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新華文軒出版傳媒股份有限公司

XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.*

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

(Stock Code: 811)

2021 THIRD QUARTERLY REPORT

The board (the “**Board**”) of directors (the “**Director(s)**”) of Xinhua Winshare Publishing and Media Co., Ltd.* (新華文軒出版傳媒股份有限公司) (the “**Company**”) is pleased to announce the unaudited results of the Company and its subsidiaries for the nine months ended 30 September 2021 (the “**Third Quarterly Report**”). This announcement is made pursuant to Rule 13.09(2) and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

I. IMPORTANT NOTICE

The Board, the supervisory committee, the Directors, the supervisors and senior management hereby warrant that the contents of the Third Quarterly Report are true, accurate and complete, and there are no false representations, misleading statements or material omissions, and jointly and severally accept legal responsibility therein.

Mr. Luo Yong, the head of the Company, Mr. Zhu Zaixiang, the person-in-charge of accounting affairs, and Ms. Wu Sufang, the person-in-charge of the accounting department, warrant the truthfulness, accuracy and completeness of the financial statements in the Third Quarterly Report.

The Third Quarterly Report of the Company is unaudited. The audit committee of the Company has reviewed the results of the Group for the nine months ended 30 September 2021.

II. CORPORATE INFORMATION

(I) Major accounting data and financial indicators

Unit: Yuan Currency: RMB

Item	Reporting period (July - September)	Increase/decrease compared to the corresponding period of the prior year (%)	From the	Increase/decrease compared to the corresponding period of the prior year (%)
			beginning of the year to the end of the reporting period (January - September)	
Operating income	2,396,836,367.56	12.94	7,058,417,420.20	23.21
Net profit attributable to shareholders of the listed company	104,549,312.06	(41.33)	707,458,601.99	(6.73)
Net profit attributable to shareholders of the listed company after deducting non-recurring gain or loss	109,311,218.62	(38.18)	726,048,301.56	3.90
Net cash flow from operating activities	N/A	N/A	1,270,211,769.39	(4.37)
Basic earnings per share (RMB/share)	0.08	(41.33)	0.57	(6.73)
Diluted earnings per share (RMB/share)	N/A	N/A	N/A	N/A
Weighted average return on net assets (%)	0.99	Decreased by 0.89 percentage point	6.80	Decreased by 1.20 percentage points
	As at the end of the reporting period		As at the end of the prior year (Audited)	Increase/decrease compared to the end of the prior year (%)
Total assets	18,431,113,913.10		16,968,836,010.58	8.62
Owners' equity attributable to shareholders of the listed company	10,544,546,356.54		10,136,844,480.57	4.02

(II) Items and amounts of non-recurring profit or loss

Unit: Yuan Currency: RMB

Item	Amount for the reporting period (July - September)	Amount for the beginning of the year to the end of the reporting period (January - September)
Profit or loss on disposal of non-current assets (including the write-off of the asset impairment provision)	(27,749.32)	2,000,110.36
Government subsidies (except for government subsidies which are closely related to the normal business operations of the Company and entitled in standard amounts or quantities in conformity with the provisions of policies of the State) attributable to profit or loss for the period	2,674,428.42	9,324,370.30
Profit or loss arising from changes in fair value of held-for-trading financial assets, held-for-trading financial liabilities, and investment gains received from disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets (except for those related to effective hedging businesses under the normal business operations of the Company)	64,091.02	(8,002,171.55)
Other non-operating income and expenses apart from the above items	(7,498,597.65)	(20,815,880.35)
Less: Effect of income tax	2,902.82	529,489.66
Effect of minority interests (after tax)	(28,823.79)	566,638.67
Total	(4,761,906.56)	(18,589,699.57)

Explanation on non-recurring profit or loss items defined as recurring profit or loss items as illustrated in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No. 1 – Non-recurring Profit or Loss:

The principal business of Winshare Investment Co., Ltd., which is a wholly-owned subsidiary of the Company, is investment holding. Its profits or losses from fair value changes from holding of financial assets at fair value through profit or loss are not recognized as non-recurring profit or loss; the losses from fair value changes for January to September 2021 amounted to RMB53,287,887.11.

(III) Changes of and reasons for the major accounting data and financial indicators

Name of the item	Percentage increase/decrease (%)	Main reasons
Net profit attributable to shareholders of the listed company (July-September)	(41.33)	The indicators for July to September 2021 decreased year-on-year was mainly due to the year-on-year increase in labor costs, promotion, logistics and other related expenses driven by sales growth; due to the effect of timing difference, the subsidy income from value-added tax rebates from July to September decreased as compared with the same period of the prior year (the accumulated revenue of the item from January to September remained at the same level as compared with the same period of the prior year); in addition, Winshare Investment Co., Ltd., a wholly-owned subsidiary of the Company, recorded a decrease in investment income of associates accounted for using the equity method from July to September as compared with the same period of the prior year.
Net profit attributable to shareholders of the listed company after deducting non-recurring profit or loss (July-September)	(38.18)	
Basic earnings per share (RMB/share) (July-September)	(41.33)	

III. SHAREHOLDER INFORMATION

Total number of shareholders of ordinary shares and shareholdings of the top ten shareholders as at 30 September 2021

Unit: share

Total number of shareholders (shareholder) of ordinary shares as at 30 September 2021 21,624

Name of shareholder	Nature of shareholder	Shareholding of top ten shareholders		Number of restricted shares held	Pledged, marked or locked-up Status of shares	Number
		Number of shares held	Shareholding percentage (%)			
Sichuan Xinhua Publishing and Distribution Group Co., Ltd.* (四川新華出版發行集團有限公司)	State	660,366,525	53.52		Nil	
Hong Kong Securities Clearing Company Limited	Overseas legal person	339,313,727	27.50		Unknown	
Chengdu Hua Sheng (Group) Industry Co., Ltd.* (成都市華盛(集團)實業有限公司)	Domestic non-state-owned legal person	53,336,000	4.32		Nil	
Sichuan Cultural Industry Investment Group Co., Ltd.* (四川文化產業投資集團有限責任公司)	State-owned legal person	36,896,945	2.99		Nil	
Seafarer Capital Partner, LLC (Note 1)	Unknown	30,875,500	2.50		Unknown	
Sichuan Daily Newspaper Group* (四川日報報業集團)	State-owned legal person	9,264,513	0.75		Nil	
Liaoning Bohong Investment Co., Ltd.* (遼寧博鴻投資有限公司) (Note 2)	State-owned legal person	6,485,160	0.53		Nil	
YUM FUNG KING	Unknown	2,000,000	0.16		Unknown	
Vanguard Investment Australia Ltd. – Vanguard Emerging Market Stock Index Fund (Exchange)	Unknown	1,796,153	0.15		Nil	
Yang Ping	Domestic natural person	830,029	0.07		Nil	

Shareholding of top ten unrestricted shareholders

Name of shareholder	Number of unrestricted tradable shares held	Class and number of shares	
		Class of shares	Number
Sichuan Xinhua Publishing and Distribution Group Co., Ltd.* (四川新華出版發行集團有限公司)	660,366,525	RMB ordinary shares	592,809,525
		Overseas listed foreign shares	67,557,000
Hong Kong Securities Clearing Company Limited	339,313,727	Overseas listed foreign shares	330,229,427
		RMB ordinary shares	9,084,300
Chengdu Hua Sheng (Group) Industry Co., Ltd.* (成都市華盛(集團)實業有限公司)	53,336,000	RMB ordinary shares	53,336,000
Sichuan Cultural Industry Investment Group Co., Ltd.* (四川文化產業投資集團有限責任公司)	36,896,945	RMB ordinary shares	30,572,945
		Overseas listed foreign shares	6,324,000
Seafarer Capital Partner, LLC (Note 1)	30,875,500	Overseas listed foreign shares	30,875,500
Sichuan Daily Newspaper Group* (四川日報報業集團)	9,264,513	RMB ordinary shares	9,264,513
Liaoning Bohong Investment Co., Ltd.* (遼寧博鴻投資有限公司) (Note 2)	6,485,160	RMB ordinary shares	6,485,160
YUM FUNG KING	2,000,000	Overseas listed foreign shares	2,000,000
Vanguard Investment Australia Ltd. – Vanguard Emerging Market Stock Index Fund (Exchange)	1,796,153	RMB ordinary shares	1,796,153
Yang Ping	830,029	RMB ordinary shares	830,029

- Notes: 1. The data are sourced from the “Disclosure of Interests” notice filed on the website of the Stock Exchange as at 30 September 2021.
2. Liaoning Publication Group Co., Ltd. holds 6,485,160 A shares of the Company through its wholly-owned subsidiary, Liaoning Bohong Investment Co., Ltd.

IV. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

30 September 2021

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	30 September 2021	31 December 2020 (Audited)
Current assets:		
Cash and bank balances	5,831,400,514.61	5,785,974,800.85
Held-for-trading financial assets	2,289.20	6,510,463.20
Notes receivable	13,702,326.41	4,344,936.39
Accounts receivable	1,897,651,487.29	1,586,906,258.90
Financing receivables	5,008,690.00	6,201,191.14
Prepayments	94,539,158.38	77,465,227.71
Other receivables	139,047,885.62	103,776,291.44
Including: Dividends receivable	–	72,000.00
Inventories	2,975,614,161.61	2,130,621,634.21
Non-current assets due within one year	205,242,911.28	181,722,570.04
Other current assets	97,714,396.07	86,231,460.17
Total current assets	11,259,923,820.47	9,969,754,834.05
Non-current assets:		
Long-term receivables	158,586,525.37	313,418,082.51
Long-term equity investments	707,719,481.15	717,889,546.28
Other equity instrument investment	1,529,532,263.62	1,446,798,951.64
Other non-current financial assets	622,387,560.61	680,880,618.26
Investment properties	83,437,597.16	86,104,385.12
Fixed assets	2,031,022,517.82	2,009,270,646.85
Construction in progress	59,752,077.50	37,670,169.58
Right-of-use assets	364,053,003.01	447,482,542.47
Intangible assets	346,465,048.57	355,813,424.01
Development cost	23,270,445.18	18,870,289.43
Goodwill	500,571,581.14	500,571,581.14
Long-term prepaid expenses	11,946,811.02	12,194,296.86
Deferred income tax assets	24,619,475.36	21,183,296.95
Other non-current assets	707,825,705.12	350,933,345.43
Total non-current assets	7,171,190,092.63	6,999,081,176.53
Total assets	18,431,113,913.10	16,968,836,010.58

Item	30 September 2021	31 December 2020 (Audited)
Current liabilities:		
Notes payable	32,151,559.34	45,838,225.28
Accounts payable	5,695,817,299.93	4,550,158,695.76
Contract liabilities	887,925,203.76	442,825,006.30
Employee benefits payable	341,460,412.44	472,779,571.05
Taxes payable	77,152,659.24	64,081,630.88
Other payables	340,236,927.57	655,979,050.64
Including: Dividends payable	516,793.97	–
Non-current liabilities due within one year	105,207,131.02	103,865,186.60
Other current liabilities	205,250,713.00	176,472,136.88
Total current liabilities	7,685,201,906.30	6,511,999,503.39
Non-current liabilities:		
Lease liabilities	259,898,598.05	357,266,005.19
Deferred income	39,364,695.70	45,644,566.05
Deferred income tax liabilities	14,459,054.57	25,775,918.61
Total non-current liabilities	313,722,348.32	428,686,489.85
Total liabilities	7,998,924,254.62	6,940,685,993.24
Owners' equity (or shareholders' equity):		
Paid-in capital (or share capital)	1,233,841,000.00	1,233,841,000.00
Capital reserve	2,572,524,766.32	2,572,524,766.32
Other comprehensive income	1,100,311,957.38	1,016,266,307.50
Surplus reserve	897,647,684.81	897,647,684.81
Undistributed profits	4,740,220,948.03	4,416,564,721.94
Total owners' equity (or shareholders' equity) attributable to the parent company	10,544,546,356.54	10,136,844,480.57
Minority interests	(112,356,698.06)	(108,694,463.23)
Total owners' equity (or shareholders' equity)	10,432,189,658.48	10,028,150,017.34
Total liabilities and owners' equity (or shareholders' equity)	18,431,113,913.10	16,968,836,010.58

CONSOLIDATED INCOME STATEMENT

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	Nine months ended 30 September 2021	Nine months ended 30 September 2020
I. Total operating income	7,058,417,420.20	5,728,576,910.00
Including: Operating income	7,058,417,420.20	5,728,576,910.00
II. Total operating costs	6,301,243,180.60	5,033,286,469.34
Including: Operating costs	4,443,383,784.57	3,461,584,066.60
Taxes and levies	26,109,246.07	28,322,088.36
Selling expenses	942,793,774.56	789,741,894.77
Administrative expenses	942,156,370.71	791,189,712.52
Research and development expenditure	2,295,913.41	1,165,496.74
Finance expenses	(55,495,908.72)	(38,716,789.65)
Including: Interest expenses	14,804,220.69	12,734,270.63
Interest income	77,443,121.25	62,787,931.67
Add: Other income	46,013,549.15	44,968,033.16
Investment income (loss represented by “-”)	62,312,203.74	119,435,864.17
Including: Income from investment in associates and joint ventures	(3,435,740.15)	37,262,989.81
Gains from changes in fair values (loss represented by “-”)	(63,936,829.57)	103,318,071.67
Loss from credit impairment (loss represented by “-”)	(73,037,694.38)	(140,922,591.26)
Loss from asset impairment (loss represented by “-”)	(22,154,942.40)	(40,506,811.58)
Gain on disposal of assets (loss represented by “-”)	2,000,110.36	179,991.14

Item	Nine months ended 30 September 2021	Nine months ended 30 September 2020
III. Operating profit (loss represented by “-”)	708,370,636.50	781,762,997.96
Add: Non-operating income	3,732,388.17	9,792,233.76
Less: Non-operating expenses	24,548,268.52	28,381,942.30
IV. Total profit (total loss represented by “-”)	687,554,756.15	763,173,289.42
Less: Income tax expenses	(16,758,404.98)	18,503,108.68
V. Net profit (net loss represented by “-”)	704,313,161.13	744,670,180.74
(I) Categorized by the nature of continuing operation		
1. Net profit from continuing operation (net loss represented by “-”)	704,313,161.13	744,670,180.74
(II) Categorized by ownership		
1. Net profit attributable to shareholders of the parent company (net loss expressed with “-”)	707,458,601.99	758,467,622.63
2. Profit or loss attributable to minority shareholders (net loss represented by “-”)	(3,145,440.86)	(13,797,441.89)
VI. Other comprehensive income, net of tax	82,733,983.98	42,359,759.95
(I) Other comprehensive income attributable to owners of the parent company, net of tax	82,733,983.98	42,359,759.95
1. Other comprehensive income that cannot be reclassified to profit or loss	82,733,983.98	42,359,759.95
(1) Fair value changes of other equity instrument investment	82,733,983.98	42,359,759.95
VII. Total comprehensive income	787,047,145.11	787,029,940.69
(I) Total comprehensive income attributable to owners of the parent company	790,192,585.97	800,827,382.58
(II) Total comprehensive income attributable to minority shareholders	(3,145,440.86)	(13,797,441.89)
VIII. Earnings per share:		
(I) Basic earnings per share (RMB/share)	0.57	0.61
(II) Diluted earnings per share (RMB/share)	N/A	N/A

CONSOLIDATED CASH FLOW STATEMENT

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	Nine months ended 30 September 2021	Nine months ended 30 September 2020
I. Cash flows from operating activities:		
Cash receipts from sale of goods and rendering of services	7,539,494,301.63	6,464,948,689.98
Tax refund received	28,038,726.91	26,729,062.87
Other cash receipts relating to operating activities	155,263,254.79	184,941,705.94
Sub-total of cash inflows from operating activities	7,722,796,283.33	6,676,619,458.79
Cash paid for goods purchased and services received	4,488,352,861.14	3,666,966,010.49
Cash paid to and on behalf of employees	1,056,688,728.06	923,932,832.90
Payments of taxes	110,386,929.07	83,450,961.74
Other cash payments relating to operating activities	797,155,995.67	674,004,297.71
Sub-total of cash outflows from operating activities	6,452,584,513.94	5,348,354,102.84
Net cash flow from operating activities	1,270,211,769.39	1,328,265,355.95
II. Cash flows from investing activities:		
Cash receipts from disposal of investments	307,140,159.08	1,857,105,167.17
Cash receipts from investment income	75,950,144.40	83,213,643.02
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,454,571.65	2,363,854.10
Other cash payments relating to investing activities	-	77,580,500.00
Sub-total of cash inflows from investing activities	385,544,875.13	2,020,263,164.29
Cash paid to acquire fixed assets, intangible assets and other long-term assets	175,491,021.59	66,022,586.25
Cash paid to acquire investments	627,882,074.09	1,922,716,455.74
Other cash payments relating to investing activities	700,000,074.50	317,400,000.00
Sub-total of cash outflows from investing activities	1,503,373,170.18	2,306,139,041.99
Net cash flow from investment activities	(1,117,828,295.05)	(285,875,877.70)

Item	Nine months ended 30 September 2021	Nine months ended 30 September 2020
III. Cash flows from financing activities:		
Cash paid for distribution of dividends or profit and for interest expenses	382,490,710.00	371,270,420.53
Other cash payments relating to financing activities	73,244,257.87	62,845,159.21
Sub-total of cash outflows from financing activities	455,734,967.87	434,115,579.74
Net cash flow from financing activities	(455,734,967.87)	(434,115,579.74)
IV. Net increase in cash and cash equivalents		
Add: Opening balance of cash and cash equivalents	5,740,841,068.18	3,470,037,468.97
V. Closing balance of cash and cash equivalents		
	5,437,489,574.65	4,078,311,367.48

By order of the Board
Xinhua Winshare Publishing and Media Co., Ltd.*
Luo Yong
Chairman

Sichuan, the PRC, 27 October 2021

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

* *For identification purposes only*