WIN SHARE

新華文軒出版傳媒股份有限公司
XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 811)

2012 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the "**Board**") of Xinhua Winshare Publishing and Media Co., Ltd.* (新華文軒出版傳媒股份有限公司) (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2012 (the "**Period**") prepared in accordance with the relevant requirements of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), together with the comparative figures for the corresponding period of 2011.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	**For the six months ended 30 June** **2012** ***(Unaudited)*** ***RMB'000***	2011 *(Unaudited)* *RMB'000*
Revenue	*4*	**2,048,018**	1,718,502
Cost of sales		**(1,157,753)**	(1,016,405)
Gross profit		**890,265**	702,097
Other income and gains	*4*	**81,497**	112,458
Selling and distribution expenses		**(470,879)**	(395,861)
Administrative expenses		**(206,619)**	(178,218)
Other expenses		**(41,157)**	(41,611)
Share of losses of associates		**(1,941)**	(3,031)
Share of (loss) profit of a jointly-controlled entity		**(3,562)**	1,473
Finance income, net	*6*	**3,297**	5,839
Profit before tax		**250,901**	203,146
Income tax expense	*7*	**(631)**	(1,152)
Profit for the Period	*5*	**250,270**	201,994
Profit (loss) for the Period attributable to:			
Owners of the Company		**272,284**	211,667
Non-controlling interests		**(22,014)**	(9,673)
		250,270	201,994
Earnings per share			
— Basic (RMB)	*9*	**0.24**	0.19

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2012	2011
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Profit for the Period	**250,270**	201,994
Fair value loss on available-for-sale equity investment	**(3,739)**	(34,899)
Others	**–**	95
Other comprehensive loss for the Period	**(3,739)**	(34,804)
Total comprehensive income for the Period	**246,531**	167,190
Total comprehensive income (loss) attributable to:		
Owners of the Company	**268,545**	176,863
Non-controlling interests	**(22,014)**	(9,673)
	246,531	167,190

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2012** ***(Unaudited)*** ***RMB'000***	31 December 2011 *(Audited)* *RMB'000*
Non-current assets			
Property, plant and equipment		**948,822**	963,842
Prepaid lease prepayments for land use rights		**97,589**	99,929
Investment properties		**22,460**	23,244
Goodwill		**504,301**	504,301
Other intangible assets		**73,720**	30,836
Interests in associates		**91,700**	93,641
Interest in a jointly-controlled entity		**100,975**	104,537
Available-for-sale equity investments		**1,182,198**	1,185,956
Deferred tax assets		**34,872**	34,430
Property under development	*10*	**–**	173,284
Long-term prepayments	*11*	**141,402**	422,120
Total non-current assets		**3,198,039**	3,636,120
Current assets			
Trade and bills receivables	*12*	**695,280**	587,352
Prepayments, deposits and other receivables		**495,087**	345,200
Inventories		**883,996**	1,055,122
Short-term investments		**184,000**	108,000
Pledged bank deposits and restricted cash		**75,209**	103,062
Cash and short-term bank deposits		**1,820,245**	1,794,486
		4,153,817	3,993,222
Assets classified as held for sale	*13*	**538,621**	–
Total current assets		**4,692,438**	3,993,222

	Notes	**30 June 2012** **(Unaudited)** ***RMB'000***	31 December 2011 *(Audited)* *RMB'000*
Current liabilities			
Interest-bearing bank and other borrowings	*14*	**96,830**	376,950
Trade and bills payables	*15*	**1,502,025**	1,569,545
Deposits received, other payables and accruals		**935,759**	875,801
Dividends payable		**324,699**	160
Tax liabilities		**915**	1,460
		2,860,228	2,823,916
Liabilities associated with assets classified as held for sale	*13*	**332,369**	–
Total current liabilities		**3,192,597**	2,823,916
Net current assets		**1,499,841**	1,169,306
Total assets less current liabilities		**4,697,880**	4,805,426
Capital and reserves			
Issued capital		**1,135,131**	1,135,131
Treasury shares	*16*	**–**	(6,900)
Reserves		**3,394,349**	3,110,978
Proposed dividends		**–**	340,539
Equity attributable to owners of the Company		**4,529,480**	4,579,748
Non-controlling interests		**168,400**	188,178
Total equity		**4,697,880**	4,767,926
Non-current liabilities			
Interest-bearing bank and other borrowings	*14*	**–**	37,500
Total non-current liabilities		**–**	37,500
Total equity and non-current liabilities		**4,697,880**	4,805,426

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The company was established in the People's Republic of China (the "**PRC**") on 11 June 2005 as a joint stock limited company as part of the reorganisation (the "**Reorganisation**") of Sichuan Xinhua Publishing Group Co., Ltd. ("**Xinhua Publishing Group**"). Details of the formation of the joint stock limited company are set out in the Company's prospectus dated 16 May 2007 (the "**Prospectus**").

On 30 May 2007, the Company's H shares ("**H shares**") were listed on the Stock Exchange and 406,340,000 H shares, consisting of 369,400,000 new shares and 36,940,000 shares converted from the Company's domestic shares (the "**Domestic Shares**") were issued to the public. On 7 June 2007, an additional 32,361,000 new H shares and 3,236,100 H shares converted from the Domestic Shares were issued to the public as a result of the partial exercise of the over-allotment option as detailed in the Prospectus.

On 22 June 2010, the Company entered into an equity transfer agreement with Sichuan Publication Group Company Limited ("**SPG**") to acquire 100% equity interests in fifteen wholly-owned subsidiaries (the "**Fifteen Publishers**") of SPG (the "**Acquisition**"). The Acquisition was approved by shareholders at the extraordinary general meeting of the Company on 20 August 2010. For details of the Acquisition, please refer to the Company's announcement dated 22 June 2010 and the circular dated 28 June 2010.

The registered office of the Company is located at 12/F, No. 86 Section One, People's South Road, Qingyang District, Chengdu, Sichuan, the PRC.

The Group is principally engaged in the production and trading of publications and related products in the PRC.

In the opinion of the directors of the Company (the "**Directors**"), the parent of the Company is Xinhua Publishing Group, a state-owned enterprise established in the PRC. Xinhua has become a wholly-owned subsidiary of Sichuan Development (Holding) Co., Ltd. (四川發展(控股)有限責任公司) ("**Sichuan Development**") as a result of a reorganisation conducted by the State-owned Assets Supervision and Administration Commission of the Sichuan Provincial Government (the "**Sichuan SASAC**") as directed by the Sichuan Provincial Government in 2009. Accordingly, Sichuan Development, which is wholly owned and controlled by the Sichuan SASAC, has become the ultimate holding company of the Company.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the Period have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Listing Rules and with International Accounting Standard 34 "*Interim Financial Reporting*". The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2011.

2.1 Principal accounting policies

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the interim condensed consolidated financial statements are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011, except as described below.

Application of new and revised International Financial Reporting Standards

In the current interim Period, the Group has applied, for the first time, the following new and revised International Financial Reporting Standards and interpretations ("**IFRSs**") issued by the International Accounting Standard Board.

Amendments to IFRS 7	Disclosure – Transfers of Financial Assets
Amendments to IAS 12	Deferred Tax – Recovery of Underlying Assets

The application of the above IFRSs in the current interim Period has had no material impact on the amounts reported and disclosures set out in these interim condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group is organised into business units based on business lines. Information reported to the management, being the chief operating decision maker, for the purposes of resources allocation and assessment of segment performance focuses on types of business lines.

The Group's reportable and operating segments under IFRS 8 are as follows:

Product:	Editorial and publishing of publications
Zhongpan:	Bulk purchase of publications from the Product segment and third-party publishers for distribution to book wholesalers, the Subscription segment and the Retailing segment.
Subscription:	Distribution of textbooks and supplementary materials to schools and students
Retailing:	Retailing of books and audio-visual products
Others:	Other business which do not separately meet the definition of a reporting segment

Segment revenue and other income reported above represents revenue generated from external customers, other income and allocated interest income and inter-segment sales, which were eliminated on consolidation. Segment profit represents the profit earned by each segment without unallocated interest income and miscellaneous income, dividend income from available-for-sale equity investments and gains on short-term investments. Head office and corporate expenses are also excluded from such measurement. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

Intersegment sales are charged at prices mutually agreed between entities within different segments.

No geographical information is presented as all of the Group's revenue is derived from customers based in the PRC, and all of its assets are located in the PRC.

The following is an analysis of the Group's revenue and results by reportable and operating segments for the six months ended 30 June 2012 and six months ended 30 June 2011:

For the six months ended 30 June 2012

	Product	**Zhongpan**	**Subscription**	**Retailing**	**Others**	**Consolidated**
	(Unaudited)	***(Unaudited)***	***(Unaudited)***	***(Unaudited)***	***(Unaudited)***	***(Unaudited)***
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Revenue and other income						
Sales to external customers	**234,752**	**18,293**	**1,303,486**	**428,518**	**62,969**	**2,048,018**
Inter-segment sales	**184,434**	**644,219**	**–**	**–**	**569**	**829,222**
Other income	**28,172**	**6,289**	**3,568**	**19,134**	**3,899**	**61,062**
	447,358	**668,801**	**1,307,054**	**447,652**	**67,437**	**2,938,302**
Elimination of inter-segment results						**(829,222)**
						2,109,080
Results						
Segment results	**56,553**	**6,206**	**110,865**	**(24,312)**	**(18,458)**	**130,854**
Elimination of inter-segment results						**125,826**
Unallocated income and gains						**4,713**
Unallocated expenses						**(35,351)**
Gains on short-term investments						**2,981**
Dividends from available-for-sale equity investments						**21,878**
Profit before tax						**250,901**

For the six months ended 30 June 2011

	Product *(Unaudited)* *RMB'000*	Zhongpan *(Unaudited)* *RMB'000*	Subscription *(Unaudited)* *RMB'000*	Retailing *(Unaudited)* *RMB'000*	Others *(Unaudited)* *RMB'000*	Consolidated *(Unaudited)* *RMB'000*
Revenue and other income						
Sales to external customers	254,950	103,427	1,110,990	204,957	44,178	1,718,502
Inter-segment sales	271,091	688,977	–	–	630	960,698
Other income	64,278	9,553	6,874	16,042	2,328	99,075
	590,319	801,957	1,117,864	220,999	47,136	2,778,275
Elimination of inter-segment results						(960,698)
						1,817,577
Results						
Segment results	98,944	2,435	110,668	(17,650)	(18,303)	176,094
Elimination of inter-segment results						25,855
Unallocated income and gains						990
Unallocated expenses						(18,025)
Dividends from available-for-sale equity investments						18,232
Profit before tax						203,146

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the group's turnover, represents the net invoiced value of goods sold after deduction of relevant taxes and allowances for returns and trade discount, and after eliminations of all significant intra-group transactions.

An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2012	2011
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Revenue		
Sales of goods	**2,048,018**	1,718,502
Other income and gains		
Government grants	**16,222**	53,483
Gross rental income	**4,839**	4,536
Commission income	**15,494**	12,370
Gains on short-term investments	**2,981**	–
Dividends from available-for-sale equity investments	**21,878**	18,232
Others	**20,083**	23,837
Total other income and gains	**81,497**	112,458

5. PROFIT FOR THE PERIOD

The Group's profit for the Period has been arrived at after charging/(crediting):

	For the six months ended 30 June	
	2012	2011
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Depreciation and amortisation	**47,660**	38,532
Recognition of lease prepayments for land use rights	**2,344**	2,344
Gain on disposal of a subsidiary	**(233)**	–
Gain on disposal of items of property, plant and equipment, net	**(84)**	(323)
Minimum lease payments under operating lease on properties	**45,367**	39,416
Impairment of trade and other receivables	**9,074**	633
Write-down of inventories to net realisable value	**15,061**	23,167
Staff costs (including directors' and supervisors' emoluments)		
Wages, salaries and other employee benefits	**225,892**	190,749
Post-employment pension scheme contribution	**39,540**	22,055
	265,432	212,804
Cost of inventory sold	**1,157,753**	1,016,405

6. FINANCE INCOME, NET

	For the six months ended 30 June	
	2012	2011
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Bank interest income	**9,138**	10,615
Interest expense on bank and other borrowings, wholly repayable within five years	**(5,841)**	(4,776)
	3,297	5,839

7. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. The Group is not liable for income tax in Hong Kong as it did not have any assessable income arising in Hong Kong. Under the prevailing PRC income tax law, except for certain preferential treatment available to the Company and certain subsidiaries, the Group is subject to corporate income tax at a rate of 25% on their respective taxable income.

An analysis of the corporate income tax provision is as follows:

	For the six months ended 30 June	
	2012	2011
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Current income tax	**1,073**	1,264
Deferred income tax	**(442)**	(112)
	631	1,152

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2012 (for the six months ended 30 June 2011: Nil).

9. EARNINGS PER SHARE

For the six months ended 30 June 2012, the calculation of basic earnings per share is based on the profit for the Period attributable to owners of the Company of approximately RMB272,284,000 (for the six months ended 30 June 2011: RMB211,667,000) and the weighted average number of ordinary shares of 1,129,898,807 in issue during the Period (for the six months ended 30 June 2011: 1,128,230,572 shares), which is derived from the 1,135,131,000 ordinary shares in issue deducting the weighted average number of treasury shares of 5,232,193 shares outstanding during the Period.

The Group had no potential ordinary shares in issue during the Period presented.

10. PROPERTY UNDER DEVELOPMENT

During the six months ended 30 June 2012, property under development of RMB194,742,000 (note 13) were classified as a part of disposal groups held for sale.

11. LONG-TERM PREPAYMENTS

During the six months ended 30 June 2012, long-term prepayments of RMB282,852,000 (note 13) were classified as a part of disposal groups held for sale.

During the six months ended 30 June 2012, long-term prepayments of the Group reduced by RMB50,000,000 as a result of disposal of 51% equity interest in Sichuan Winshare Logistics Co., Ltd. ("**Winshare Logistics**"), a subsidiary of the Company.

12. TRADE AND BILLS RECEIVABLES

The Group normally allows a credit period of not more than 270 days to its customers.

The following is an aged analysis of trade and bills receivables, net of allowance for doubtful debts and sales returns, presented based on the invoice date at 30 June 2012. The analysis below excludes trade receivables classified as a part of disposal groups held for sale.

	30 June 2012	31 December 2011
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Within 3 months	**418,835**	448,513
3 to 6 months	**126,245**	80,966
6 months to 1 year	**105,036**	43,036
1 to 2 years	**36,154**	9,259
Over 2 years	**9,010**	5,578
	695,280	587,352

13. DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

The Company proposed to dispose of its 28.5% equity interest in Chengdu Xinhui Industrial Co., Ltd ("**Chengdu Xinhui**"), a subsidiary of the Company in October 2011. The proposed disposal was subsequently approved by the Sichuan SASAC and other statutory authorities in January 2012, and commenced the public bidding process in January 2012. Chengdu Hua Sheng (Group) Industry Co., Ltd ("**Hua Sheng Group**") won the bid and entered into an agreement with the Company in March 2012 to acquire the 28.5% equity interest in Chengdu Xinhui at a cash consideration of RMB117,635,300. The proposed disposal has been approved by the independent shareholders of the Company at the annual general meeting of the Company held on 17 May 2012. Upon completion of the disposal, the Group will retain 34% equity interest in Chengdu Xinhui.

The Company proposed to dispose of its 51% equity interest in Sichuan Winshare Properties Co., Ltd. ("**Winshare Properties**"), a subsidiary of the Company in October 2011. The proposed disposal was subsequently approved by the Sichuan SASAC and other statutory authorities in December 2011, and commenced the public bidding process in January 2012. Hua Sheng Group won the bid and entered into an agreement with the Company in February 2012 to acquire the 51% equity interest in Winshare Properties at a cash consideration of RMB24,220,000.

The Company proposed to dispose of its 17% equity interest in Sichuan Winshare Pre-school Education Management Co., Ltd. ("**Winshare Pre-school**"), a subsidiary of the Company in October 2011, and will retain 34% equity interest in Winshare Pre-school. The proposed disposal was subsequently approved by the Sichuan SASAC and other statutory authorities in December 2011, and commenced the public bidding process in January 2012. Hua Sheng Group won the bid and entered into an agreement with the Company in February 2012 to acquire the 17% equity interest in Winshare Pre-school at a cash consideration of RMB1,109,000.

As at 30 June 2012, the aforesaid proposed disposals had not been completed. The assets and liabilities attributable to the aforesaid subsidiaries are expected to be sold within twelve months, and have been classified as disposal groups held for sale, which are separately presented in the interim condensed consolidated statement of financial position.

The net proceeds of each disposal are expected to exceed the net carrying amount for the relevant assets and liabilities, accordingly, no impairment losses have been recognised.

The assets and liabilities classified as disposal groups held for sale are included in the Group's Others Segment for the purpose of segment presentation.

Major classes of assets and liabilities of the disposal groups as at 30 June 2012 are as follows:

	Notes	**30 June 2012** ***(Unaudited)*** ***RMB'000***
Property, plant and equipment		**7,366**
Property under development	*10*	**194,742**
Other intangible assets		**18**
Long-term prepayments	*11*	**282,852**
Inventories		**78**
Trade receivables		**29**
Prepayments, deposits and other receivables		**47,273**
Restricted cash		**900**
Cash and short-term bank deposits		**5,363**
Assets classified as held for sale		**538,621**
Interest-bearing bank and other borrowings:	*14*	**(328,300)**
Trade payables		**(28)**
Deposits received, other payables and accruals		**(4,041)**
Liabilities associated with assets classified as held for sale		**(332,369)**

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

The analysis below includes those classified as part of a disposal group held for sale.

	Notes	**30 June 2012** ***(Unaudited)*** ***RMB'000***	31 December 2011 *(Audited)* *RMB'000*
Bank loans – secured	*(a)*	**302,550**	272,700
Bank loans – unsecured	*(a)*	**73,830**	93,000
Other borrowings – unsecured	*(b)*	**48,750**	48,750
Total interest-bearing bank and other borrowings		**425,130**	414,450
Analysed into：			
Interest-bearing bank and other borrowings repayable:			
Within one year		**387,630**	376,950
In the second year		**37,500**	–
In the third to fifth year, inclusive		**–**	37,500
		425,130	414,450
Less: Portion classified as a part of disposal groups held for sale	*13*	**(328,300)**	–
		96,830	414,450
Less: Portion classified as current liabilities		**(96,830)**	(376,950)
Non-current portion		**–**	37,500

(a) Bank loans

	As at 30 June 2012			As at 31 December 2011		
	Effective contractual interest rate %	**Maturity**	***RMB'000***	Effective contractual interest rate %	Maturity	*RMB'000*
Bank loans – secured	6.14-6.89/and 105% of benchmark rate of People's Bank of China	2012-2013	302,550	6.14-6.72/and 105% of benchmark rate of People's Bank of China	2012	272,700
Bank loans – unsecured	6.10-7.78/and benchmark rate of People's Bank of China	2012-2013	73,830	6.10-7.87	2012	93,000

(b) Other borrowings

The balance of the unsecured other borrowing as at 30 June 2012 represented two loans granted by Hua Sheng Group to Chengdu Xinhui, a subsidiary of the Company.

On 30 March 2011, a loan agreement was entered into between Chengdu Xinhui and Hua Sheng Group, pursuant to which Hua Sheng Group granted a loan amounting to RMB37,500,000 to Chengdu Xinhui, which bears interest at a rate of 6.40% per annum and will mature on 29 March 2014.

On 22 September 2011, a loan agreement was entered into between Chengdu Xinhui and Hua Sheng Group, pursuant to which Hua Sheng Group granted a loan amounting to RMB11,250,000 to Chengdu Xinhui, which bears interest at a rate of 6.56% per annum and will mature on 22 September 2012.

15. TRADE AND BILLS PAYABLES

The trade and bills payables are interest-free and are normally settled within one year.

The following is an analysis of trade and bills payables by age, presented based on the invoice date at 30 June 2012. The analysis below excludes trade payables classified as a part of disposal groups held for sale.

	30 June 2012	31 December 2011
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Within 3 months	**565,937**	786,900
3 to 6 months	**294,810**	318,806
6 months to 1 year	**340,134**	263,265
1 to 2 years	**155,427**	93,444
Over 2 years	**145,717**	107,130
	1,502,025	1,569,545

As at 30 June 2012, the Group's bills payable amounted to RMB168,720,000 (31 December 2011: RMB107,600,000).

16. TREASURY SHARES

Sichuan Youth and Children's Publishing House Co., Ltd., ("**SYCPH**") was acquired by the Company as a wholly-owned subsidiary from SPG in August 2010. On the acquisition date, SYCPH being one of the founding shareholders of the Company, held 6,900,428 shares, representing 0.61% of the issued capital of the Company, which were accounted for as treasury shares and recorded at par value by the Company, and the excess of quoted market price over par value of RMB17,259,000 was recorded as a reduction of capital reserve.

Pursuant to the document of the State-owned Asset Supervision and Administration Commission of the State Council, the Company, SPG and SYCPH entered into an arrangement, pursuant to which SYCPH shall transfer the 6,900,428 shares of the Company to SPG, and SPG shall refund RMB23,161,400 (equivalent to RMB3.36 per share) to the Company (the "**Share Transfer**"). The Share Transfer was completed in May 2012 and the excess of refunds over the par value of the treasury shares was recorded in the capital reserve.

17. PLEDGE OF ASSETS

Certain of the Group's assets are pledged for obtaining bank loans and other banking facilities. A summary of the assets pledged is as follows:

	30 June 2012	31 December 2011
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Properties under development	**–**	116,615
Properties under development classified as a part of disposal groups held for sale	**116,615**	–
Lease prepayment for land use rights	**30,164**	30,503
Pledged bank deposits for bills payable	**54,920**	82,796
	201,699	229,914

18. ACQUISITION OF BUSINESS

In January 2012, a subsidiary of the Company, acquired a publication retailing business (the "**Acquired Business**") within supermarkets including 357 outlets, by way of purchase of operating assets from a non-controlling equity holder at cash consideration of RMB109,745,000 (the "**Acquisition**"). Up to the date of this result announcement, the Group was still in the process of assessing the fair value of the intangible asset acquired at the date of the Acquisition, and therefore, the acquisition consideration has not been determined and, the initial accounting for the Acquisition is incomplete and the amount of intangible asset recognised in the interim condensed consolidated financial statements is determined on a provisional basis provisional basis.

	RMB'000
Current assets	
Inventories	56,610
Prepayments, deposits and other receivables	7,359
Non-current assets	
Property, plant and equipment	832
Other intangible assets	44,944
	109,745

No goodwill (determined on a provisional basis) was recognised as the consideration transferred equals to the recognised amount of identifiable net assets acquired.

The net cash outflow equals to the cash consideration transferred as no cash and cash equivalent were acquired.

For the six months ended 30 June 2012, the Acquired Business generated revenue of RMB25,144,000 and incurred net loss of RMB5,498,000 since the date of Acquisition. There would be no material impact to the Group's interim condensed consolidated financial statements had the Acquisition been effective at the beginning of the Period.

19. DISPOSAL OF A SUBSIDIARY

The Company proposed to dispose of its 51% equity interest in Winshare Logistics, a subsidiary of the Company in October 2011. The proposed disposal was subsequently approved by the Sichuan SASAC and other statutory authorities in December 2011 and commenced the public bidding process in January 2012. Hua Sheng Group won the bid and entered into a sale and purchase agreement with the Company in February 2012 to dispose of the 51% equity interest in Winshare Logistics at a cash consideration of RMB24,676,000. The disposal was completed on 31 March 2012.

20. EVENTS AFTER THE END OF THE INTERIM PERIOD

In July 2012, the Company proposed to dispose of its 51% equity interests in Sichuan Winshare Education and Investment Co., Ltd., a subsidiary of the Company, by way of the public bidding at cash consideration of no less than RMB29,780,000 and the proposed disposal was subsequently approved by the Sichuan SASAC and other statutory authorities. As at the date of the result announcement, the proposed disposal is not completed.

On 24 August 2012, the interim condensed consolidated financial statements for the six months ended 30 June 2012 were approved and authorized for issue by the Board.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

During the first half of year 2012, the PRC government promulgated the Outline of the Cultural Reform and Development Plan During the National "12th Five-Year Plan" Period, regarding the further deployment on cultural reform and development and the continuous promotion of the cultural industry as a pillar industry for the national economy. Meanwhile, the General Administration of Press and Publication of the PRC also issued policy documents which encourage and support the merger and acquisition and restructuring of publishing and media groups, promote traditional publishing groups to develop digital publishing business and support media groups to develop business overseas.

In view of the industry development trend, in the first half of year 2012, the publishing industry continued to feature with a stable growth in the traditional publishing market and a rapid development in the emerging businesses such as digital publishing. Digital publishing has significantly expanded the potential value and development prospect of the publishing industry. Market leaders with abundant copyrights resources and innovative development approaches will take advantages in the reform of the traditional publishing industry.

Furthermore, in order to facilitate the healthy and orderly development of the publishing industry and the education sector, the state has issued various policy documents to strengthen quality management and market management on educational publications, and to regulate and guide the usage of supplementary materials for primary and secondary schools. The related policies will have some impact on the publishing industry.

Operating Results and Financial Review

During the Period, the Group achieved sales revenue of RMB2,048 million and profit for the Period of RMB250 million, representing an increase of 19.2% and 23.9% respectively as compared with the same period last year. Profit attributable to equity holders of the Company and earnings per share for the Period amounted to RMB272 million and RMB0.24, respectively.

Pursuant to the tax preferential treatment of the PRC government regarding the continuous support of the development of the propaganda and cultural industry, during the period from 1 January 2011 to 31 December 2012, distribution network of the Group at county level (including cities at county level) and below were exempted from payment of VAT for the local sales of publication materials. The above preferential tax treatment was announced in December 2011, and therefore the Group did not record such benefit from the preferential treatment in preparation of the interim condensed consolidated financial statements for the six months ended 30 June 2011. Excluding this factor, the sales revenue and profit of the Group for the Period increased by 12.7% and 8.8% respectively over the same period last year.

Revenue

During the Period, the Group recorded sales revenue of RMB2,048 million, representing an increase of 19.2% from RMB1,719 million as compared with the same period last year. Such increase, excluding the effect of the VAT preferential policy, was mainly attributable to the growth of revenues in the Retailing segment and Subscription segment of the Group.

Gross Profit Margin

The gross profit margin of the Group for the Period was 43.5%, which was 2.6 percentage points higher than 40.9% for the corresponding period last year, mainly attributable to the change in the Group's sales structure.

Segment Analysis

Revenues in each segment of the Group for the Period and the corresponding period of 2011 are as follows:

	For the six months ended 30 June			Percentage of segment sales to revenue before intersegment sales elimination For the six months ended 30 June		Percentage of segment external sales to consolidated revenue For the six months ended 30 June	
	2012	2011	Change	**2012**	2011	**2012**	2011
	RMB'000	*RMB'000*	%	**%**	%	**%**	%
Product segment							
External sales	**234,752**	254,950	(7.9)	**8.2**	9.5	**11.5**	14.8
Intersegment sales	**184,434**	271,091	(32.0)	**6.4**	10.1		
Total	**419,186**	526,041	(20.3)	**14.6**	19.6		
Zhongpan segment							
External sales	**18,293**	103,427	(82.3)	**0.6**	3.9	**0.9**	6.0
Intersegment sales	**644,219**	688,977	(6.5)	**22.4**	25.7		
Total	**662,512**	792,404	(16.4)	**23.0**	29.6		
Subscription segment							
External sales	**1,303,486**	1,110,990	17.3	**45.3**	41.5	**63.6**	64.6
Intersegment sales	**–**	–	–	**–**	–		
Total	**1,303,486**	1,110,990	17.3	**45.3**	41.5		
Retailing segment							
External sales	**428,518**	204,957	109.1	**14.9**	7.6	**20.9**	12.0
Intersegment sales	**–**	–	–	**–**	–		
Total	**428,518**	204,957	109.1	**14.9**	7.6		
Other segment							
External sales	**62,969**	44,178	42.5	**2.2**	1.7	**3.1**	2.6
Intersegment sales	**569**	630	(9.7)	**0.0**	0.0		
Total	**63,538**	44,808	41.8	**2.2**	1.7		
Revenue before intersegment sales elimination	**2,877,240**	2,679,200	7.4	**100.0**	100.0		
Intersegment sales elimination	**(829,222)**	(960,698)	(13.7)				
Consolidated revenue	**2,048,018**	1,718,502	19.2			**100.0**	100.0

The gross profit and the gross profit margin of each segment of the Group for the Period and the corresponding period of 2011 are as follows:

	For the six months ended 30 June			
	2012		2011	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	RMB'000	**%**	*RMB'000*	%
Product segment (including intersegment revenue)	**122,705**	**29.3**	137,556	26.1
Zhongpan segment (including intersegment revenue)	**68,313**	**10.3**	101,164	12.8
Subscription segment	**428,555**	**32.9**	362,745	32.7
Retailing segment	**128,431**	**30.0**	59,926	29.2
Other segment (including intersegment revenue)	**10,821**	**17.0**	11,361	25.4
Intersegment revenue elimination	**131,440**	**N/A**	29,345	N/A
Total	**890,265**	**43.5**	702,097	40.9

Product segment

The Group's Product segment covers businesses including publication, printing and paper trading, etc. The Group has realized integrated operation and management of the educational product business and will continue to manage mass originality products by product line and specification. By virtue of the achievements in the scope expansion and protection on copyrights, the Company was given the Copyright Promotion and Application Gold Award, the highest honour in the global copyright industry, from the World Intellectual Property Organization in the 4th China International Copyright Expo in 2012.

During the Period, the Product segment recorded revenue of RMB419 million (including intersegment sales), of which the revenue from external sales amounted to RMB235 million, representing a decrease of 7.9% from RMB255 million as compared with the corresponding period last year, mainly attributable to the impact of the market environment which resulted in a decline of the sales from the paper trading business.

During the Period, the gross profit margin of the Product segment was 29.3%, representing an increase of 3.2 percentage points as compared with 26.1% in the same period last year, primarily attributable to the combined effect on the increase in the percentage of sales of its self-developed publication products, especially its originality educational products, and the decline in the percentage of sales of the paper trading business, which has a relatively low gross profit.

Zhongpan segment

The Group's Zhongpan segment covers the centralized purchasing and delivery of the Group's products through its internal channels. It also includes distribution to external customers through the Group's nationwide distribution network. During the Period, the Group's Zhongpan segment put its efforts in transiting its operation mode into "the development of a book supply chain platform which provides book products and supply chain management services to customers". Meanwhile, the Group actively expanded the "Courtyard Bookhouse" market outside Sichuan Province through scaled organization and operation and attained certain market share.

During the Period, the Zhongpan segment recorded revenue of RMB663 million (including intersegment sales), of which the revenue from external sales amounted to RMB18 million, representing a decrease of 82.3% from RMB103 million compared with the same period last year, mainly attributable to the transformation of operation mode according to the changes in market demand.

During the Period, the gross profit margin of the Zhongpan segment was 10.3%, representing a decrease of 2.5 percentage points from 12.8% in the same period last year, which was mainly due to the adjustment in transaction price.

Subscription segment

The Group's Subscription segment covers businesses such as sales of textbooks, supplementary materials and our digitalized education services for primary and secondary schools ("**You Class Digitalized Classrooms**"). Facing the impact from the continuous decrease in the number of students in Sichuan Province and the policy on reusing education materials, the Group further enhanced the operation and sales of supplementary materials through strategies such as strengthening regional classification guidance, tapping potential sales and improving efficiency, actively promoting the channel upgrade, etc. as well as utilizing its channel advantage. At the same time, the Company continued to propel market expansion of the business of "You Class Digitalized Classrooms", casting sound market influence in the aspect of digitalized education across the nation, especially in Sichuan region.

During the Period, the Subscription segment recorded sales revenue of RMB1,303 million, representing an increase of 17.3% from RMB1,111 million as compared with the same period last year, which was mainly due to the growth in the sales of supplementary materials and the considerable growth in the sales of high school textbooks during the Period as a result of the curriculum reform policy for the high schools. In addition, the growth in sales of the Subscription segment was also driven by the Group's initial success in the business of "You Class Digitalized Classrooms".

During the Period, the gross profit margin of the Subscription segment was 32.9%, approximating to that in the corresponding period last year.

Retailing segment

The Group's Retailing segment covers the retail store business, the group-buying business, the libraries distribution business for the primary and secondary schools (the "**libraries distribution business**") and the book retailing business in commercial supermarkets, etc. During the Period, facing the impact of e-bookstores and digital publications on traditional book retailing business, the Group, focusing on its business idea of "refined management, innovative retailing business form and improved profitability", improved the sales in the retail store business through measures including improving store functions, enriching joint venture product items and conducting value-added channel operations. Meanwhile, the Group put great efforts in exploring the book retailing market in commercial supermarkets, with a view to establishing a new business growth engine.

During the Period, the Retailing segment recorded sales revenue of RMB429 million, representing an increase of 109.1% from RMB205 million compared with the same period last year, among which the libraries distribution business recorded sales revenue of RMB134 million. In 2011, most of the sales of the commodities for the Group's libraries distribution business were recorded in the second half of the year. The newly developed book retailing business in commercial supermarkets recorded sales revenue of RMB35 million.

The gross profit margin of the Retailing segment increased to 30.0% for the Period as compared with 29.2% in the same period last year. The gross profit margin from the retail store business increased over the same period last year. However, the gross profit margin from the book retailing business in commercial supermarkets newly operated during the Period was lower than that of the retail store business, offsetting the gross profit of the Retailing segment to a certain extent.

Expenses and Costs

Selling and distribution costs and administrative expenses

During the Period, the total of the selling and distribution costs and administrative expenses was RMB677 million, representing an increase of 18.0% from RMB574 million in the corresponding period last year, which was mainly due to: (i) increase in the sales of supplementary materials resulting in an increase in the related sales promotion expenses; (ii) increase in the related operating expenses arising from the expansion of new business.

Other expenses

Other expenses for the Period amounted to RMB41 million, similar to that in the same period last year.

Net Finance Income

The net finance income for the Period amounted to RMB3.30 million, decreased by 43.5% as compared with RMB5.84 million in the same period last year, which was mainly due to the decline in interest income as a result of the increase in loan amounts of certain subsidiaries of the Company and the increase in loan interest rates.

Profit

The Group's profit for the Period amounted to RMB250 million, representing an increase of 23.9% from RMB202 million in the corresponding period last year. The profit attributable to owners of the Company for the Period amounted to RMB272 million, increased by 28.6% from RMB212 million in the same period last year.

Earnings Per Share

Earnings per share is calculated by dividing profits attributable to owners of the Company for the Period by the weighted average number of ordinary shares in issue for the Period. The Group's earnings per share for the Period was RMB0.24, representing an increase of 28.4% from RMB0.19 in the corresponding period last year. Please refer to note 9 to the interim condensed consolidated financial statements for the calculation of earnings per share.

Liquidity and Financial Resources

As at 30 June 2012, the Group had cash and short-term bank deposits of approximately RMB1,820 million, and the interest-bearing bank and other borrowings of the Company's subsidiaries of approximately RMB97 million, excluding the interest-bearing bank and other borrowings classified as a part of the disposal groups held for sale. The Company did not have any interest-bearing bank and other borrowings at the end of the Period.

As at 30 June 2012, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 40.5%, representing an increase of 3.0 percentage points from 37.5% as at 31 December 2011, which was mainly due to the final and special dividends declared for the year 2011 were recorded as liabilities for the Period. The Group's overall financial structure remained relatively stable.

Foreign Exchange Risk

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

Working Capital Management

	30 June 2012	30 June 2011
Current ratio	**1.5**	1.5
Inventory turnover days	**152.8 days**	154.9 days
Trade and bills receivables turnover days	**57.1 days**	56.5 days
Trade and bills payables turnover days	**242.1 days**	242.9 days

Note: Interim financial figures are less comparable to the figures as at the end of previous year since the Group's business is rather sensitive to seasonality factors. Therefore, comparison was made with the same period last year.

As at 30 June 2012, the current ratio of the Group was 1.5, approximating to that as at 30 June 2011. In the first half of 2012, inventory turnover days, trade and bills receivables turnover days and trade and bills payables turnover days of the Group were 152.8 days, 57.1 days and 242.1 days respectively, which were respectively similar to those in the same period last year.

Overview of Material Investments

During the Period, the Group continued to adjust and cement its traditional publishing and distribution businesses, improved industrial layout, and strengthened its efforts in education and cultural related businesses, with a view to continuously establishing the Group as a first-class cultural media group in the PRC.

In the first half of 2012, to meet the operation and development needs of the Company's subsidiary Xinhua Winshare Commercial Chain (Beijing) Co., Ltd. (新華文軒商業連鎖(北京)有限公司, "**Winshare Commercial**") and explore the Group's book retailing business in commercial supermarkets, the Company injected a capital of RMB86.70 million into Winshare Commercial in proportion to its shareholding therein. After completion of the capital injection, the Company's shareholding in Winshare Commercial remained 51%, the same as before.

In May 2012, to grasp the market opportunity and develop the Group's film culture business, the Company injected a capital of RMB50 million into its subsidiary Beijing Huaying Winshare Movie & TV Culture Co., Ltd. (北京華影文軒影視文化有限公司, "**Huaying Winshare**"). After completion of the capital injection, the Company's shareholding in Huaying Winshare increased from 65.0% to 86.7%.

During the Period, the Company obtained dividend incomes of RMB14.40 million and RMB7.48 million for the year 2011 from Bank of Chengdu Co., Ltd. and Anhui Xinhua Media Co., Ltd. (安徽新華傳媒股份有限公司), respectively.

In addition, regarding the various equity disposal proposals disclosed in the Company's 2011 annual report, except that all the procedures for the disposal of 51% equity interest in Winshare Logistics have been completed during the Period, the disposals of 51% equity interest in Winshare Properties, 17% equity interest in Winshare Pre-school and 28.5% equity interest in Chengdu Xinhui are being processed pursuant to the statutory procedures on transfer of state-owned assets in the PRC. However, the disposal proposal of 33.8% equity interest in Hainan Chuangxiang Cultural Development Co., Ltd. (海南創享文化發展有限公司) is in the process of obtaining approval from the competent authorities pursuant to the statutory procedures on transfer of state-owned assets in the PRC.

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

Leveraging on the Group's extensive experience in serving primary and secondary schools over the years as well as its capability and advantage in digitalized education services, in July 2012, the Company entered into a strategic cooperation agreement with the Education Department of Sichuan Province to jointly establish an information system management and application platform for the libraries of primary and secondary schools in the province, as well as to cooperate on the research, development and application of the content for educational products. This cooperation will greatly promote the Company's transformation from a traditional publisher and distributor into a modern education service provider in the education sector, thus expanding the Group's market share in digitalized education services for primary and secondary schools.

In addition, the Company capitalized on the benefit of integrated operation of industry chains after business integration and explored the abundant resources of cultural publishing in Sichuan Province to develop quality products and find ways to develop business overseas. In the first half of 2012, the Company has established strategic cooperations with McGraw-Hill Education Group in the United States and the New World Press under China International Publishing Group (also known as CIPG) successively, and has agreed to cooperate in areas including topic selection and development, digital publishing, copyright trading and cultural exchange, etc, which will speed up the pace of the publishing industry in Sichuan Province to develop business overseas.

Future Prospects

As the state is pushing forward the development of the cultural industry, the Group will continue to propel in-depth integration of its principal businesses of publication and distribution, continuously perfect and improve the value of publications' contents and service capacity of channels, facilitate the integration of traditional principal businesses with digital publishing business, as well as promote the transformation of traditional businesses and innovative industry environment. At the same time, the Group will also propel cross-region development in cultural and education industries through resources integration and strategic corporation to continuously enhance the Group's market core competitiveness and sustainable development capability.

PLEDGE OF ASSETS

Please refer to note 17 to the interim condensed consolidated financial statements for details of the Group's pledge of assets as at 30 June 2012.

PURCHASE, SALE, REDEMPTION OR TRANSFER OF LISTED SECURITIES

Except the Share Transfer of SYCPH disclosed in note 16 to the interim condensed consolidated financial statements, during the six months ended 30 June 2012, neither the Company nor any of its subsidiaries purchased, sold, redeemed or transferred any of the Company's listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors are of the view that, during the six months ended 30 June 2012, the Company complied with the code provisions in the Code on Corporate Governance Practices (which was amended and renamed as the Corporate Governance Code in April 2012, the "**CG Code**") set out in Appendix 14 to the Listing Rules, except that the behaviour of the management to provide the Board with updates on a monthly basis deviated with the requirements under provision C.1.2 of the newly amended CG Code.

According to C.1.2 of the newly amended CG Code, the management should provide the Board with updates on a monthly basis, giving a balanced and understandable assessment of the issuer's performance, financial position and prospects. Starting from April 2012, the Company has been preparing related work but it was unable to provide the Board with the above information as scheduled during the Period. In order to comply with the code provision, the Company had provided the Board in July 2012 with the information for the six months ended 30 June 2012 and will strictly comply with C.1.2 of the CG Code thereafter.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as the code of conduct for securities transactions by the Directors and supervisors (the "**Supervisors**") of the Company, 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 relevant provisions as set out in the Model Code throughout the six months ended 30 June 2012.

INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2012 (for the six months ended 30 June 2011: Nil).

AUDIT COMMITTEE

The Company has established its audit committee (the "**Audit Committee**") in compliance with the Listing Rules with specific written terms of reference. The Company has also published the terms of reference of the Audit Committee on the websites of the Stock Exchange and the Company according to the latest requirements of the CG Code.

The Audit Committee has reviewed the Group's unaudited consolidated financial statements for the six months ended 30 June 2012 included in this interim results announcement and has discussed the financial reporting issues with the management of the Company. The Audit Committee considered that the consolidated financial report has been prepared in accordance with the applicable accounting standards and requirements and have made appropriate disclosures accordingly.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement of the Company for the six months ended 30 June 2012 will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.winshare.com.cn). The 2012 interim report will be dispatched to the shareholders on or before 30 September 2012 and uploaded onto the websites of the Stock Exchange and the Company.

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

Sichuan, the PRC, 24 August 2012

As at the date of this announcement, the Board comprises (a) Mr. Gong Cimin, Mr. Zhao Miao and Mr. Luo Yong as executive Directors; (b) Mr. Luo Jun, Mr. Zhang Chengxing and Mr. Zhao Junhuai as non-executive Directors; and (c) Mr. Chan Yuk Tong, Mr. Han Xiaoming and Mr. Han Liyan as independent non-executive Directors.

* *For identification purposes only*