

21. Other comprehensive income

Current period

RMB

Item	1 January 2021	Changes in the period					30 June 2021 (Unaudited)
		Amount for the current period before income tax	Less: Income tax expenses	Post-tax amount attributable to owners of the parent company	Post-tax amount attributable to non-controlling shareholders	Less: Amount included in other comprehensive income (loss) in the prior period that is transferred to retained earnings	
Other comprehensive income that cannot be reclassified into profit or loss	1,017,913,006.10	153,860,800.00	-	153,860,800.00	-	(1,311,665.90)	1,173,085,472.00
Gains or losses arising from fair value change of other equity instrument investments	1,017,913,006.10	153,860,800.00	-	153,860,800.00	-	(1,311,665.90)	1,173,085,472.00

Same Period of Last Year

RMB

Item	1 January 2020	Changes in the period					30 June 2020 (Unaudited)
		Amount for the current period before income tax	Less: Income tax expenses	Post-tax amount attributable to owners of the parent company	Post-tax amount attributable to non-controlling shareholders	Less: Amount included in other comprehensive income (loss) in the prior period that is transferred to retained earnings	
Other comprehensive income that cannot be reclassified into profit or loss	980,900,206.10	(78,828,800.00)	-	(78,828,800.00)	-	-	902,071,406.10
Gains or losses arising from fair value change of other equity instrument investments	980,900,206.10	(78,828,800.00)	-	(78,828,800.00)	-	-	902,071,406.10

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)***22. Surplus reserve***Current period*

Item	<i>RMB</i>			
	1 January 2021	Increase in the current period	Decrease in the current period	30 June 2021 (Unaudited)
Statutory surplus reserve	896,812,934.68	-	-	896,812,934.68

Same period of last year

Item	<i>RMB</i>			
	1 January 2020	Increase in the current period	Decrease in the current period	30 June 2020 (Unaudited)
Statutory surplus reserve	791,519,020.02	-	-	791,519,020.02

23. Undistributed profits

Item	<i>RMB</i>		
	Current period (Unaudited)	Prior year	
Undistributed profits at the beginning of period/year	3,388,127,389.56	2,810,634,457.60	
Add: Net profit for the period	361,749,782.89	1,052,939,146.62	
Less: Appropriation of statutory surplus reserve	-	105,293,914.66	
Distribution of dividends on ordinary shares	382,490,710.00	370,152,300.00	Note (VI)36(2)
Internal carry-over within equity	1,311,665.90	-	Note (VI)36(3)
Undistributed profits at the end of period/year	3,366,074,796.55	3,388,127,389.56	

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

24. Operating income and operating costs

Item	Amount incurred in the current period (Unaudited)	RMB
		Amount incurred in the Same Period of Last Year (Unaudited)
Principal operating income	2,887,791,428.16	2,460,192,570.12
Including: Textbooks and supplementary materials	2,491,797,710.34	2,187,432,118.53
Other operating income (Note)	81,435,338.05	56,940,738.75
Operating costs	1,646,940,769.34	1,405,357,589.26

Note: Included in other operating income was net income from concessionaire sales of RMB17,211,376.76. Among which, revenue from concessionaire sales was RMB118,596,609.81 and cost from concessionaire sales was RMB101,385,233.05. (The Same Period of Last Year: net income from concessionaire sales of RMB13,491,482.92. Among which, revenue from concessionaire sales was RMB97,527,282.59 and cost from concessionaire sales was RMB84,035,799.67.)

25. Taxes and surcharges

Item	Amount incurred in the current period (Unaudited)	RMB
		Amount incurred in the Same Period of Last Year (Unaudited)
City construction and maintenance tax	77,565.03	9,938.25
Education surcharges	57,203.26	7,089.91
Property tax	8,694,530.88	7,710,815.08
Urban land use tax	1,078,055.17	1,048,261.40
Vessel and vehicle tax	58,361.12	76,625.40
Stamp duty	507,753.21	3,984,813.90
Others	5,983.48	72,780.35
Total	10,479,452.15	12,910,324.29

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)***26. Selling expenses**

Item	Amount incurred in the current period (Unaudited)	RMB
		Amount incurred in the Same Period of Last Year (Unaudited)
Wages and other labour costs	229,899,896.10	211,769,635.49
Transportation costs	101,776,979.58	99,366,652.77
Entrusted logistics fees	53,382,911.27	33,547,152.23
Business conference fees	26,291,041.26	15,118,036.51
Vehicle fees	7,514,725.58	6,470,957.07
Travel expenses	8,262,275.63	6,540,496.22
Handling fees	21,921,241.02	14,519,273.72
Promotion fees	16,249,395.89	12,470,732.33
Packing expenses	10,115,963.84	5,186,461.44
Others	10,899,050.09	12,743,256.63
Total	486,313,480.26	417,732,654.41

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

27. Administrative expenses

Item	<i>RMB</i>	
	Amount incurred in the current period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Wages and other labour costs	217,092,902.40	174,971,757.70
Business entertainment fees	63,715,167.36	44,319,144.42
Lease payments	6,291,771.67	6,355,853.56
Depreciation and amortization expenses	95,831,114.48	79,865,029.01
Conference fees	8,368,727.44	6,615,418.14
Energy costs	6,316,251.30	4,881,012.94
Property management fees	16,323,675.82	13,899,647.38
Travel expenses	3,431,626.68	1,517,036.89
Repair charge	8,114,305.67	7,804,161.82
Office expenses	2,320,861.27	1,861,803.38
Audit and other non-audit service fees	720,000.00	720,000.00
Others	33,305,170.30	24,910,716.60
Total	461,831,574.39	367,721,581.84

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)***28. Finance expenses**

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i>
		Amount incurred in the Same Period of Last Year (Unaudited)
Interest expenses	5,098,753.34	3,367,801.42
Interest expenses on lease liabilities	10,452,585.10	10,789,977.71
Interest income	(32,380,864.87)	(27,605,412.27)
Interest income from long-term receivables	(2,575,161.68)	(3,093,363.46)
Foreign exchange gains or losses and others	2,960,812.45	4,009,941.23
Total	(16,443,875.66)	(12,531,055.37)

29. Other income

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i>
		Amount incurred in the Same Period of Last Year (Unaudited)
Other fiscal subsidies	1,386,809.61	1,874,084.75

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

30. Investment income

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the Same Period of Last Year (Unaudited)
Income from long-term equity investments Including: Investment income (losses) under equity method	11,583,846.70	(13,989,376.44)
Investment income (losses) due to disposal of long-term equity investments	(31,274,658.73)	(716,702.20)
Investment income from other equity instrument investments	56,742,400.00	53,542,400.00
Investment income from disposal of financial assets at FVTPL	212,608.13	17,405,395.54
Others	1,400,000.00	–
Total	38,664,196.10	56,241,716.90

31. Gains (losses) on credit impairment

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the Same Period of Last Year (Unaudited)
Bad debt losses for accounts receivable	(14,457,512.09)	(54,791,673.38)
Impairment losses for other receivables	(43,652.86)	(201,538.21)
Total	(14,501,164.95)	(54,993,211.59)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

32. Impairment gains (losses) of assets

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the Same Period of Last Year (Unaudited)
Losses of decline in value of inventories	(19,534,275.44)	(7,932,725.79)

33. Non-operating income

Details of non-operating income are as follows:

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the Same Period of Last Year (Unaudited)
Others	2,077,409.89	4,811,114.23

34. Non-operating expenses

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the Same Period of Last Year (Unaudited)
Donations	15,618,669.80	16,870,175.55
Penalties	3,435.21	12,097.03
Others	233,763.46	1,066,418.61
Total	15,855,868.47	17,948,691.19

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

35. Notes to items in the cash flow statement

(1) Other cash receipts relating to operating activities

Item	Amount incurred in the current period (Unaudited)	RMB
		Amount incurred in the Same Period of Last Year (Unaudited)
Interests	27,224,516.93	25,539,994.46
Others	18,015,569.46	47,504,716.55
Total	45,240,086.39	73,044,711.01

(2) Other cash payments relating to operating activities

Item	Amount incurred in the current period (Unaudited)	RMB
		Amount incurred in the Same Period of Last Year (Unaudited)
Selling expenses	256,413,584.16	205,950,145.29
Including: Transportation costs	101,776,979.58	99,366,652.77
Entrusted logistics fees	53,382,911.27	33,547,152.23
Business conference fees	26,291,041.26	15,118,036.51
Handling fees	21,921,241.02	14,519,273.72
Promotion fees	16,249,395.89	12,470,732.33
Vehicle fees	7,514,725.58	6,470,957.07
Travel expenses	8,262,275.63	6,540,496.22
Administrative expenses	147,943,342.50	112,834,996.57
Including: Business entertainment fees	63,715,167.36	44,319,144.42
Lease payment	6,291,771.67	6,355,853.56
Property management fees	16,323,675.82	13,899,647.38
Conference fees	8,368,727.44	6,615,418.14
Repair charges	8,114,305.67	7,804,161.82
Energy costs	6,316,251.30	4,881,012.94
Amounts due to/from subsidiaries	9,011,475.16	12,091,475.73
Others	3,364,588.58	21,965,770.37
Total	416,732,990.40	352,842,387.96

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

36. Supplementary information to the cash flow statement

(1) *Supplementary information to the cash flow statement*

Supplementary information	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the Same Period of Last Year (Unaudited)
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	361,749,782.89	352,806,616.32
Add: Impairment loss of assets	19,534,275.44	7,932,725.79
Credit impairment losses	14,501,164.95	54,993,211.59
Depreciation of fixed assets	37,651,770.56	25,413,858.74
Depreciation of right-of-use assets	52,316,361.84	49,654,701.71
Depreciation of investment properties	450,095.02	450,095.02
Amortization of intangible assets	4,961,106.65	4,858,352.95
Amortization of long-term prepaid expenses	2,818,717.71	6,400,979.58
Asset disposal losses (gains)	4,528.32	(193,798.34)
Losses (gains) from fair value change	10,644,615.91	(44,618,316.23)
Finance expenses	10,394,990.50	8,179,073.22
Investment loss (income)	(37,264,196.10)	(56,241,716.90)
Decrease (increase) in inventories	260,988,126.28	740,705,314.02
Decrease (increase) in receivables from operating activities	(219,661,049.99)	(299,678,187.17)
Increase (decrease) in payables from operating activities	(74,858,095.14)	(664,195,654.06)
Net cash flow from operating activities	444,232,194.84	186,467,256.24
2. Material investment and financing activities not involving cash receipts and payments:		
Right-of-use assets recognized on leased fixed assets	8,458,270.71	50,310,672.67
3. Net changes in cash and cash equivalents:		
Closing balance of cash	4,143,046,551.55	2,370,042,745.78
Less: Opening balance of cash	4,235,082,239.58	2,561,250,163.76
Net increase (decrease) in cash and cash equivalents	(92,035,688.03)	(191,207,417.98)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

36. Supplementary information to the cash flow statement *(Continued)*

(2) Cash and cash equivalents

Item	<i>RMB</i>	
	30 June 2021 (Unaudited)	31 December 2020
Cash	4,143,046,551.55	4,235,082,239.58
Including: Cash on hand	1,687,929.54	1,699,308.10
Bank deposits readily available for payment	4,141,225,338.25	4,233,284,426.65
Other cash and bank balances readily available for payment	133,283.76	98,504.83
Balance of cash and cash equivalents	4,143,046,551.55	4,235,082,239.58

37. Assets with restricted ownership

Type of assets with restricted ownership	<i>RMB</i>	
	Balance at the end of the current period	Balance at the end of the prior year
Cash and bank balances (Note)	7,667,033.88	7,740,397.41

Note: At the end of the current period, the Company's cash and bank balances with restricted ownership consist of security deposit placed in bank for the issuance of guarantee letter of RMB7,667,033.88 (31 December 2020: RMB7,740,397.41).

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)**38. Related party relationship and transactions****(1) Sales and purchase of goods, provision and receipt of services***Purchase of goods/receipt of services*

Related party	Type of related party transaction	Details of related party transaction	Pricing and decision-making procedures of related party transactions	RMB	
				Amount incurred in the current period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Education Publishing House	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	346,596,891.12	257,865,600.98
Winshare Online	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	198,003,156.89	127,347,281.24
Publication Printing	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	161,202,454.97	160,457,036.90
Beijing Shuchuan	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	47,452,355.60	31,978,903.71
Wenchuan Logistics	Receipt of services	Commissioned logistics cost/ transportation cost	Price negotiated by both parties	49,746,234.56	57,252,193.46
People's Publishing House	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	13,280,187.97	10,851,691.72
Tiandi Publishing House	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	12,976,928.88	12,458,694.73
Commercial Press (Chengdu) Co., Ltd.	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	10,877,152.39	7,646,540.10
Sichuan Xinhua Cultural Property Service Co., Ltd.	Receipt of services	Payments for property management fees	Price negotiated by both parties	3,731,133.19	4,773,692.81
Hainan Publishing House	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	4,509,668.80	3,683,337.25
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	1,332,404.11	-
Ming Bo Education Technology Holdings Co., Ltd.	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	1,517,808.07	-
Bashu Publishing House	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	8,087,880.33	4,705,690.45
Lexicographical Publishing House	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	1,908,776.27	1,794,624.14
Science & Technology Publishing House	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	1,435,536.43	790,480.91
Fine Arts Publishing House	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	9,573,566.30	8,946,663.58
Literature & Art Publishing House	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	5,434,990.34	4,156,340.20

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

38. Related party relationship and transactions *(Continued)*

(1) Sales and purchase of goods, provision and receipt of services *(Continued)*

Purchase of goods/receipt of services *(Continued)*

Related party	Type of related party transaction	Details of related party transaction	Pricing and decision-making procedures of related party transactions	Amount incurred in the current period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Winshare Education Technology	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	9,394,127.92	1,418,151.91
Winshare International	Receipt of services	Payments for conference service fees	Price negotiated by both parties	2,500,332.34	-
Sichuan Xinhua International Hotel Co., Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	102,835.12	58,552.26
Printing Materials	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	207,869.87	441,565.56
Sichuan Xinhua Printing	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	137,225.75	133,960.47
Sichuan Culture Communication	Receipt of services	Payments for promotion service fees	Price negotiated by both parties	535,532.24	516,467.91
Youth and Children's Publishing House	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	360,181.12	-
Sichuan Cultural Investment Hengxi Property Management Co., Ltd.	Receipt of services	Payments for property management fees	Price negotiated by both parties	382,950.69	369,793.53
Sichuan Xinhua Haiyi Cultural Development Co., Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	82,467.92	23,730.10
Sichuan Guanghan Sanxingdui Qushanyuan Cultural Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	91,355.66	25,351.89
Winshare Quan Media	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	107,889.90	107,889.90
Digital Publishing	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	14,282.08	31,931.48
Reader's Journal Press	Receipt of services	Payments for conference service fees	Price negotiated by both parties	1,886.79	455,471.70
Winshare Cloud Image	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	-	869,860.41
Sichuan Xinhua Haiyi Hotel Co., Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	-	6,037.74
Total				891,586,063.62	699,167,537.04

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

38. Related party relationship and transactions *(Continued)*

(1) Sales and purchase of goods, provision and receipt of services *(Continued)*

Sales of goods and provision of services

Related party	Type of related party transaction	Details of related party transaction	Pricing and decision-making procedures of related party transactions	RMB	
				Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)
Winshare Online	Provision of services	Receipts for logistics and transportation services commissioned	Price negotiated by both parties	30,332,263.66	19,672,994.54
Winshare Online	Sales of goods	Receipts for goods sold	Price negotiated by both parties	6,102,723.60	55,349,109.04
Beijing Winshare Commercial Stackway	Sales of goods	Receipts for goods sold	Price negotiated by both parties	8,117,729.52	976,861.86
Sichuan Xinhua Publishing and Distribution Group	Sales of goods	Receipts for goods sold	Price negotiated by both parties	119,326.09	334.59
Sichuan Xinhua Fanyue Culture Media Co., Ltd.	Sales of goods	Receipts for services rendered	Price negotiated by both parties	1,183.49	2,178.90
Liangshan Xinhua Winshare Education Technology Co., Ltd.	Sales of goods	Receipts for goods sold	Price negotiated by both parties	3,708.80	-
Total				51,015,645.07	81,178,712.11

(2) Guarantees for subsidiaries

The Company has not provided any guarantee for subsidiaries for the current period.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

38. Related party relationship and transactions *(Continued)*

(3) Leases with related parties

The Company as lessor:

							<i>RMB</i>	
Name of lessor	Name of lessee	Type of leased assets	Commencement date of leases	Expiration date of leases	Basis of determining the lease income	Amount incurred in the current period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)	
The Company	Sichuan Xinhua Publishing and Distribution Group	Buildings	2019.1.1	2021.12.31	Contractual price negotiated by both parties	639,787.89	639,787.89	
The Company	Sichuan Xinhua Publishing and Distribution Group	Buildings	2020.11.1	2023.12.31	Contractual price negotiated by both parties	651,243.43	-	
The Company	Xinhua Yingxuan	Buildings	2019.3.1	2021.2.28	Contractual price negotiated by both parties	66,985.03	103,214.62	
The Company	Xinhua Yingxuan	Buildings	2021.3.1	2022.12.31	Contractual price negotiated by both parties	133,970.07	-	
The Company	Printing Materials	Buildings	2021.1.1	2021.12.31	Contractual price negotiated by both parties	208,623.85	N/A	
The Company	Printing Materials	Buildings	2020.1.1	2020.12.31	Contractual price negotiated by both parties	N/A	205,028.15	
The Company	Bashu Publishing House	Buildings	2021.1.1	2021.12.31	Contractual price negotiated by both parties	398,202.75	N/A	
The Company	Bashu Publishing House	Buildings	2020.1.1	2020.12.31	Contractual price negotiated by both parties	N/A	391,340.05	
The Company	Youth and Children's Publishing House	Buildings	2021.1.1	2021.12.31	Contractual price negotiated by both parties	516,388.99	N/A	
The Company	Youth and Children's Publishing House	Buildings	2020.1.1	2020.12.31	Contractual price negotiated by both parties	N/A	507,487.88	
The Company	Literature & Art Publishing House	Buildings	2021.1.1	2021.12.31	Contractual price negotiated by both parties	379,751.40	N/A	
The Company	Literature & Art Publishing House	Buildings	2020.1.1	2020.12.31	Contractual price negotiated by both parties	N/A	382,873.92	
The Company	People's Publishing House	Buildings	2021.1.1	2021.12.31	Contractual price negotiated by both parties	774,580.73	N/A	
The Company	People's Publishing House	Buildings	2020.1.1	2020.12.31	Contractual price negotiated by both parties	N/A	771,090.22	
The Company	Science & Technology Publishing House	Buildings	2021.1.1	2021.12.31	Contractual price negotiated by both parties	412,257.80	N/A	
The Company	Science & Technology Publishing House	Buildings	2020.1.1	2020.12.31	Contractual price negotiated by both parties	N/A	412,960.56	
The Company	Tiandi Publishing House	Buildings	2021.1.1	2021.12.31	Contractual price negotiated by both parties	384,106.42	N/A	
The Company	Tiandi Publishing House	Buildings	2020.1.1	2020.12.31	Contractual price negotiated by both parties	N/A	378,264.11	
The Company	Lexicographical Publishing House	Buildings	2021.1.1	2021.12.31	Contractual price negotiated by both parties	299,216.51	N/A	
The Company	Lexicographical Publishing House	Buildings	2020.1.1	2020.12.31	Contractual price negotiated by both parties	N/A	294,057.18	
The Company	Publication Printing	Buildings	2021.1.1	2021.12.31	Contractual price negotiated by both parties	279,706.42	N/A	
The Company	Publication Printing	Buildings	2020.1.1	2020.12.31	Contractual price negotiated by both parties	N/A	282,000.00	
Total						5,144,821.29	4,368,104.58	

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)***38. Related party relationship and transactions** *(Continued)***(3) Leases with related parties** *(Continued)*

The Company as lessee:

Name of lessor	Name of lessee	Type of leased assets	Commencement date of leases	Expiration date of leases	Basis of determining the lease income	RMB	
						Lease payments during the current period (Unaudited)	Lease payments during the prior period (Unaudited)
Sichuan Xinhua Publishing and Distribution Group	The Company	Buildings	2019.1.1	2021.12.31	Contractual price negotiated by both parties	-	-
Sichuan Cultural Investment Group	The Company	Buildings	2020.1.1	2022.12.31	Contractual price negotiated by both parties	6,249,229.74	6,249,229.73
Total						6,249,229.74	6,249,229.73

Note: During the current period, the Company as lessee rented buildings from Sichuan Xinhua Publishing and Distribution Group. During the current period, right-of-use assets amounted to RMB248,143.30 were reduced as a result of lease changes, while depreciation of right-of-use assets amounted to RMB17,458,120.14 was recognized.

During the current period, the Company as lessee rented buildings from Sichuan Cultural Investment Group. Depreciation of right-of-use assets amounted to RMB5,564,638.26 was recognized during the current period.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

38. Related party relationship and transactions *(Continued)*

(4) Borrowings/loans with related parties

Related party	Current period (Unaudited)	30 June 2021 (Unaudited)	RMB	
			Same Period of Last Year (Unaudited)	31 December 2020
Borrowings				
Tiandi Publishing House	-	20,380,000.00	-	20,000,000.00
Winshare Media	10,000,000.00	10,184,326.03	8,000,000.00	-
Sichuan Culture Communication Science & Technology Publishing House	2,000,000.00	24,441,763.01	22,000,000.00	22,000,000.00
Fine Arts Publishing House	8,000,000.00	28,380,000.00	-	20,000,000.00
Winshare Quan Media	5,000,000.00	35,636,116.44	-	30,003,000.00
Stackway	2,500,000.00	12,113,414.38	-	9,500,000.00
Pictorial	-	35,332,708.39	-	39,486,202.77
Lexicographical Publishing House	7,000,000.00	7,116,056.16	8,000,000.00	-
Bashu Publishing House	10,000,000.00	14,114,520.55	4,000,000.00	4,000,000.00
Winshare Investment	-	30,570,000.00	-	30,000,000.00
Winshare Sports	80,000,000.00	80,108,273.97	38,000,000.00	-
Youth and Children's Publishing House	5,000,000.00	17,275,369.86	-	12,000,000.00
Total	279,500,000.00	466,636,384.41	80,000,000.00	186,989,202.77
Loans				
Winshare Investment	-	205,882,842.47	-	228,833,409.82
Wenchuan Logistics	-	179,751,000.00	-	176,358,000.00
Winshare Education Technology	60,000,000.00	259,691,743.16	70,000,000.00	230,202,868.15
Sichuan Xinhua Printing Printing Materials	-	16,867,636.98	-	16,650,136.98
Reader's Journal Press	-	200,575,247.10	-	199,708,418.05
Xinhua Shang	-	37,911,027.45	-	37,436,217.01
Digital Publishing & Media	-	2,500,000.00	-	2,500,000.00
Arts Investment	-	17,935,711.48	-	17,935,711.48
Total	60,000,000.00	949,299,138.76	70,000,000.00	937,808,691.61

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

38. Related party relationship and transactions *(Continued)*

(5) Payments for interest

The Company's payments for interest of the borrowings/loans from related parties are as follows:

Name of entity	Amount incurred in the current period (Unaudited)		Amount incurred in the Same Period of Last Year (Unaudited)	
	Amount	Proportion (%)	Amount	Proportion (%)
	<i>RMB</i>			
Winshare Media	184,326.03	3.62	141,124.83	4.40
Sichuan Culture Communication	441,763.01	8.66	389,477.90	12.17
Youth and Children's Publishing House	983,835.62	19.30	–	0.00
Winshare Quan Media	203,664.38	3.99	170,283.02	5.32
Stackway	707,827.32	13.88	720,946.01	22.52
Pictorial	116,056.16	2.28	135,030.13	4.22
Bashu Publishing House	570,000.00	11.18	358,490.56	11.20
Lexicographical Publishing House	114,520.55	2.25	36,646.58	1.14
Science & Technology Publishing House	380,000.00	7.45	358,490.56	11.20
Fine Arts Publishing House	633,116.44	12.42	358,490.56	11.20
Tiandi Publishing House	380,000.00	7.45	–	0.00
Winshare Investment	108,273.97	2.12	317,276.55	9.91
Winshare Sports	275,369.86	5.40	215,094.34	6.72
Total	5,098,753.34	100.00	3,201,351.04	100.00

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

38. Related party relationship and transactions *(Continued)*

(6) Receipts of interest

Interests received from the Company's borrowings/loans with related parties are as follows:

Name of entity	Amount incurred in the current period (Unaudited)	<i>RMB</i>
		Amount incurred in the Same Period of Last Year (Unaudited)
Sichuan Xinhua Printing	205,188.68	359,220.73
Printing Materials	1,635,526.51	1,635,526.51
Winshare Investment	4,453,508.66	4,481,132.08
Reader's Journal Press	447,934.38	447,934.38
Wenchuan Logistics	3,200,943.40	3,200,943.40
Winshare Education Technology	2,168,675.69	2,075,427.29
Tiandi Publishing House	-	101,188.92
Total	12,111,777.32	12,301,373.31

(7) Amounts due from/to related parties

Related party	30 June 2021 (Unaudited)	<i>RMB</i>
		31 December 2020
Accounts receivable		
Beijing Winshare Commercial	106,424,627.95	100,853,374.42
Winshare Education Technology	231,660,672.53	231,748,586.42
Winshare Online	4,658,985.64	-
Stackway	6,009,378.06	-
Liangshan Xinhua Winshare Education Technology Co., Ltd.	-	112,500.00
Total	348,753,664.18	332,714,460.84

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)***38. Related party relationship and transactions** *(Continued)**(7) Amounts due from/to related parties (Continued)*

		<i>RMB</i>	
		30 June 2021	31 December 2020
Related party		(Unaudited)	
Other receivables	Publication Printing	–	100,000,000.00
	Education Publishing House	–	300,000,000.00
	Printing Materials	200,575,247.10	199,708,418.05
	Education Technology	24,691,743.16	55,202,868.15
	Winshare Online	36,090,414.04	3,938,214.57
	Wenchuan Logistics	23,751,000.00	20,358,000.00
	Reader's Journal Press	37,911,027.45	37,436,217.01
	Digital Publishing	17,935,711.48	17,935,711.48
	Arts Investment	28,183,930.12	28,183,930.12
	Beijing Winshare Commercial	20,266,215.65	20,266,215.65
	Sichuan Xinhua Printing	16,867,636.98	16,650,136.98
	Winshare Investment	5,882,842.47	28,833,409.82
	Literature & Art Publishing House	2,897,508.96	2,483,579.96
	People's Publishing House	5,072,701.22	4,228,408.22
	Xinhua Shang	2,500,000.00	2,500,000.00
	Science & Technology Publishing House	2,016,861.90	2,016,727.71
	Xinhua Yingxuan	133,970.07	314,384.62
	Bashu Publishing House	434,041.00	–
	Youth and Children's Publishing House	562,864.00	–
	Tiandi Publishing House	163,000.00	–
	Stackway	–	2,756,622.18
Total		425,936,715.60	842,812,844.52

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

38. Related party relationship and transactions *(Continued)*

(7) Amounts due from/to related parties *(Continued)*

		<i>RMB</i>	
Related party		30 June 2021	31 December 2020
		(Unaudited)	
Other non-current assets	Wenchuan Logistics	156,000,000.00	156,000,000.00
	Winshare Education Technology	235,000,000.00	175,000,000.00
	Winshare Investment	200,000,000.00	200,000,000.00
Total		591,000,000.00	531,000,000.00
Accounts payable	Education Publishing House	1,119,138,716.83	1,248,148,999.60
	Publication Printing	482,670,448.86	514,753,804.87
	Beijing Shuchuan	207,806,407.96	195,079,799.30
	Winshare Online	84,018,171.96	83,098,435.25
	People's Publishing House	54,722,913.95	49,050,691.73
	Youth and Children's Publishing House	23,121,883.76	22,729,286.35
	Winshare Education Technology	15,604,046.57	19,347,161.56
	Literature & Art Publishing House	42,627,740.54	43,224,756.43
	Science & Technology Publishing House	10,092,572.94	10,725,019.72
	Fine Arts Publishing House	19,620,013.00	21,136,781.70
	Lexicographical Publishing House	13,740,257.06	14,818,462.43
	Commercial Press (Chengdu) Co., Ltd.	16,143,880.16	11,997,965.97
	Tiandi Publishing House	4,089,291.41	4,243,560.49
	Bashu Publishing House	5,958,152.81	6,330,743.09
	Ren Min Eastern (Beijing) Book Industry Co., Ltd.	1,641,247.19	1,032,448.12

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)***38. Related party relationship and transactions** *(Continued)**(7) Amounts due from/to related parties (Continued)*

		<i>RMB</i>	
Related party		30 June 2021	31 December 2020
		(Unaudited)	
Accounts payable <i>(Continued)</i>	Ming Bo Education Technology Holdings Co., Ltd.	1,618,192.58	–
	Digital Publishing	115,697.41	116,494.39
	Hainan Publishing House	86,125.67	192,384.15
	Winshare Cloud Image	–	1,123,169.00
	Printing Materials	–	186,540.47
	Reader's Journal Press	–	27,931.00
	Sichuan Xinhua Wanyuan Technology Co., Ltd.	–	1,188.68
	Sichuan Winshare BLOGIS Supply Chain Co., Ltd.	–	180.69
Total		2,102,815,760.66	2,247,365,804.99
Contract liabilities	Winshare Online	–	1,426,695.80
	Stackway	2,292,883.36	352,245.81
Total		2,292,883.36	1,778,941.61

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

38. Related party relationship and transactions *(Continued)*

(7) Amounts due from/to related parties *(Continued)*

		<i>RMB</i>	
		30 June 2021	31 December 2020
Related party		(Unaudited)	
Other payables	Youth and Children's Publishing House	174,145,235.62	23,161,400.00
	Publication Printing	258,449,177.96	258,449,177.96
	Bashu Publishing House	30,570,000.00	30,000,000.00
	Fine Arts Publishing House	35,636,116.44	30,003,000.00
	Sichuan Xinhua Publishing and Distribution Group	40,111,481.90	–
	Winshare Investment	80,108,273.97	–
	Winshare Sports	17,275,369.86	12,000,000.00
	Xinhua Online	66,880,000.00	66,880,000.00
	Winshare Quan Media	12,113,414.38	9,500,000.00
	Stackway	35,332,708.39	39,486,202.77
	Science & Technology Publishing House	28,380,000.00	20,000,000.00
	Winshare Media	10,184,326.03	–
	Tiandi Publishing House	20,380,000.00	20,000,000.00
	Wenchuan Logistics	12,435,000.89	3,543,605.42
	Lexicographical Publishing House	14,114,520.55	4,000,000.00
	Sichuan Culture Communication	24,441,763.01	22,000,000.00
	Chengdu Xinhua Chuangzhi Cultural Industry Investment Co., Ltd.	38,696,055.85	38,696,055.85
	Pictorial	7,116,056.16	–
	Xinhua Shang	200,000.00	200,000.00
	Sichuan Xinhua Printing	200,000.00	200,000.00
	Digital Publishing	50,000.00	50,000.00

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2021

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

38. Related party relationship and transactions *(Continued)*

(7) Amounts due from/to related parties *(Continued)*

		<i>RMB</i>	
		30 June 2021 (Unaudited)	31 December 2020
	Related party		
Other payables <i>(Continued)</i>	Sichuan Winshare BLOGIS Supply Chain Co., Ltd.	3,000.00	3,000.00
	Sichuan Xinhua Cultural Property Service Co., Ltd.	6,353.75	6,353.75
	Winshare International	–	190,388.00
Total		906,828,854.76	578,369,183.75
Lease liabilities due within a year	Sichuan Xinhua Publishing and Distribution Group	34,793,967.81	34,045,456.57
	Sichuan Cultural Investment Group	11,393,415.22	11,130,484.13
Total		46,187,383.03	45,175,940.70
Lease liabilities	Sichuan Xinhua Publishing and Distribution Group	74,737,457.25	112,378,231.45
	Sichuan Cultural Investment Group	5,917,379.22	11,670,845.13
Total		80,654,836.47	124,049,076.58

(XVII) COMPARATIVE FIGURES

The Group has restated some of the comparative figures in the financial statements for the comparative period in line with the presentation for the current period.

Supplementary Information

1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS FOR THE PERIOD

Item	RMB
	Current period
Profit on disposal of assets	2,027,859.68
Government grants recognized in profit or loss (other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	6,649,941.88
Investment income acquired from disposal of financial assets at FVTPL	2,578,353.34
Profit or loss on fair value change from holding financial asset at FVTPL (Note)	(10,644,615.91)
Other non-operating income and expenses other than the aforesaid items	(13,317,282.70)
Income tax effects	(526,586.84)
Effects attributable to non-controlling shareholders (after tax)	(595,462.46)
Total	(13,827,793.01)

Note: The principal business of Winshare Investment Co., Ltd., a subsidiary of Xinhua Winshare Publishing and Media Co., Ltd. ("Xinhua Winshare"), is investment holding. Its gains or losses from fair value changes from holding of financial assets at FVTPL are not recognized as non-recurring profit or loss. The loss of the fair value changes for the current period amounted to RMB26,246,906.34.

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

The return on net assets and EPS have been prepared by Xinhua Winshare 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.

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 parent company	6.29	0.49	N/A
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	6.43	0.50	N/A

The Company has no dilutive potential ordinary shares.

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