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

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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

The board of directors (the "**Board**") of Xinhua Winshare Publishing and Media Co., Ltd.* (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2013 (the "**Year**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
Revenue	4,5	**5,135,074**	4,592,137
Cost of sales and services		**(3,106,174)**	(2,783,696)
Gross profit		**2,028,900**	1,808,441
Other income and gains	6	**251,091**	428,160
Distribution and selling expenses		**(984,392)**	(1,025,416)
Administrative expenses		**(587,177)**	(527,079)
Other expenses		**(118,577)**	(116,523)
Share of profit/(loss) of associates		**1,464**	(2,973)
Share of profit/(loss) of joint ventures		**4,263**	(1,698)
Finance (cost)/income, net	7	**(591)**	14,945
Profit before tax		**594,981**	577,857
Income tax expense	8	**(446)**	(1,377)
Profit for the year	10	**594,535**	576,480
Profit for the year attributable to			
Owners of the Company		**623,414**	629,371
Non-controlling interests		**(28,879)**	(52,891)
		594,535	576,480
EARNINGS PER SHARE			
Basic (RMB cents)	12	**54.92**	55.57

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	**2013** *RMB'000*	2012 *RMB'000*
Profit for the year		**594,535**	576,480
Items that may be reclassified subsequently to profit or loss:			
Fair value gain/(loss) on available-for-sale equity investment	*18*	**130,249**	(32,406)
Other comprehensive income/(loss) for the year	*9*	**130,249**	(32,406)
Total comprehensive income for the year		**724,784**	544,074
Total comprehensive income attributable to:			
Owners of the Company		**753,663**	596,965
Non-controlling interests		**(28,879)**	(52,891)
		724,784	544,074

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
Non-current Assets			
Property, plant and equipment	13	**1,288,295**	1,819,099
Prepaid lease payments for land use rights	14	**122,307**	221,575
Investment properties		**18,684**	21,554
Goodwill	15	**504,301**	506,368
Other intangible assets		**64,496**	63,514
Interests in associates	16	**40,851**	231,881
Interests in joint ventures	17	**434,068**	102,839
Available-for-sale equity investments	18	**1,283,779**	1,153,530
Deferred tax assets		**37,917**	35,878
Long-term prepayments	19	**164,336**	92,793
Entrusted loan	20	**120,000**	34,000
		4,079,034	4,283,031
Current Assets			
Trade and bills receivables	21	**668,433**	662,394
Prepayments, deposits and other receivables	22	**380,851**	486,605
Inventories		**1,399,151**	982,838
Short-term investments		**27,140**	–
Pledged bank deposits and restricted cash		**82,459**	71,584
Cash and short-term deposits		**1,485,040**	2,176,995
		4,043,074	4,380,416
Asset classified as held for sale	23	**126,673**	–
		4,169,747	4,380,416
Current Liabilities			
Interest-bearing bank borrowings	26	**65,000**	68,000
Trade and bills payables	24	**2,119,147**	1,668,569
Deposits received, other payables and accruals		**756,868**	1,564,458
Tax liabilities		**3,080**	2,311
		2,944,095	3,303,338
Net Current Assets		**1,225,652**	1,077,078
Total Assets less Current Liabilities		**5,304,686**	5,360,109

	Notes	**2013** *RMB'000*	2012 *RMB'000*
Capital and Reserves			
Issued capital	*25*	**1,135,131**	1,135,131
Reserves		**3,795,395**	3,382,234
Proposed dividends	*11*	**340,539**	340,539
Equity attributable to owners of the Company		**5,271,065**	4,857,904
Non-controlling interests		**33,621**	396,116
Total Equity		**5,304,686**	5,254,020
Non-current Liabilities			
Other payable		**–**	100,152
Deferred tax liabilities		**–**	5,937
		–	106,089
Total Equity and Non-current Liabilities		**5,304,686**	5,360,109

NOTES TO THE 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 of Hong Kong Limited (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, 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.

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 publishing and trading of publications and related products in the PRC.

In the opinion of the directors of the Company (the "**Directors**" and each a "**Director**"), the parent of the Company is Xinhua Publishing Group, a state-owned enterprise established in the PRC. Xinhua Publishing Group is a wholly-owned subsidiary of Sichuan Development (Holding) Co., Ltd. (四川發展（控股）有限責任公司) ("**Sichuan Development**"). Sichuan Development is wholly owned by the State-owned Assets Supervision and Administration Commission of the Sichuan Provincial Government (the "**SASAC of Sichuan**"), the Company is beneficially controlled by SASAC of Sichuan.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 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:

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

(ii) 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; and

(iii) Level 3 inputs are unobservable inputs for the asset or liability.

These financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company and its PRC subsidiaries and all values are rounded to the nearest thousand except when otherwise indicated.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted the following amendments to standards issued by the International Accounting Standards Board for the first time.

Amendments to IFRSs	Annual Improvements to IFRSs 2009 – 2011 Cycle
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 19 (as revised in 2011)	Employee Benefits
IAS 27 (as revised in 2011)	Separate Financial Statements
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
IFRIC-Int 20	Stripping Costs in the Production Phase of a Surface Mine

IFRS 12 Disclosure of Interests in Other Entities

The Group has applied IFRS 12 for the first time in the current year. IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements. Other than the additional disclosures, the application of IFRS 12 has not had any material impact on the amounts recognised in the consolidated financial statements.

IFRS 13 Fair Value Measurement

The Group has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for leasing transactions that are within the scope of *IAS 17 Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

IFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not ally the disclosure requirements set out in the standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by IFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to *IAS 1 Presentation of Items of Other Comprehensive Income* for the first time in the current year. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' (and the 'income statement' is renamed as the 'statement of profit or loss'). The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met.

Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Except as described above, the application of the amendments to standards in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

4. REVENUE

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

5. **SEGMENT INFORMATION**

The Group is organised into business units based on business lines. Information reported to the management, including Directors and senior executives, (being the chief operating decision makers), 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:

Publication:	Publishing of publications including books, periodicals, audio-visual products and digital products; provision of printing services and supply of printing materials
Distribution:	Distribution of textbooks and supplementary materials to schools and students; retailing, distribution and online sales of publications
Others:	Other business such as education, investments for film & television and sales of artwork which do not separately meet the definition of a reportable segment

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

For the year ended 31 December 2013

	Publication *RMB'000*	**Distribution** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Revenue and other income				
External sales and services	**607,116**	**4,365,441**	**162,517**	**5,135,074**
Inter-segment sales	**1,271,389**	**–**	**22**	**1,271,411**
Other income	**77,333**	**96,734**	**8,174**	**182,241**
Segment revenue	**1,955,838**	**4,462,175**	**170,713**	**6,588,726**
Eliminations				**(1,271,411)**
Group revenue and other income				**5,317,315**
Segment profit (loss)	**394,337**	**252,036**	**(22,630)**	**623,743**
Elimination of inter-segment results				**(42,426)**
Unallocated expenses				**(73,563)**
Unallocated income and gains				**19,742**
Unallocated interest income				**9,335**
Gains on short-term investments				**7,156**
Dividends from available-for-sale equity investments				**50,994**
Profit before tax				**594,981**

For the year ended 31 December 2012

	Publication *RMB'000*	Distribution *RMB'000*	Others *RMB'000*	Total *RMB'000*
Revenue and other income				
External sales and services	590,713	3,979,858	21,566	4,592,137
Inter-segment sales	983,907	109	2,319	986,335
Other income	87,141	90,934	17,801	195,876
Segment revenue	1,661,761	4,070,901	41,686	5,774,348
Eliminations				(986,335)
Group revenue and other income				4,788,013
Segment profit (loss)	243,428	145,583	(22,271)	366,740
Elimination of inter-segment results				19,564
Unallocated expenses				(65,387)
Unallocated income and gains				217,937
Unallocated interest income				10,354
Gains on short-term investments				6,771
Dividends from available-for-sale equity investments				21,878
Profit before tax				577,857

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment revenue and other income reported above represents revenue generated from external customers, allocated 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 of the corporate function, dividend income from available-for-sale equity investments, gains on short-term investments and gains on disposal of subsidiaries. Head office and corporate expenses are also excluded from such measurement. This is the measure reported to the chief operating decision makers for the purposes of resources allocation and performance assessment.

Inter-segment sales are charged at prices mutually agreed between entities within different segments.

Geographical information

No geographical information is presented as more than 99% of the Group's revenue is derived from customers based in the PRC, and more than 99% of its assets are located in the PRC.

Information about major customers

For the year ended 31 December 2013, the Group's revenue from one (2012: one) customer amounted to RMB1,038,978,000 (2012: RMB850,339,000), which is derived from the distribution segment. Except this one customer, the Group has not had any single external customer, the sales to whom amounted to 10% or more of the Group's revenues for the year ended 31 December 2012 and 2013.

6. OTHER INCOME AND GAINS

	2013	2012
	RMB'000	*RMB'000*
Government grants *(note)*	**40,319**	59,550
Gross rental income	**12,461**	19,029
Commission income	**47,141**	37,547
Gains on short-term investments	**7,156**	6,771
Dividends from available-for-sale equity investments		
listed equity investment	**10,594**	7,478
unlisted equity investments	**40,400**	14,400
	50,994	21,878
Gain on disposals of subsidiaries *(note 28)*	**10,779**	217,696
Gain on disposal of an associate	**3,380**	–
Gain on deemed disposal of a subsidiary *(note 29)*	**5,583**	–
Others	**73,278**	65,689
	251,091	428,160

Note:

Details of the government grants are set out below:

	2013	2012
	RMB'000	*RMB'000*
Government grants for compilation of publications (a)	**6,878**	23,990
Value-added tax ("**VAT**") refund (b)	**26,407**	26,340
Others	**7,034**	9,220
	40,319	59,550

(a) Various government grants have been received for compilation of publications in certain subjects. The government grants are recorded as other income when the related publications have been produced. Government grants received for which the related publications have not been undertaken are included in deferred income under deposits received, other payables and accruals in the consolidated statement of financial position.

(b) Pursuant to the effective VAT regulations in the PRC, the Company's certain subsidiaries engaged in publishing business enjoyed VAT refund for sales of certain publications. Income from VAT refund is recognised in the period when it becomes receivable.

There are no unfulfilled conditions or contingencies relating to the government grants.

7. FINANCE COST (INCOME), NET

	2013	2012
	RMB'000	*RMB'000*
Bank interest income	**(16,385)**	(24,656)
Interest expense on bank borrowings wholly repayable within five years	**6,840**	31,588
Interest accretion of long-term financial liabilities	**10,136**	–
Less: amounts capitalised	**–**	(21,877)
	16,976	9,711
	591	(14,945)

Interests capitalised arose from borrowings made specifically for the purpose of constructing the Group's property under development, which bore annual interest at rates from 5.88% to 6.72%.

8. INCOME TAX EXPENSE

	2013	2012
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax	**5,259**	2,825
Deferred tax	**(4,813)**	(1,448)
	446	1,377

The Group is subject to income tax on an independent legal 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 during the Year. Under the prevailing PRC enterprise income tax law, except for certain preferential treatment available to the Company and certain subsidiaries, the Group is subject to enterprise income tax at a rate of 25% on their respective taxable income.

In March 2009, the Ministry of Finance and the State Administration of Taxation jointly issued the Circular Cai Shui [2009] No. 34 (the "**Circular**"), pursuant to which an entity qualified as a cultural enterprise or transformed from a cultural public institution to a culture enterprise is exempted from enterprise income tax from 1 January 2009 to 31 December 2013.

Pursuant to the Circular, the Company and fifteen subsidiaries qualified as cultural enterprises were granted income tax exemptions for the year ended 31 December 2013.

9. OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR

	2013	2012
	RMB'000	*RMB'000*
Item that may be reclassified subsequently to profit or loss:		
Fair value gain (loss) on available-for-sale equity investment	**130,249**	(32,406)
Income tax	**–**	–
Other comprehensive income (loss), net of income tax	**130,249**	(32,406)

10. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	2013	2012
	RMB'000	*RMB'000*
Depreciation for property, plant and equipment	**125,115**	92,774
Depreciation for investment properties	**1,704**	1,690
Amortisation of intangible assets	**9,774**	12,285
Amortisation of prepaid lease prepayment for land use rights	**7,759**	5,181
Total depreciation and amortisation	**144,352**	111,930
Auditors' remuneration	**3,850**	2,660
Minimum lease payments under operating leases on properties	**107,307**	100,235
Gain on disposal of property, plant, equipment and investment properties	**(3,715)**	(2,037)
Impairment losses of trade and other receivables	**20,035**	34,069
Write-down of inventories to net realisable value	**40,601**	24,289
Impairment loss of intangible assets	**–**	12,000
Impairment loss on asset classified as held for sale	**12,156**	–
Staff costs:		
Directors' and supervisors' emoluments	**3,253**	3,327
Other staff costs		
Wages, salaries and other employee benefits	**585,241**	551,316
Post-employment pension scheme contributions	**95,401**	83,452
	680,642	634,768
	683,895	638,095
Cost of inventories sold	**3,030,319**	2,783,696
Foreign exchange (gain) loss	**(1,307)**	1,372

11. DIVIDEND

	2013	2012
	RMB'000	*RMB'000*
Dividend recognised as distribution during the year:		
2012 dividend – RMB30 cents per share (2012: 2011 dividend – RMB30 cents per share)	**340,539**	340,539

The dividend of RMB340,539,000, equivalent to RMB30 cents per share in respect of the year ended 31 December 2013 (dividend of RMB340,539,000, equivalent to RMB30 cents per share in respect of the year ended 31 December 2012) has been proposed by the Directors and is subject to approval by the shareholders at the annual general meeting.

12. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year, which is derived from the 1,135,131,000 ordinary shares in issue during the year deducting the weighted average number of treasury shares of nil (2012: 2,608,929 shares) held by Sichuan Youth and Children's Publishing House Co., Ltd. ("**SYCPH**"), a subsidiary of the Company acquired in 2010. The Company's ordinary shares held by SYCPH were transferred to Sichuan Publication Group Co., Ltd. ("**SPG**") in 2012.

	2013	2012
	RMB'000	*RMB'000*
Earnings:		
Profit attributable to owners of the Company	**623,414**	629,371

	Number of shares	
	2013	2012
Shares:		
Ordinary shares in issue during the year	**1,135,131,000**	1,135,131,000
Less: Weighted average number of treasury shares	**–**	(2,608,929)
	1,135,131,000	1,132,522,071

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

13. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2013, the Group purchased property, plant and equipment at a total cost of RMB374,986,000 (2012: RMB214,743,000).

During the year ended 31 December 2013, property, plant and equipment with a net book value of RMB7,130,000 (2012: RMB12,917,000) were disposed.

During the year ended 31 December 2013, property, plant and equipment with a net book value of RMB8,118,000 were disposed of as part of disposal subsidiaries (2012: RMB2,994,000).

During the year ended 31 December 2013, property, plant and equipment with a net book value of RMB766,307,000 were disposed of as part of a deemed disposal of a subsidiary (2012: nil).

During the year ended 31 December 2013, depreciation of property, plant and equipment amounted to RMB125,115,000 (2012: RMB92,774,000).

As at 31 December 2013, the Group's buildings with a carrying amount of RMB36,950,000 (31 December 2012: nil) were pledged to secure the Group's interest-bearing bank borrowings. Further details are set out in note 26.

14. PREPAID LEASE PAYMENTS FOR LAND USE RIGHTS

	2013	2012
	RMB'000	*RMB'000*
Carrying amount at 1 January	**229,026**	104,619
Addition	**17,085**	16,273
Acquired in a business combination	**–**	113,315
Deemed disposal of a subsidiary *(note 29)*	**(110,610)**	–
Amortisation for the year	**(7,759)**	(5,181)
Carrying amount at 31 December	**127,742**	229,026
Less: Current portion, included in prepayments, deposits and other receivables	**(5,435)**	(7,451)
Non-current portion	**122,307**	221,575

The leasehold lands are held under medium-term leases and are situated in Mainland China.

As at 31 December 2013, the Group's land use rights with a carrying amount of RMB29,147,000 (31 December 2012: RMB29,825,000) were pledged to secure the Group's interest-bearing bank borrowings. Further details are set out in note 26.

15. GOODWILL

	2013	2012
	RMB'000	*RMB'000*
COST		
At 1 January	**506,368**	504,301
Business combination	**–**	2,067
Deemed disposal of a subsidiary *(Note 29)*	**(2,067)**	–
At 31 December	**504,301**	506,368
IMPAIRMENT		
At 1 January	**–**	–
At 31 December	**–**	–
CARRYING VALUES		
At 31 December	**504,301**	506,368

For the purpose of impairment testing, goodwill of RMB500,994,000 as at 31 December 2013 has been allocated to one cash generating unit ("**CGU**"), comprising three significant companies of the fifteen publishers acquired in one transaction in 2010 in the publication segment. The carrying amount of goodwill as at 31 December 2013 is as follow:

	31 December 2013
	RMB'000
Goodwill	
– Publication (Three companies engaged in publication business – the Publication CGU	**500,994**

The recoverable amount of the Publication CGU has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by the management covering a five-year period, and a discount rate of 15% (2012: 15%). The Publication CGU's cash flows beyond the five-year period are extrapolated using a nil to 2% (2012: 2%) growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the Publication CGU's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the Publication CGU to exceed the aggregate recoverable amount of the Publication CGU.

16. INTERESTS IN ASSOCIATES

In December 2013, the Company disposed of its 17% equity interest and retained 34% equity in Sichuan Winshare Pre-school Educational Management Co., Ltd.* (四川文軒幼兒教育管理有限公司.“**Winshare Pre-school**”). Winshare Pre-school was accounted for as an associate at the end of the Year.

In October 2013, the Company disposed of its 33.8% equity interests in Hainan Chuangxiang Culture Development Co., Ltd, an associate of the Company, at cash consideration of RMB3,380,000 to an independent third party, resulting in a disposal gain of RMB3,380,000, being the excess of the consideration received over its carrying value of nil upon disposal.

In March 2013, the Group disposed of an associate of the Group as a part of the disposal of a subsidiary.

In May 2013, the Group acquired 13.33% equity interests of Beijing Huaying Winshare Movie & Culture Co., Ltd.* (北京華影文軒影視文化有限公司，“**Huaying Winshare**”) a subsidiary of the Group, from a non-controlling equity holder. In exchange, the Group transferred its 20% equity interests in an associate, Beijing Daqijinzhun Investment Management Co., Ltd.* (北京大旗金尊投資管理有限公司，“**Daqijinzun**”) to the non-controlling equity holder. The Directors considered the fair value of interests in Daqijinzun approximated to its carrying value at the time of disposal. The difference of RMB37,000 between the non-controlling interests acquired and the carrying amount of interests in Daqijinzun disposed is recorded in capital reserve. This transaction was a major non-cash transaction of the Group.

In September 2013, the Company proposed to dispose of its 34% equity interest in Chengdu Xinhui Industrial Co., Ltd.* (成都鑫匯實業有限公司，“**Chengdu Xinhui**”), an associate of the Company. The investment in Chengdu Xinhui was accounted for as an asset held for sale at the end of the Year.

17. INTERESTS IN JOINT VENTURES

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
Cost of unlisted investments in joint ventures	**394,231**	67,265
Goodwill	**30,735**	30,735
Share of post-acquisition results	**9,102**	4,839
	434,068	102,839

17.1 DETAILS OF MATERIAL JOINT VENTURES

As at 31 December 2013 and 2012, the Group had interests in the following joint ventures:

Name of entity	Form of entity	Place of incorporation/ registration	Principal place of operation	Paid-up capital	Proportion of nominal value of issued capital held by the Group		Principal activity
					2013	2012	
					%	%	
Hainan Publishing House Co., Ltd.("**Hainan Publishing**")	Incorporated	PRC	PRC	RMB 76,000,000	**50**	50	Publishing and wholesaling of publications and related Publications
Sichuan Winshare Zhuotai Investment Co., Ltd. ("**Sichuan WenZhuo**")	Incorporated	PRC	PRC	RMB 158,000,000	**51**	N/A	School education business

In December 2013, the articles of association of Sichuan Wenzhuo was revised with immediate effect. Pursuant to the revised articles of association, all shareholders' resolutions can only be passed with at least two thirds votes and the Company holds 51% votes. Therefore, the Company lost control over Sichuan Wenzhuo and accounted for Sichuan Wenzhuo as a joint venture as at 31 December 2013.

18. AVAILABLE-FOR-SALE EQUITY INVESTMENTS

	31 December 2013	31 December 2012
	RMB'000	*RMB'000*
Listed equity investment, at fair value *(Note i)*	**777,226**	646,977
Unlisted equity investments, at cost *(Note ii)*	**506,553**	506,553
Total	**1,283,779**	1,153,530
Analysed for reporting purposes as:		
Non-current assets	**1,283,779**	1,153,530

Note i The Group's listed equity investment represents investment in Anhui Xinhua Media Co., Ltd.* (安徽新華傳媒股份有限公司，"**Wan Xin Media**"), which accounts for 6.85% of the shareholding interest of Wan Xin Media. Wan Xin Media's shares were listed on the Shanghai Stock Exchange on 18 January 2010. As at 31 December 2013, the equity investment in Wan Xin Media was stated at fair value, which is also its quoted market value of RMB777,226,000 (31 December 2012: RMB646,977,000). During the current year, the fair value gain in respect of the Group's available-for-sale equity investment in Wan Xin Media recognised in other comprehensive income amounted to RMB130,249,000 (2012: loss of RMB32,406,000).

Note ii As at 31 December 2013, the unlisted equity investments with a carrying amount of RMB506,553,000 (31 December 2012: RMB506,553,000) were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably. The Group does not intend to dispose of these investments in the near future.

19. LONG-TERM PREPAYMENTS

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
Long-term prepayments *(note i)*	**106,378**	92,793
Input VAT recoverables *(note ii)*	**57,958**	–
	164,336	92,793

Notes:

(i) The balance mainly represented the prepayments made for construction projects and purchasing land use rights. The Group is in the process of obtaining relevant land use right certificates.

(ii) The balance mainly represented input VAT that are expected to offset output VAT beyond one year from the end of the reporting period.

20. ENTRUSTED LOAN

The balance represented an entrusted loan made by the Company to Sichuan Wenzhuo, a joint venture, through the China Construction Bank. The entrusted loan is secured by the other shareholder of the joint venture with its shareholding interests in Sichuan Wenzhuo, bears interest at an annual rate of 6.15% and will mature in August 2016. The carrying amount of the entrusted loan approximated to its fair value as at 31 December 2013.

21. TRADE AND BILLS RECEIVABLES

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
Bills receivables	**33,249**	40,892
Trade receivables	**767,498**	737,228
Less: Allowance for doubtful debts	**(123,937)**	(107,866)
Less: Allowance for sales returns	**(8,377)**	(7,860)
	668,433	662,394

The Group allows a credit period of no more than 270 days to its trade 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 date of delivery of goods and date of rendering of services which approximated the respective dates on which revenue was recognised.

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
Within 3 months	**496,754**	481,466
3 to 6 months	**99,982**	96,167
6 months to 1 year	**45,936**	63,643
1 to 2 years	**15,354**	15,522
Over 2 years	**10,407**	5,596
	668,433	662,394

For new customers requesting credit from the Group, management evaluates the customers' credit quality and defines credit limits and credit terms for each new customer. The Group also seeks to maintain strict control over its outstanding receivables. Over 78% (31 December 2012: 82%) of the Group's trade receivables were neither past due nor impaired as at 31 December 2013, which is attributable to the implementation of above-mentioned policies.

Included in the Group's trade receivable balance are debtors which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
9 months to 1 year	**21,839**	10,049
Over 1 year	**25,761**	21,118
Total	**47,600**	31,167

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary at this stage because there has not been a significant change in the credit quality of the individual debtors and the balances are considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

Movement in the allowance for doubtful debts

	2013	2012
	RMB'000	*RMB'000*
1 January	**107,866**	78,998
Charged for the year	**21,270**	39,893
Amount written off	**(1,470)**	(2,550)
Amount reversed	**(3,729)**	(8,475)
31 December	**123,937**	107,866

The Group performs impairment assessment individually for receivable balance over RMB5,000,000. For receivable less than RMB5,000,000, the Group categorises them into different groups according to their respective risk characteristics. Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of RMB29,247,000 (31 December 2012: RMB29,046,000), where the debtors have been in severe financial difficulties.

The Group does not hold any collateral over these balances.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 December 2013	31 December 2012
	RMB'000	*RMB'000*
Deposits	**34,055**	24,612
Prepayments to suppliers	**114,635**	66,453
VAT recoverables	**132,105**	109,675
Due from Sichuan Xinhua Publishing Group	**–**	14,600
Due from SPG	**538**	1,320
Due from associates	**–**	179,860
Prepaid expenses	**9,305**	11,454
Loan receivables (i)	**3,500**	22,020
Entrusted loan (ii)	**44,200**	10,200
Prepaid lease payments for land use rights	**5,435**	7,451
Other receivables (iii)	**37,078**	38,960
	380,851	486,605

Notes:

(i) The loan receivables are due from independent third parties, unsecured and bear interests at annual rates of 15.0% (31 December 2012: 8% to 15%) at 31 December 2013.

(ii) The balance represented entrusted loans made by the Company to Chengdu Xinhui, an associate of the Company, through the Bank of Chengdu. The entrusted loan with principle of RMB10,200,000 is unsecured, bears interest at an annual rate of 6.0% and will mature in December 2014. The entrusted loan with principle of RMB34,000,000 is unsecured, bears interest at an annual rate of 6.4% and will mature in April 2014. The carrying amount of the entrusted loans approximated to its fair value as at 31 December 2013.

(iii) Other receivables

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
Other receivables	**42,929**	43,338
Less: Provision for impairment	**(5,851)**	(4,378)
	37,078	38,960

The movements in the provision for impairment of other receivables are as follows:

	2013 *RMB'000*	2012 *RMB'000*
At 1 January	**4,378**	1,729
Charged for the year	**2,976**	3,365
Amount written off	**(1,021)**	(2)
Amount reversed	**(482)**	(714)
At 31 December	**5,851**	4,378

At 31 December 2013, other receivables that were neither past due nor impaired amounted to approximately RMB37,078,000 (31 December 2012: RMB38,960,000) relate to a large number of diversified debtors for whom there was no recent history of default.

23. ASSET CLASSIFIED AS HELD FOR SALE

In September 2013, the Company proposed to dispose of its 34% equity interest in Chengdu Xinhui at an offer price of RMB126,673,000. The proposed disposal was subsequently approved by the SASAC of Sichuan and other statutory authorities, and public bidding process was commenced in September 2013. Up to 31 December 2013, the offer had not been accepted by any buyer. The Directors expect the equity investment in Chengdu Xinhui will be disposed of at current offer price of RMB126,673,000 within 12 months and therefore accounted for the investment as a non-current asset held for sale. An impairment loss of RMB12,156,000 was recognised and included in "other expenses" for the year ended 31 December 2013, being the excess of the carrying amount of the investment in Chengdu Xinhui over its expected net proceeds from disposal.

24. TRADE AND BILLS PAYABLES

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
Bills payable	**184,394**	165,290
Trade payables	**1,934,753**	1,503,279
	2,119,147	1,668,569

An aged analysis of the trade and bills payable as at the end of the reporting period, based on the invoice date, is as follows:

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
Within 3 months	**1,072,247**	786,714
3 to 6 months	**472,442**	374,760
6 months to 1 year	**257,951**	242,470
1 to 2 years	**133,897**	138,768
Over 2 years	**182,610**	125,857
	2,119,147	1,668,569

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

As at 31 December 2013, the Group's bills payable of RMB184,394,000 (31 December 2012: RMB165,290,000) were secured by the Group's pledged bank deposits amounting to RMB61,800,000 (31 December 2012: RMB51,312,000) and guarantees provided by the Company up to an amount of RMB169,000,000 (31 December 2012: RMB114, 000,000).

25. ISSUED CAPITAL

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
Issued and fully paid:		
693,194,000 Domestic Shares of RMB1.00 each	**693,194**	693,194
441,937,000 H Shares of RMB1.00 each	**441,937**	441,937
	1,135,131	1,135,131

26. INTEREST-BEARING BANK BORROWINGS

	Notes	**31 December 2013** *RMB'000*	31 December 2012 *RMB'000*
Bank loans – secured	*(a)*	**40,000**	23,000
Bank loans – unsecured	*(b)*	**25,000**	45,000
Total interest-bearing bank borrowings		**65,000**	68,000
Analysed into:			
Interest-bearing bank borrowings repayable:			
Within one year		**65,000**	68,000
Total interest-bearing bank borrowings		**65,000**	68,000
Less: Portion classified as current liabilities		**(65,000)**	(68,000)
Non-current portion		**–**	–

Notes:

(a) At 31 December 2013, the bank loans were secured by pledge of land use rights and buildings of the Group amounting to RMB29,147,000 (31 December 2012: RMB29,825,000) and RMB36,950,000 (31 December 2012: nil), respectively.

(b) At 31 December 2012 and 2013, the bank loans were secured by guarantees provided by the Company.

The exposure of the Group's fixed-rate borrowings and the contractual maturity dates are as follows:

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
Fixed-rate borrowings		
Within one year	**65,000**	68,000

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
Effective interest rate:		
Fixed-rate borrowings	**6.60% to 7.80%**	6.00% to 7.87%

27. RETIREMENT BENEFITS PLANS

The Group's employees in the PRC are covered by various defined contribution pension schemes regulated by the relevant municipal and provincial governments in the PRC pursuant to which the municipal and provincial governments undertake to assume the post-employment pension obligations payable to all existing and retired employees.

The aggregate contributions of the Group to post-employment pension schemes for the year ended 31 December 2013 were approximately RMB95,684,000 (2012: RMB83,679,000).

28. DISPOSALS OF SUBSIDIARIES

In March 2013, the Company disposed of its 51% equity interest of Sichuan Winshare Educational Investment Co., Ltd.* (四川文軒教育投資有限責任公司，"**Educational Investment**") to Chengdu Minxian Educational Investment Co., Ltd., an independent third party, at a cash consideration of RMB29,777,000. At the time of disposal, Educational Investment held 51% equity interest in Hainan Haiwenqianjing Investment Co., Ltd. which was accounted for as a subsidiary and held 51% equity interest in Bazhong Shudong Real Estate Development Co., Ltd. which was accounted for as an associate due to lack of unilateral control by Educational Investment.

In December 2013, the Company disposed of its 17% equity interest of Winshare Pre-school to Chengdu Huasheng (Group) industry Co., Ltd.* (成都市華盛（集團）實業有限公司，"**Huasheng Group**") and retained 34% equity interest in Winshare Pre-school. Winshare Pre-school was then accounted for as an associate.

The net assets of these companies, at the date of disposal, are as follows:

Consideration received/receivable:	**Winshare Pre-school** *RMB'000*	**Educational Investment** *RMB'000*	**Total** *RMB'000*
Cash received/receivable	3,619	29,777	33,396

Analysis of assets and liabilities over which control was lost:

	Winshare Pre-school *RMB'000*	Educational Investment *RMB'000*	Total *RMB'000*
Property, plant and equipment	3,060	5,058	8,118
Other intangible assets	204	–	204
Interests in associates	–	49,782	49,782
Trade and other receivables	412	–	412
Prepayments, deposits and other receivables	13,248	34,513	47,761
Inventories	348	–	348
Bank balances and cash	1,970	9,007	10,977
Trade and bills payables	(523)	(356)	(879)
Deposits received, other payables and accruals	(2,152)	(51,811)	(53,963)
Net assets disposed of	16,567	46,193	62,760

Gain on disposal of a subsidiary:

	Winshare Pre-school *RMB'000*	Educational Investment *RMB'000*	Total *RMB'000*
Consideration received/receivable	3,619	29,777	33,396
Net assets disposed of	(16,567)	(46,193)	(62,760)
Non-controlling interests	8,118	24,788	32,906
Fair value of retained equity interests	7,237	–	7,237
Gain on disposal	2,407	8,372	10,779

Net cash inflow/outflow arising on disposal:

	Winshare Pre-school *RMB'000*	Educational Investment *RMB'000*	Total *RMB'000*
Cash consideration	–	29,777	29,777
Less: cash and short-term deposits disposed	(1,970)	(9,007)	(10,977)
Net cash (outflow)/inflow arising on disposal	(1,970)	20,770	18,800

29. DEEMED DISPOSAL OF A SUBSIDIARY

In December 2013, the articles of association of Sichuan Wenzhuo was revised with immediate effect. Pursuant to the revised articles of association, all shareholders' resolutions can only be passed with at least two thirds votes and the Company holds 51% votes. Therefore, the Company lost control over Sichuan Wenzhuo and accounted Sichuan Wenzhuo as a joint venture as at 31 December 2013.

The net assets value of Sichuan Wenzhuo, at the date of the deemed disposal, are as follows:

	Sichuan Wenzhuo
	RMB'000
Consideration received:	
Cash received	–
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	766,307
Prepaid lease payments	110,610
Other intangible assets	353
Trade receivables	22,670
Prepayments, deposits and other receivables	46,853
Inventories	4,157
Bank balances and cash	20,140
Trade and bills payables	(5,031)
Deposits received, other payables and accruals	(112,339)
Other borrowings	(120,000)
Other payables	(104,447)
Deferred tax liabilities	(3,163)
Net assets disposed of	626,110
Gain on disposal of a subsidiary:	
Consideration received	–
Net assets disposed of	(626,110)
Non-controlling interests	306,794
Fair value of retained equity interests	326,966
Goodwill	(2,067)
Gain on disposal	5,583
Net cash outflow arising on disposal:	
Cash consideration	–
Less: cash and short-term deposits disposed	(20,140)
Net cash outflow arising on disposal	(20,140)

30. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2013, the Group had the following significant events:

Proposed dividend

A meeting of the Board of Directors of the Company was held on 7 March 2014, in which a dividend of approximately RMB340,539,000 (tax inclusive) in total, equivalent to RMB30 cents per share (tax inclusive), was proposed in respect of the year.

RESULTS AND DIVIDEND

In 2013, the Group achieved a sales revenue of RMB5,135 million and profit for the Year of RMB595 million, representing an increase of 11.8% and 3.1% respectively as compared with year 2012. The profit attributable to the owners of the Company was RMB623 million, the basic earnings per share of the Group was RMB54.92 cents.

The Board has proposed to distribute a dividend of RMB30 cents per share (tax inclusive) for the year ended 31 December 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

In 2013, under the norm of comprehensive and profound reforms in the PRC, the cultural industry experienced a deep and continuing system reform for speeding up the development of whole industry. The central government has made it clear that it will facilitate the upgrade and transformation of the news and publication industry, support the merger, acquisition and restructuring of the modern publication and media enterprises, encourage the publication and media enterprises to access the financing channels of the capital market, build a more comprehensive market system for modern publications, and construct a large, unified, competitive and orderly market for publications. The strong support of the policy has created a favourable environment for the removal of industry barriers, and the consolidation of cross region and cross media businesses. At the same time, the integration of technology and culture has brought about tremendous opportunities for the cultural industry, whereas the digital and network development will accelerate the upgrade and transformation of the traditional publication and distribution industry.

In the perspective of industrial development, the output value of publishing and media industry continued to climb and the transformation and upgrade of the industry continued in 2013. Publication and media enterprises are making good progress in digitalisation and exploring growth and profitability models in digital publication.

To facilitate the development and drive the prosperity of the publicity and cultural industry, the Circular on Continuing Preferential Policies for Value-added Tax and Business Tax on Publicity and Cultural Undertakings was issued by the Ministry of Finance and the State Administration of Taxation (《財政部國家税務總局關於延續宣傳文化增值税和營業税優惠政策的通知》) (Cai Shui [2013] No. 87) at the end of 2013, pursuant to which, for the period from 1 January 2013 to 31 December 2017, there are provisions on the taxation preferential policies applicable to the publicity and cultural enterprises. The policy has a positive effect on the development of the publishing enterprises.

Operating Results and Financial Review

Revenue

During the Year, the Group recorded sales revenue of RMB5,135 million, up by 11.8% as compared with RMB4,592 million in the same period last year, which was mainly attributable to the growth of revenues in Subscription, Online sales and other businesses.

Gross Profit Margin

The consolidated gross profit margin of the Group for the Year was 39.5%, which was substantially the same as 39.4% for the corresponding period last year.

Segment Analysis

Revenues in each operating segment of the Group for the Year and the corresponding period of last year are as follows:

	2013	2012	Change	**Percentage of segment sales to revenue before inter-segment sales elimination** **2013**	2012	**Percentage of segment external sales to consolidated revenue** **2013**	2012
	RMB'000	*RMB'000*	%	**%**	%	**%**	%
Publication segment							
External sales	**607,116**	590,713	2.8	**9.5**	10.6	**11.8**	12.8
Inter-segment sales	**1,271,389**	983,907	29.2	**19.8**	17.6		
Total	**1,878,505**	1,574,620	19.3	**29.3**	28.2		
Of which: Printing and materials supply	**454,785**	449,073	1.3	**7.1**	8.1		
Distribution segment							
External sales	**4,365,441**	3,979,858	9.7	**68.2**	71.4	**85.0**	86.7
Inter-segment sales	**–**	109	(100.0)	**–**	0.0		
Total	**4,365,441**	3,979,967	9.7	**68.2**	71.4		
Of which: Subscription	**3,033,979**	2,828,552	7.3	**47.4**	50.7		
Retailing	**908,724**	807,263	12.6	**14.2**	14.5		
Commercial supermarket	**138,145**	107,295	28.8	**2.2**	1.9		
Online sales	**235,875**	145,635	62.0	**3.7**	2.6		
Other segment							
External sales and services	**162,517**	21,566	653.6	**2.5**	0.4	**3.2**	0.5
Inter-segment sales	**22**	2,319	(99.1)	**0.0**	0.0		
Total	**162,539**	23,885	580.5	**2.5**	0.4		
Revenue before inter-segment sales elimination	**6,406,485**	5,578,472	14.8	**100.0**	100.0		
Inter-segment sales elimination	**(1,271,411)**	(986,335)	28.9				
Consolidated revenue	**5,135,074**	4,592,137	11.8			**100**	100

The gross profit and the gross profit margin of each business segment of the Group by segments for the Year and the corresponding period of last year are as follows:

	2013		2012	
	Gross profit *RMB'000*	**Gross profit margin** *%*	Gross profit *RMB'000*	Gross profit margin *%*
Publication (including inter-segment revenue)	**571,405**	**30.4**	439,076	27.9
Of which: Printing and materials supply	**40,479**	**8.9**	30,360	6.8
Distribution (including inter-segment revenue)	**1,433,712**	**32.8**	1,343,319	33.8
Of which: Subscription	**1,037,176**	**34.2**	996,343	35.2
Retailing	**331,855**	**36.5**	304,311	37.7
Commercial supermarket	**36,391**	**26.3**	14,777	13.8
Online sales	**24,191**	**10.3**	17,372	11.9
Other segment (including inter-segment revenue)	**66,405**	**40.9**	8,834	37.0
Inter-segment revenue elimination	**(42,622)**	**N/A**	17,212	N/A
Total	**2,028,900**	**39.5**	1,808,441	39.4

Publication segment

The Group's Publication segment covers businesses including publishing of books, periodicals, audio-visual products and digital products, etc.; provision of printing services; and supply of materials. The Company kept up its integrated management of the education products and services. Fruitful results were attained through the professional division of labour in managing original publications. A number of books published by the publishers of the Group were granted awards at the 3rd Chinese Publishing Government Award (第三屆中國出版政府獎) and at the 4th Chinese Best Publications Award (第四屆中華優秀出版物獎) in 2013.

During the Year, the Publication segment recorded a revenue of RMB1,879 million (including inter-segment sales), of which the revenue from external sales amounted to RMB607 million, up by 2.8% as compared with RMB591 million in the corresponding period of last year. The growth in revenue from sales was mainly attributable to the increase in the sales of non-publications to external customers.

During the Year, the gross profit margin of the Publication segment was 30.4%, up by 2.5 percentage points as compared with 27.9% in the same period last year, primarily attributable to the effect of the increase in the percentage of sales of its own educational products and the decrease in the cost of paper, one of the raw materials.

Distribution segment

The Group's Distribution segment covers the centralised purchasing, delivery and distribution of textbooks and supplementary materials to schools and students, retailing, distribution business and online sales of publications business, etc.

The Circular on Continuing Preferential Policies for Value-added Tax and Business Tax on Publicity and Cultural Undertakings issued by the Ministry of Finance and the State Administration of Taxation (《財政部國家稅務總局關於延續宣傳文化增值稅和營業稅優惠政策的通知》) (Cai Shui [2013] No. 87) at the end of 2013 provides "a VAT wavier on book wholesale and retailing sectors from 1 January 2013 to 31 December 2017", where the scope of the preferential concession of the Company in respect of distribution is expanded as compared to the "VAT wavier on local sale of publications through the sales network at provincial level or below" applicable previously (hereafter as the "**expanded scope of VAT preferential concession of the Company**"), thus generating growth in revenue and profit in the said period.

During the Year, the Distribution segment recorded a revenue of RMB4,365 million, up by 9.7% as compared with RMB3,980 million in the same period last year. Revenue from sales through various channels of the Distribution segment achieved growth to various extents and benefited from the increase in gains arising from preferential tax policies.

During the Year, the gross profit margin of the Distribution segment was 32.8%, down by 1.0 percentage point as compared with 33.8% in the corresponding period last year, which was substantially the same as last year excluding the effect of taxation.

Subscription

The Subscription business includes the distribution of textbooks and supplementary materials to schools and students, and the provision of primary and secondary school digitalised education services for primary and secondary schools.

During the Year, the Subscription business recorded a sales revenue of RMB3,034 million, up by 7.3% as compared with RMB2,829 million in the same period last year, and if the effect of expanded scope of VAT preferential concession of the Company was excluded, the sales revenue would have increased by 5.1% from the same period last year, which was mainly due to the regular edition change and increase of selling price of textbooks, increase in textbook variety and the higher sales of supplementary materials brought by the publishing of dictionaries and related reference books. On the other hand, the Group pushed ahead the digitalisation of education services capitalising on the transitional distribution channels with a view to establishing a sound education services system.

During the Year, the gross profit margin of the Subscription business was 34.2%, down by 1.0 percentage point from 35.2% for the same period last year, which was substantially the same as last year excluding the effect of taxation.

Retailing

The Retailing business includes the retail store business, the group-buying business, and the libraries distribution business. To cope with the impacts of online bookstore and digitalised publication on traditional book retailing business, the Group continued to enrich joint venture product mix, conduct value-added channel operations and promote the upgrade of small and medium-size stores during the Year.

During the Year, the Retailing business recorded a sales revenue of RMB909 million, up by 12.6% as compared with RMB807 million in the same period last year. If the expanded scope of VAT preferential concession of the Company was excluded, sales of the Retailing business was up by 7.1% as compared with that in the same period last year, mainly attributable to the growth in the libraries distribution business and group-buying business.

During the Year, the gross profit margin of the Retailing business was 36.5%, down by 1.2 percentage points from 37.7% in the same period last year, which was substantially the same as last year excluding the effect of taxation.

Commercial supermarket

The Group steadily pushed ahead the expansion of the Commercial supermarket business and outlets in supermarkets, actively optimising the outlet layouts in various regions. During the Year, the Commercial supermarket business recorded a sales revenue of RMB138 million, up by 28.8% as compared with RMB107 million in the same period last year.

During the Year, the Commercial supermarket business recorded a gross profit margin of 26.3%, up by 12.5 percentage points as compared with 13.8% in the same period last year, which was mainly due to the effect of the decrease in the cost of merchandise procurement and the adjustment of sales strategy.

Online sales

As the national consumption in e-commerce market grew rapidly, the Group strengthened the construction of internet business infrastructure and innovative marketing strategies. The robust growth momentum of the Online sales business sustained. During the Year, the Online sales business recorded a sales revenue of RMB236 million, up by 62.0% as compared with RMB146 million in the same period last year.

During the Year, the Online sales business recorded a gross profit margin of 10.3%, down by 1.6 percentage points as compared with 11.9% in the same period last year, which was mainly due to the pricing policies in response to market competition.

Others segment

Others segment of the Group covers education, investments for film & television and sales of artwork, etc. which do not separately meet the definition of a reportable segment.

During the Year, the Others segment recorded a sales revenue of RMB163 million (including inter-segment sales), up by 580.5% as compared with RMB24 million in the same period last year, mainly attributable to the tuition revenue etc. of approximately RMB149 million from the Group's vocational education business during the Period.

The gross profit margin of the Others segment was 40.9%, up by 3.9 percentage points from 37.0% for the same period last year.

Expenses and Costs

Selling and distribution expenses and administrative expenses

During the Year, the total of the selling and distribution expenses and administrative expenses of the Group was RMB1,572 million, up by 1.2% as compared with RMB1,552 million in the corresponding period last year, mainly due to the effect of operating expenses as a result of the new vocational education business. If such effect was excluded, the expenses of the Group were lower than last year.

Other expenses

Other expenses of the Group for the Year amounted to RMB119 million, which increased slightly as compared with RMB117 million in the same period last year.

Net Finance Cost

The net finance cost of the Group for the Year amounted to RMB590,000, and the net finance income amounted to RMB14.95 million during the same period last year.

Profit

The Group's profit for the Year amounted to RMB595 million, representing an increase of 3.1% from RMB576 million in the corresponding period last year, mainly due to the growth of the principal businesses and increase of dividends from investees of the Company over the same period last year. The profit attributable to owners of the Company for the Year was RMB623 million, which was substantially the same as compared with RMB629 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 Year by the weighted average number of ordinary shares in issue for the Year. The Group's earnings per share for the Year was RMB54.92 cents, down by 1.2% from RMB55.57 cents in the corresponding period last year. Please refer to note 12 to this results announcement for the calculation of earnings per share.

Liquidity and Financial Resources

As at 31 December 2013, the Group had cash and short-term deposits of approximately RMB1,485 million, and the interest-bearing bank borrowings of RMB65 million of the Company's subsidiaries. The Company did not have any interest-bearing bank and other borrowings as at the end of the Year.

As at 31 December 2013, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 35.7%, down by 3.7 percentage points as compared with 39.4% as at 31 December 2012. 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 RMB. As a result, the management believes that foreign exchange exposure of the Group is minimal and confirms no foreign exchange hedging arrangement has been made.

Working Capital Management

	31 December 2013	31 December 2012
Current ratio	**1.4**	1.3
Inventory turnover days	**140.0 days**	133.6 days
Trade and bills receivables turnover days	**47.3 days**	49.7 days
Trade and bills payables turnover days	**222.5 days**	212.3 days

As at 31 December 2013, the current ratio of the Group was 1.4, which was substantially the same as 1.3 as at 31 December 2012.

During the Year, inventory turnover days, trade receivables turnover days and trade and bills payables turnover days were 140.0 days, 47.3 days and 222.5 days respectively, which were respectively similar to those in the same period last year.

Overview of Material Investments

During the Year, the Group focused on its growth strategies, improved existing industrial layout, and strengthened its efforts in logistics development and cultural related businesses, with a view to establishing the Group as a first-class cultural media group in the PRC.

The disposed of part of its equity interest held in Sichuan Wenzhuo. On 31 December 2013, Sichuan Wenzhuo became a joint venture of the Company from the accounting point of view. Please refer to the announcement of the Company dated 30 December 2013 for details.

During the Year, the Company disposed of 51% equity interest held in Educational Investment, 33.8% equity interest held in Hainan Chuangxiang Cultural Development Co., Ltd. and 17% equity interest held in Winshare Pre-school. The total proceeds from the disposals amounted to RMB14.16 million. In addition, after obtaining the approval from SASAC of Sichuan and/or its statutory authorised authorities, the Company commenced the disposal of 34% equity interest in Chengdu Xinhui during the Year. As at the date of this results announcement, the disposal was not completed. Please refer to the announcement of the Company dated 27 September 2013 for details.

During the Year, the Group carried out a share swap in respect of 20% equity interest in Daqijinzhun held by Huaying Winshare and 13.33% equity interest in Huaying Winshare held by Qinhuangdao Daqi Cultural Industry Investment Company Limited (秦皇島大旗文化產業投資有限公司). Upon completion of the share swap, the shareholding percentage of the Company in Huaying Winshare increased from 86.67% to 100%. Subsequently, in October 2013, the Company injected RMB80 million into such company to satisfy the needs for its business expansion.

During the Year, the Company received dividend income for 2012 of RMB26 million, RMB14.4 million and RMB10.59 million respectively from its investees, namely Chengdu Institute of Sichuan International Studies University, Bank of Chengdu and Wan Xin Media.

Save as the investments above, to improve and increase the logistics and distribution capabilities of the Group, part of the construction of "Western China Cultural Products Logistics Centre" project invested by the Company was completed on schedule and brought to its working condition for its intended use.

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

Future Prospects

As the state is pushing forward cultural system reform and is actively promoting the development of emerging business environment in the publishing industry and upgrade transformation within the traditional publishing industry, the Group will continue to improve the competitiveness in publication markets, optimise the service capacity and operational capacity of channels to form a cultural industry development pattern with a combination of traditional publishing and distribution business and emerging digitalised business. Meanwhile, the Group will endeavour to explore new profit growth points through integration of capital and resources as well as strategic cooperation.

At the same time, based on the Group's growth strategies, the Company will gradually push ahead the issuance of A shares and strive to complete refinancing in the capital market in marking the milestone of dual listing in Hong Kong and the PRC, so that the Company can take advantage of the domestic and overseas markets to actively promote exponential development of the Company. Currently, the related works of issuance of A shares of the Company are well underway. For details of the proposed issuance of A shares of the Company, please refer to the circulars of the Company dated 5 February 2013 and 21 January 2014 respectively.

Based on the foregoing, in the future, the Company will focus on implementation of the following strategies:

1. further drive the profound integration of the publishing and distribution businesses, develop new structure and model for the content generation business, publish quality products, and enhance the operating ability of the content resources market in terms of multi-media and multi-channels to comprehensively facilitate the value creation of the content resources market;

2. propel the upgrade and expansion project of retail stores, and improve operation capacity and profitability of publication retailing channels; meanwhile, continue to steadily push ahead the expansion of commercial supermarket business, and tackle changes in the publication consumption market;

3. strengthen the service platform of education cloud project and establish the online to offline education services system to comprehensively increase the education services capability; achieve expansion of the education market outside Sichuan through enhancing the provision of education services solutions;

4. continue to accelerate the operating ability of the Group's e-commerce business and the development of digital publishing platform to steadily realise innovation and transformation of the Group's business model;

5. facilitate construction of the Group's logistics network and ERP information system, further improve the Group's logistics and distribution capacities and information processing capacity; and

6. establish the platform of capital operation and enhance the capital operation capability; propel cross-regions development in related cultural industries, and further enhance the Group's market competitiveness and sustainability in development.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to implementing sound corporate governance, continuously perfecting and optimising the internal control system. During the Year, to further strengthen and regulate the internal control of the Company, enhance the operational and management level and risk prevention ability of the Company, as well as facilitate the sustainable development of the Company, the Company established a leadership team on internal control, kicked off the internal control system development project, and implemented yearly in different phases across the Company according to the plan. The Company engaged Protiviti Shanghai Co., Ltd. to rationalise its procedures and systems in the area of organisational structure, growth strategies, human resources, funding activities, procurement business, asset management, comprehensive budgeting, contract management and financial reporting, and no material defect was identified. At the same time, it followed-up and reviewed the defects discovered last year and found out that rectification progress was satisfactory.

The Company has adopted and complied with all applicable code provisions of the Corporate Governance Practices and the Corporate Governance Report set out in Appendix 14 to the Listing Rules in the Year.

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

For the purpose of governing securities transactions by the Directors and supervisors, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as the code of conduct for securities transactions by the Directors and supervisors of the Company. Having made specific enquiries to each of the Directors and supervisors of the Company, all the Directors and supervisors confirmed that they have complied with all the terms set out in the Model Code during the Year ended 31 December 2013.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") in compliance with the relevant requirements under the Listing Rules with written terms of reference.

The Audit Committee has reviewed the audited consolidated financial statements contained in this results announcement and has discussed the financial reporting and internal control with the management of the Company. The Audit Committee considered that these consolidated financial statements have been prepared in accordance with the applicable accounting standards and requirements and appropriate disclosures have been made.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2013, the Group had a total of 8,539 (31 December 2012: 9,320) employees.

The Company endeavours to safeguard the legal interests of the employees and to explore growth potentials for its employees. The Company reviews the employee remuneration policy regularly and continues to improve and optimise its remuneration management system. The Company has established a unified target salary system that is based on the value of position. By adhering to the principle of "unified regulation, hierarchical control and process supervision", the Company is able to perfect its salary management system to achieve a scientific and standardised income allocation. Through optimising the system of performance appraisal and remuneration and fringe benefits, the income level and fringe benefits that the employees are entitled to are enhanced so that the employees can share the achievements of the enterprise in the course of its growth and development.

The standard remuneration package of the Company includes basic salary, performance-based bonus and benefits. Fringe benefits including pension insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing welfare funds calculated at a certain percentage of the employee's salary are available to the employees. In order to enhance long-term incentives of the Company's remuneration and benefit system, the Company has duly implemented the corporate annuity system since 2012 to provide further retirement protection to the employees.

For the year ended 31 December 2013, the Group made post-retirement plan contributions and corporate annuity scheme aggregate contributions of RMB95.68 million (2012: RMB83.68 million) for its employees. Details of such schemes are set out in note 27 to the consolidated financial statements in this results announcement.

The Company has introduced a position's qualifications based programme and provided internal training and placement training to the employees featuring quality of management and professional skills. The Company continues to enhance the quality of business and working abilities of its staff through e-learning, experimental training, knowledge base development and leading enterprise learning so as to safeguard the sustainable development of the Company. During the Year, approximately 5,000 employees were provided with training.

DIVIDEND

The Board proposed distribution of dividend for the Year RMB30 cents (tax inclusive) per share (2012: RMB30 cents (tax inclusive) per share), totalling RMB341 million (tax inclusive). Dividends payable to holders of the Domestic Shares will be made and paid in RMB, whereas dividends payable to holders of the Company's H Shares will be declared in RMB and paid in Hong Kong dollars, the exchange rate of which will be calculated based on the average exchange rate published by The People's Bank of China during the week prior to the annual general meeting to be held on 14 May 2014 ("**2013 AGM**").

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

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

The proposed dividends for 2013 are subject to the approval by the shareholders at the 2013 AGM to be held on 14 May 2014 by the Company.

Holders of H Shares and Domestic Shares whose names appear on the register of members of the Company on 14 May 2014 will be entitled to attend and vote at the 2013 AGM. Holders of H Shares and Domestic Shares whose names appear on the register of members of the Company on 26 May 2014 (the "**Dividend Entitlement Date**"), will be entitled to the dividend for 2013 (if approved by the shareholders). Please refer to the paragraph headed "CLOSURES OF REGISTER OF MEMBERS" below for details of the arrangements about the closure of register of members for ascertaining the shareholders who are entitled to attend the 2013 AGM and to receive the dividend for 2013.

Should the holders of H Shares have any doubt on the aforesaid arrangements, they are recommended to consult their tax advisors for the relevant tax impact in the PRC, Hong Kong and/or other countries (regions) on the possession and disposal of the H Shares.

Each shareholder should read this paragraph carefully. If anyone would like to change the shareholder's identity, please enquire about the relevant procedures with the nominees or trustees. The Company is neither obligated nor responsible for ascertaining the identity of the shareholders. In addition, the Company will strictly comply with the relevant laws or regulations on withholding corporate income tax and individual income tax and strictly follow the Company's H Share register as at the Dividend Entitlement Date and will not entertain any requests or claims or accept any liabilities in relation to any delay or inaccuracy in ascertaining the identity of the shareholders or any disputes over the mechanism of withholding of corporate income tax and individual income tax.

ANNUAL GENERAL MEETING

The 2013 AGM of the Company will be held at Sichuan Xinhua International Hotel, No. 8 Guzhongshi Street, Chengdu, Sichuan, the PRC (中國四川省成都市古中市街8號四川新華國際酒店) on 14 May 2014. Details of the 2013 AGM will be set out in the notice of 2013 AGM to be despatched by the Company in due course. Such notice will also be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.winshare.com.cn).

CLOSURES OF REGISTER OF MEMBERS

In order to ascertain the shareholders who are entitled to attend the 2013 AGM and to receive the dividend for 2013 (if approved by the shareholders), the register of members of H Shares would be closed during the following periods:

To ascertain shareholders who are entitled to attend and vote at the 2013 AGM:

Deadline for lodging transfer documents	4:30 p.m. on 11 April 2014, Friday
Closure of register of members of the Company	From 14 April 2014, Monday to 14 May 2014, Wednesday (both days inclusive)
Record date	14 May 2014, Wednesday
Date of convening of the 2013 AGM	14 May 2014, Wednesday

To ascertain shareholders who are entitled to the dividend for 2013:

Deadline for lodging transfer documents	4:30 p.m. on 20 May 2014, Tuesday
Closure of register of members of the Company	From 21 May 2014, Wednesday to 26 May 2014, Monday (both days inclusive)
Dividend entitlement Date	26 May 2014, Monday

In order to attend and vote at the 2013 AGM and to qualify for the dividend for 2013, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Shares registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for holders of H Shares, or the head office of the Company at No. 6 Wenxuan Road, Shang Mao Avenue, Cheng Bei, Chengdu, Sichuan, the PRC (Postal code: 610081) for holders of Domestic Shares, for registration before the deadlines for lodging the transfer documents.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement of the Company for the Year will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.winshare.com.cn), and the annual report for 2013 (including the audited financial statements) will be despatched to the shareholders on or before 30 April 2014 and will be published on the Stock Exchange's website and the Company's website.

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

Sichuan, the PRC
7 March 2014

As at the date of this announcement, the Board comprises (a) Mr. Gong Cimin and Mr. Luo Yong as executive Directors; (b) Mr. Zhang Chengxing, Mr. Luo Jun and Mr. Zhao Junhuai as non-executive Directors; and (c) Mr. Han Liyan, Mr. Mo Shixing and Mr. Mak Wai Ho as independent non-executive Directors.

* *For identification purposes only*