

winshare 文軒

新華文軒出版傳媒股份有限公司

XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.*

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

HKEX Stock Code: 00811

SSE Stock Code: 601811



2021

ANNUAL
REPORT

* For identification purposes only

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Definitions

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

2021 AGM	the annual general meeting to be held by the Company on 24 May 2022
A Share(s)	Renminbi-denominated ordinary share(s) of the Company with a nominal value of RMB1.00 each, all of which are issued in China, subscribed in Renminbi and listed on the SSE
Articles of Association	the articles of association of the Company (as amended from time to time)
Audit Committee	the audit committee under the Board of the Company
Bank of Chengdu	Bank of Chengdu Co., Ltd.
Board	the board of directors of the Company
CG Code	the Corporate Governance Code set out in Appendix 14 to the Listing Rules during the Year (formerly known as the Corporate Governance Code and the Corporate Governance Report)
CITIC Buyout Fund	CITIC Buyout Investment Fund (Shenzhen) Partnership (Limited Partnership)
Companies Ordinance	the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
Company Law	the Company Law of the People's Republic of China
Company, Xinhua Winshare or Listed Company	Xinhua Winshare Publishing and Media Co., Ltd.* (新華文軒出版傳媒股份有限公司)
Consolidated Statement of Changes in Shareholders' Equity	the details of movements of the Group's reserves for the Year
Controlling Shareholder or Sichuan Xinhua Publishing and Distribution Group	Sichuan Xinhua Publishing and Distribution Group Co., Ltd.
COVID-19	Coronavirus Disease 2019
CSRC	China Securities Regulatory Commission
Deloitte Touche Tohmatsu CPA	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Director(s)	the director(s) of the Company



Dividend Entitlement Date	6 June 2022
Dividend for 2021	the payment of dividend for the year ended 31 December 2021 of RMB0.32 (tax inclusive) per share recommended by the Board
ESG	Environmental, Social and Governance
ESG Report	the report prepared in accordance with the ESG Reporting Guide
ESG Reporting Guide	the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Listing Rules
Financial Summary	the summary of results, assets, liabilities and equity of the Group for the past five years
Fuzhou Winshare	Fuzhou Winshare Technology Partnership (Limited Partnership)
Group	the Company and its subsidiaries
H Share(s)	overseas listed foreign share(s) of the Company with a nominal value of RMB1.00 each, all of which are issued in Hong Kong, subscribed in Hong Kong dollars and listed on the Stock Exchange
Hainan Phoenix	Hainan Phoenix Xinhua Publishing and Distribution Co., Ltd.
Hainan Xinhua Bookstore	Hainan Xinhua Bookstore Group Co., Ltd.
HGZN	Jiangsu Hagong Intelligent Robot Co., Ltd.
Hua Sheng Group	Chengdu Hua Sheng (Group) Industry Co., Ltd.
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange and/or the Rules Governing the Listing of Stocks on the SSE, as the case may be
Minzu House	Sichuan Minzu Publishing House
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
Nomination Committee	the nomination committee under the Board of the Company
Open Book Data	monitoring data publicly published by Beijing OpenBook Co., Ltd.

Definitions

PRC or China	the People's Republic of China (for the purpose of this annual report, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
Qingdao Goldstone	Qingdao Goldstone Zhixin Investment Center (Limited Partnership)
Remuneration and Review Committee	the remuneration and review committee under the Board of the Company
RMB	Renminbi, the lawful currency of the PRC
R&D	research and development
Sales value	the list price of books printed at the back of each book
SASAC of Sichuan	State-owned Assets Supervision and Administration Commission of the Sichuan Provincial Government
Shareholder(s)	H shareholder(s) and A shareholder(s) of the Company
Sichuan Culture Investment Group	Sichuan Culture Investment Group Co., Ltd.
Sichuan Daily Newspaper Group	Sichuan Daily Newspaper Group
Sichuan Development	Sichuan Development (Holding) Co., Ltd.
Sichuan Education Publishing House	Sichuan Education Publishing House Co., Ltd.
Sichuan Fine Arts Publishing House	Sichuan Fine Arts Publishing House Co., Ltd.
Sichuan People's Publishing House	Sichuan People's Publishing House Co., Ltd.
Sichuan Xinhua Printing	Sichuan Xinhua Printing Co., Ltd.
Sichuan Youth and Children's Publishing House	Sichuan Youth and Children's Publishing House Co., Ltd.
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited



Strategy and Investment Planning Committee	the strategy and investment planning committee under the Board of the Company
Supervisor(s)	the supervisor(s) of the Company
Supervisory Committee	the supervisory committee of the Company
SZSE	Shenzhen Stock Exchange
Tiandi Publishing House	Sichuan Tiandi Publishing House Co., Ltd.
Wan Xin Media	Anhui Xinhua Media Co., Ltd.
Wenchuan Logistics	Sichuan Wenchuan Logistics Co., Ltd.
Winshare Dingsheng	Ningbo Meishan Free Trade Port Winshare Dingsheng Equity Investment Partnership (Limited Partnership)
Winshare Hengxin	Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership (Limited Partnership)
Winshare Investment	Winshare Investment Co., Ltd.
Winshare Online	Sichuan Winshare Online E-commerce Co., Ltd.
Winshare September	the digital content reading service platform under Winshare Online
winxuan.com	the online sales platform of paper publications under Winshare Online
Winshare Sports	Winshare Sports Culture Development Co., Ltd.
Xinhua Culture Property	Sichuan Xinhua Cultural Property Service Co., Ltd. (former name: Chengdu Huang Peng Property Co., Ltd.)
Year, Period or Reporting Period	the period from 1 January to 31 December 2021

Important Notice

- I. The Board, the Supervisory Committee, Directors, Supervisors and senior management warrant that this annual report is true, accurate and complete and does not contain any false records, misleading statements or material omission and jointly and severally take full legal responsibility as to the contents herein.
- II. All Directors of the Company attended the 2022 second Board meeting for the fifth session of the Board held on 29 March 2022 at which this annual report was considered and approved.
- III. Deloitte Touche Tohmatsu CPA issued a standard unqualified audit report for the Company.
- IV. Mr. Luo Yong, the head of the Company, Mr. Ma Xiaofeng, the person-in-charge of accounting affairs, and Ms. Wu Sufang, the head of accounting department, declare that they warrant the truthfulness, accuracy and completeness of the financial statements contained in this annual report.
- V. The net profit attributable to the Shareholders of the Company for 2021 amounted to RMB1,306 million. For the profit distribution proposal for 2021, it is proposed that, on the basis of a total share capital of 1,233,841,000 Shares in issue, a cash dividend of RMB3.20 for every 10 shares (tax inclusive) held will be distributed to the Shareholders, with total cash dividend amounting to RMB395 million. The above profit distribution proposal is subject to the approval by the Shareholders at the 2021 AGM before the execution thereof.
- VI. The forward-looking statements included in this report, including future plans and development strategies, do not constitute actual commitment of the Company to investors. Investors should be reminded of the risks of investment.
- VII. The Company has not provided any external guarantees in violation of the prescribed decision-making procedures during the Reporting Period.
- VIII. During the Reporting Period, there were no major risks that would have a material impact on the production and operations of the Company. Please read the section headed "Management Discussion and Analysis" of this report for details of the risk factors that may be involved as set out by the Company.



LEGAL NAME OF THE COMPANY

新華文軒出版傳媒股份有限公司

COMPANY NAME IN ENGLISH

XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.*

LEGAL REPRESENTATIVE

Mr. Luo Yong

BOARD OF DIRECTORS

Executive Directors

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

Non-Executive Directors

Mr. Dai Weidong
Mr. Ke Jiming
Mr. Zhang Peng

Independent Non-Executive Directors

Mr. Chan Yuk Tong
Mr. Fang Bingxi
Mr. Li Xu

BOARD COMMITTEES

Strategy and Investment Planning Committee

Mr. Luo Yong (*Chairman*)
Mr. Dai Weidong
Mr. Li Qiang

Audit Committee

Mr. Chan Yuk Tong (*Chairman*)
Mr. Fang Bingxi
Mr. Ke Jiming

Remuneration and Review Committee

Mr. Li Xu (*Chairman*)
Mr. Chan Yuk Tong
Mr. Liu Longzhang

Nomination Committee

Mr. Fang Bingxi (*Chairman*)
Mr. Li Xu
Mr. Zhang Peng

SUPERVISORY COMMITTEE

Supervisors

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

Independent Supervisors

Mr. Feng Jian
Ms. Wang Li

JOINT COMPANY SECRETARIES

Ms. Yang Miao
Ms. Wong Wai Ling

AUTHORISED REPRESENTATIVES

Mr. Ke Jiming
Ms. Yang Miao

ALTERNATE AUTHORIZED REPRESENTATIVE

Ms. Wong Wai Ling

AUDITOR

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

* For identification purposes only

Corporate Information

HONG KONG LEGAL ADVISER

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

REGISTERED OFFICE IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL BANKERS

The Industrial and Commercial Bank of China
China Construction Bank

HONG KONG H SHARES REGISTRAR

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

COMPANY WEBSITE

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

STOCK CODE

00811 (H Share)
601811 (A Share)

Financial Summary



RMB0'000

Key accounting data	2021	2020	2019	2018	2017
Operating income	1,046,036.40	900,805.66	884,245.77	818,658.30	734,588.30
Total profit	130,873.41	125,116.55	114,883.73	91,592.06	91,704.03
Net profit attributable to shareholders of the Company	130,594.15	126,277.85	113,904.76	93,218.48	92,384.45
Net profit attributable to shareholders of the Company after non-recurring profits or losses	131,090.72	117,115.82	105,174.95	86,759.08	72,610.53
Net cash flow from operating activities	204,732.96	181,880.52	136,441.05	99,345.03	34,562.19
Net assets attributable to shareholders of the Company	1,122,156.00	1,013,684.45	920,724.98	848,056.35	802,730.17
Total assets	1,877,394.58	1,696,883.60	1,532,450.35	1,328,771.25	1,228,670.56
Total liabilities	766,425.72	694,068.60	620,453.71	488,168.31	432,988.34
Basic earnings per share (RMB/share)	1.06	1.02	0.92	0.76	0.75
Basic earnings per share after non-recurring profits or losses (RMB/share)	1.06	0.95	0.85	0.70	0.59
Weighted average return on net assets (%)	12.23	13.06	12.88	11.49	11.29
Weighted average return on net assets after non-recurring profits or losses (%)	12.28	12.11	11.89	10.69	8.87

Chairman's Statement

DEAR SHAREHOLDERS,

On behalf of the Board, I am pleased to present to the Shareholders the annual results of the Company and its subsidiaries for the year ended 31 December 2021.

Luo Yong
Chairman



2021 marked the 100th anniversary of the founding of the Communist Party of China, and also the first year of the “14th Five-Year Plan” and the Company’s new strategy. The Group insisted on focusing on the development of its principal businesses, earnestly fulfilled the mission and responsibility of a state-owned cultural enterprise, implemented the “three chains” strategy of “strengthening the chain, upgrading the chain and extending the chain”, promoted the integrated innovation development, and continuously created new situation for industrial development. The operating results grew steadily as the industrial development moved forward steadily, achieving both social benefits and economic benefits. In 2021, the Group realized operating income of RMB10,460 million, representing a year-on-year increase of 16.12%; net profit of RMB1,303 million, representing a year-on-year increase of 4.85%; net profit attributable to the shareholders of the listed company of RMB1,306 million, representing a year-on-year increase of 3.42%; basic earnings per share of RMB1.06; and net profit attributable to the shareholders of the listed company after non-recurring gain or loss of RMB1,311 million, representing a year-on-year increase of 11.93%.

In addition to good economic benefits, the Group also achieved significant social benefits. In the 5th China Publishing Government Award, the Group won a total of 5 awards in 4 categories, including Book Award, Publishing Unit Award, Publisher Award and Printing Reproduction Award. Moreover, in 2021, the Company successfully obtained honorary titles such as the National Key Cultural Export Enterprise and China Top 500 Service Industry Enterprises, boosting its social influence.



I. IMPLEMENTING THE STRATEGY OF "REVITALIZING THE PUBLISHING INDUSTRY IN SICHUAN" TO PROMOTE HIGH-QUALITY DEVELOPMENT OF PUBLISHING

Guided by the strategy of "revitalizing the publishing industry in Sichuan", the Group adhered to the correct orientation of publishing, practiced the concept of high-quality development, adhered to the interactive principle of "two benefits", focused on orientation and quality products while launching projects, and created a number of major publishing projects and key publishing campaigns, achieving fruitful results in the publishing work. These remarkable results in high-quality development of publishing can be shown by significant year-on-year improvement in operating results. In 2021, the Group's operating income from general book publication business amounted to RMB810 million, representing a year-on-year increase of 19.47%. By strengthening the publication orientation and quality control and implementing the publication topic focus plan, the influence of the publishing brands of the Group continued to expand. It won several awards at the 5th China Publishing Government Award, and a number of projects won national and provincial awards. For instance, *Unbroken History of Civilization – An Interpretation to 5,000 Years of Archaeology Recognized by China* 《不斷裂的文明史：對中國國家認同的五千年考古解讀》 was rated as the 2020 "Book of China", 5 genres of books including *Complete Works of Literary Criticism in Song Dynasty* 《宋代文話全編》 were selected as funded projects in 2021 by the National Publishing Fund, while *Chuan Xiang Zhuan* 《川鄉傳》 was shortlisted as a 2021 Key Thematic Publication Selected Project. According to the data of Open Book, the market share by value of the Group's mass publication ranked 7th among 37 publishing and media groups in China, and its market share by actual value ranked 10th, both up by 2 ranks year-on-year.

In the face of the publishing reform brought by emerging technologies, the Group actively introduced emerging technologies to innovate the publishing business, promote the integrated development of publishing, and open up new room for development. On the one hand, the Group made good efforts in digital content operation, improved the multi-business development and multi-channel monetization capabilities of content resources, and promoted the extension of the publishing value chain to the big cultural industries such as animation comics and cultural creativity. In 2021, the market influence of media convergence books created by Tiandi Publishing House under the Group, such as *Cracking Off Of An Empire* 《帝國的崩裂》 and *Mr. Xiaoliang's Museum Lesson* 《小亮老師的博物課》, continued to increase. Sichuan People's Publishing House's *Unbroken History of Civilization (Audio Book)* 《不斷裂的文明史(有聲讀物)》 and other books were selected as National Boutique Publishing Projects and Innovative Cases. Besides, Sichuan Fine Arts Publishing House's animation comics *Soul Land* 《斗羅大陸》 and Sichuan Youth and Children's Publishing House's "Hilarious School Diaries" series cultural creativity products both achieved good results. On the other hand, the Group made good efforts in mobile channel communication. The "Watch Panda" All-Media Three-dimensional Communication Platform was selected as a "National Press and Publication In-depth Integrated Development Innovative Case".

Chairman's Statement

II. PROMOTING THE INNOVATIVE DEVELOPMENT OF EDUCATION SERVICE BUSINESS FOR CONTINUOUS IMPROVEMENT OF COMPREHENSIVE EDUCATION SERVICE CAPABILITIES

Based on the new stage of education reform and development, the Group continued to innovate the development ideas of education service business and help build a strong province with education. In 2021, the Group fulfilled its commitment of “everyone has a textbook in hand ready before class” for 43 consecutive years. By subdividing our customer group followed by integrating high-quality products and service resources, the Group continued to improve its product research and development capabilities as well as market service capabilities. While closely following the national education policies, the Group explored new models of education service in order to seek for new breakthroughs in development, with a view to building an education service system with its own characteristics, and achieving steady growth in the education service business. The education service business achieved sales revenue of RMB5,847 million, representing an increase of 8.56% over the same period last year. In terms of textbooks and supplementary materials, the Group continued to enhance the synergy between upstream and downstream, strengthen planning and focus on innovation, optimize product structure, and improve product and service quality. The Group achieved significant breakthroughs in the markets of preschool education, vocational education and high school education that were outside the scope of compulsory education, and the sales revenue of textbooks and supplementary materials increased steadily. As to education informatized and equipment, the Group promoted business development from the two aspects of “integrated business” and “application-oriented business” focusing on the needs of different school semesters, and provided corresponding products and services. As to education innovation business, the Group was committed to channel innovation, mechanism innovation and business innovation in order to improve the comprehensive education service capabilities. In 2021, the online service platform of “quality learning and quality teaching” covered a total of 6,250 schools serving 4,273,900 students. The “Winshare Select” online shopping mall was launched to realize the function of supplement for lost textbooks and supplementary materials. The Group also carried out labor and practical education services, serving nearly 120,000 students. As to teacher training business, the Group organized and implemented 539 projects, providing training for more than 102,000 teachers.

III. IMPROVING INTERNET OPERATION CAPABILITY FOR STEADY GROWTH OF SALES REVENUE

In 2021, focusing on the goal of “creating a professional reading service ecosystem and building a strong online distribution base”, the Group continued to deepen its development in the fields of global marketing, supply chain services, and compound reading, so as to meet the reading demand of readers in an all-round and full-chain manner. On the basis of consolidating the construction of core business capabilities, the Group innovated business models, strengthened brand building, and continuously improved Internet operation capabilities, achieving sales revenue of RMB2,301 million, of which the principal businesses' revenue amounted to RMB2,260 million, representing a year-on-year increase of 38.98%. Book sales on major e-commerce platforms such as Tmall, JD.com and Pinduoduo remained at the forefront of the industry. By virtue of its outstanding performance in influence, innovation and refined operation in the book e-commerce industry, Winshare Online, a subsidiary of the Company, earned the 5th “Advanced Publishing Unit Award of China Publishing Government Award”, the highest award in the field of press and publication in China.



The Group constantly explored new models of content creation and channel integration under the Internet operation, and deeply cooperated with various publishing houses to develop 146 new varieties, with a total of more than 500 varieties in operation. In addition, the “publication synergistic trade platform” has formed a cooperative relationship with nearly 1,500 upstream industry units in 31 provinces, municipalities and autonomous regions across the country, and the service capacity of the industry supply chain has been continuously improved.

IV. IMPROVING CULTURAL CONSUMPTION SERVICE CAPABILITIES FOR STEADY DEVELOPMENT OF PHYSICAL BOOKSTORE BUSINESS

In 2021, the Group focused on promoting the construction of physical bookstores and continued to improve the vertical in-depth reading service network system, innovating the operation model of physical bookstores with the business layout of “in-store + out-store” and “online + offline” and expansion of marketing channels, while launching more diversified, refined, enriched and profound reading products and services to promote the steady development of the physical bookstore business. In 2021, the retail book sales revenue of the Group's physical bookstores amounted to RMB716 million, representing a year-on-year increase of 21.04% and a higher recovery rate when compared with the national industry average. In terms of in-store business, through measures such as book supply chain optimization, category matrix adjustment, store transformation and marketing upgrade, the fundamentals of in-store sales were stabilized. Operation expansion of stores with different business models was implemented to reduce the cost of opening stores and optimize the layout of outlets. The Group completed the relocation, renovation and upgrading of Ya'an Book City and Jintang Store, further improving its brand image. In terms of off-store business, taking the 100th anniversary of the founding of the Communist Party of China as an opportunity, the Group vigorously developed government and corporate business, making every effort to guarantee the subscription and distribution services of themed current affairs publications, while providing customized solutions for reading services for government and corporate customers by using professional service capabilities. In addition, the Group deepened the integration of libraries and bookstores by promoting the integrated development of physical bookstores and public libraries in the province and constantly expanding the service scope of both parties, which resulted in rapid development in the business of library book distribution. In terms of online marketing, the Group actively developed marketing methods such as live-streaming sales and community marketing to realize the effective transformation of community resources and the cross-referral of stores.



The scene of the 2021 New Era Rural Reading Ceremony



The upgraded Ya'an Book City

Chairman's Statement

V. STRENGTHENING THE CAPACITY BUILDING IN MATERIAL SUPPLY, PRODUCTION PRINTING AND LOGISTICS SERVICES FOR CONTINUOUS IMPROVEMENT IN OVERALL SERVICE CAPACITY OF SUPPLY CHAIN

In 2021, the Group timely monitored the market dynamics of printing materials, so as to continuously reduce the adverse impact of price fluctuations of paper and other materials on the Company's operations, thereby constantly improving the supply capacity of material platforms. Guided by service-oriented operation, platform-oriented model and market-oriented mechanism, the Group integrated relevant resources to provide high-quality printing services for its principal business development, continuously enhancing its printing platform service capability. The Group continued to strengthen its logistics operation and management and improve the quality and efficiency of logistics services, forming the collaborative logistics service capabilities of warehousing and transportation, which provided strong support for the improvement in overall service level and profitability of the Group's supply chain. At the same time, the Group actively carried out epidemic prevention and control, increased the collaborative capacity of logistics outlets, and successfully completed the logistics guarantee tasks of various operating activities. Moreover, the Group steadily expanded the third-party logistics business by providing professional and differentiated warehousing and distribution integrated logistics services to meet customer needs, optimizing business structure in a continuous manner and highlighting the key business directions. The Group significantly enhanced its logistics service capabilities, realizing revenue of RMB294 million from third-party logistics business, representing an increase of 14.85% as compared to last year.

VI. STEADILY DEVELOPING CAPITAL OPERATION BUSINESS TO FACILITATE DEVELOPMENT OF PRINCIPAL BUSINESSES

Taking Winshare Investment as a market-oriented investment entity, the Group integrates high-quality resources in the society through the development of fund groups, thereby building a balanced investment pattern that combines reasonable investment structure, short-term income and long-term value to obtain financial investment income in a continuous manner. At present, the capital operation business has formed a cluster of equity investment funds covering culture, technology, consumption and other fields, and the investment performance has gradually emerged.

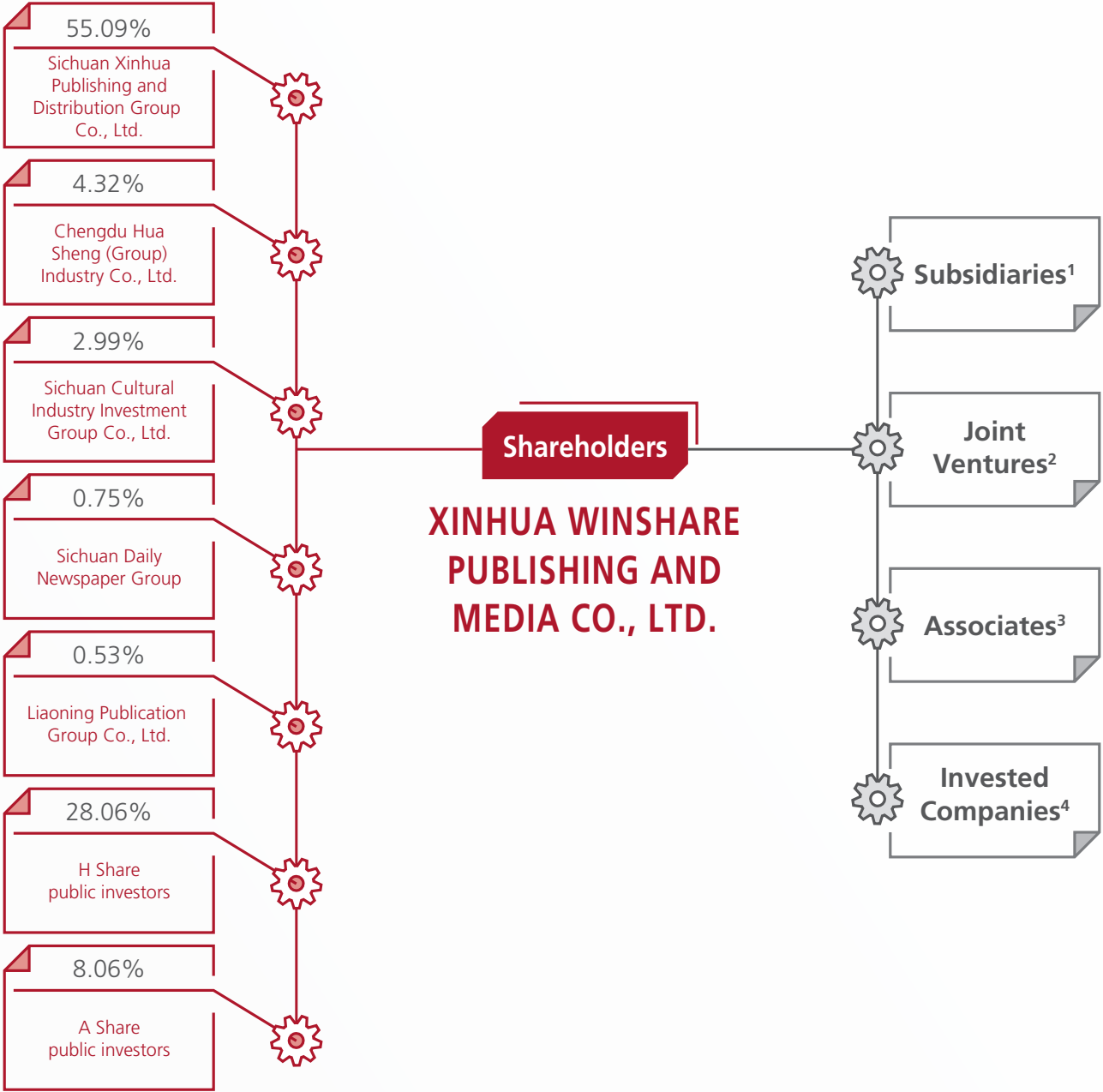
Going forward, the Group will focus on the principal businesses of publishing and media, innovate the industry development model, and promote the upgrading of the publishing and media industry chain through the "technology + capital" two-wheel driven strategy, in order to build four major top industrial systems (i.e. content and creative publishing, education service, cultural consumption service, and supply chain service) and first-class capital management, investment and financing systems, continuously enhancing the market competitiveness, industrial development capabilities and cultural influence of the Group, and rewarding the Shareholders with a good momentum for high-quality development and a stable operating performance.

In this regard, I would like to take this opportunity to express my sincere gratitude to all the Shareholders and the stakeholders for their support to and trust in the Company!

Luo Yong
Chairman

29 March 2022

Corporate Structure of the Group



Corporate Structure of the Group

Note 1: The subsidiaries mainly include the following companies:

No.	Company Name	Interests attributable to the Group (%)	Remarks
1	Sichuan Winshare Education Technology Co., Ltd. (四川文軒教育科技有限公司)	100.00	
2	Sichuan Xinhua Online Network Co., Ltd. (四川新華在線網絡有限責任公司)	100.00	
3	Sichuan Publication Printing Co., Ltd. (四川出版印刷有限公司)	100.00	
4	Sichuan Printing Materials Co., Ltd. (四川省印刷物資有限責任公司)	100.00	
5	Sichuan People's Publishing House Co., Ltd. (四川人民出版社有限公司)	100.00	
6	Sichuan Education Publishing House Co., Ltd. (四川教育出版社有限公司)	100.00	
7	Sichuan Youth and Children's Publishing House Co., Ltd. (四川少年兒童出版社有限公司)	100.00	
8	Sichuan Digital Publishing & Media Co., Ltd. (四川數字出版傳媒有限公司)	100.00	
8-1	Chengdu Cangqiong Online Technology Co., Ltd. (成都蒼穹在線科技有限公司)	100.00	Sichuan Digital Publishing & Media Co., Ltd. owns 100% equity interest in such company.
9	Sichuan Literature & Art Publishing House Co., Ltd. (四川文藝出版社有限公司)	100.00	
10	Sichuan Fine Arts Publishing House Co., Ltd. (四川美術出版社有限公司)	100.00	
11	Sichuan Science & Technology Publishing House Co., Ltd. (四川科學技術出版社有限公司)	100.00	
11-1	Sichuan Discovery of Nature Magazine Press Co., Ltd. (四川大自然探索雜誌社有限公司)	100.00	Sichuan Science & Technology Publishing House Co., Ltd. owns 100% equity interest in such company.
12	Sichuan Lexicographical Publishing House Co., Ltd. (四川辭書出版社有限公司)	100.00	
13	Sichuan Bashu Publishing House Co., Ltd. (四川巴蜀書社有限公司)	100.00	
14	Sichuan Tiandi Publishing House Co., Ltd. (四川天地出版社有限公司)	100.00	

Corporate Structure of the Group



No.	Company Name	Interests attributable to the Group (%)	Remarks
14-1	Sichuan Times English Cultural Communication Co., Ltd. (四川時代英語文化傳播有限公司)	51.00	Tiandi Publishing House owns 51% equity interest in such company.
14-2	Beijing Shu Chuan Xinhua Bookstore Book Distribution Co., Ltd. (北京蜀川新華書店圖書發行有限責任公司)	100.00	Tiandi Publishing House owns 100% equity interest in such company.
14-3	Beijing Huaxia Shengxuan Books Co., Ltd. (北京華夏盛軒圖書有限公司)	100.00	Tiandi Publishing House owns 100% equity interest in such company.
15	Sichuan Reader's Journal Press Co., Ltd. (四川讀者報社有限公司)	100.00	
16	Sichuan Pictorial Co., Ltd. (四川畫報社有限公司)	100.00	
17	Sichuan Wenchuan Logistics Co., Ltd. (四川文傳物流有限公司)	100.00	
18	Sichuan Watch Panda Magazine Co., Ltd. (四川看熊貓雜誌有限公司)	100.00	
19	Sichuan Winshare Xuankehui Cultural Development Co., Ltd. (四川文軒軒客會文化發展有限公司)	100.00	
20	Sichuan Xinhua Printing Co., Ltd. (四川新華印刷有限責任公司)	100.00	
21	Winshare Investment Co., Ltd. (文軒投資有限公司)	100.00	
22	Winshare International Cultural Communication Co., Ltd. (文軒國際文化傳播有限公司)	100.00	
22-1	Sichuan Winshare Xingzhi Study Tour Travel Agency Co., Ltd. (四川文軒行知研學旅行社有限公司)	100.00	Winshare International Cultural Communication Co., Ltd. owns 100% equity interest in such company.
23	Winshare Quan Media (Beijing) Culture Communication Co., Ltd. (文軒全媒(北京)文化傳播有限公司)	100.00	
24	Beijing Aerospace Cloud Education Technology Co., Ltd. (北京航天雲教育科技有限公司)	70.00	
25	Sichuan Xinhua Culture Communication Co., Ltd. (四川新華文化傳播有限責任公司)	100.00	

Corporate Structure of the Group

No.	Company Name	Interests attributable to the Group (%)	Remarks
26	Sichuan Winshare Arts Investment and Management Co., Ltd. (四川文軒藝術投資管理有限責任公司)	100.00	
27	Sichuan Winshare Online E-commerce Co., Ltd. (四川文軒在線電子商務有限公司)	75.00	
27-1	Sichuan Yunhan Internet Media Co., Ltd. (四川雲漢網絡傳媒有限責任公司)	75.00	Winshare Online owns 100% equity interest in such company.
27-2	Sichuan Xingyue Reading Cultural Communication Co., Ltd. (四川興悅閱文化傳播有限公司)	75.00	Winshare Online owns 100% equity interest in such company.
27-3	Sichuan Xuehaizhizhou Cultural Communication Co., Ltd. (四川學海之舟文化傳播有限公司)	75.00	Winshare Online owns 100% equity interest in such company.
27-4	Sichuan Aiyuecheng Cultural Communication Co., Ltd. (四川愛閱城文化傳播有限公司)	75.00	Winshare Online owns 100% equity interest in such company.
27-5	Sichuan Moyuan Cultural Communication Co., Ltd. (四川墨淵文化傳播有限公司)	75.00	Winshare Online owns 100% equity interest in such company.
27-6	Sichuan Tianyuge Cultural Communication Co., Ltd. (四川天宇閣文化傳播有限公司)	75.00	Winshare Online owns 100% equity interest in such company.
27-7	Sichuan Xinyaxuan Cultural Communication Co., Ltd. (四川欣雅軒文化傳播有限公司)	75.00	Winshare Online owns 100% equity interest in such company.
28	Sichuan Xinhua Winshare Media Co., Ltd. (四川新華文軒傳媒有限公司)	100.00	
29	Winshare Sports Culture Development Co., Ltd. (文軒體育文化發展有限公司)	100.00	
30	Sichuan Xinhua Shang Paper Co., Ltd. (四川新華商紙業有限公司)	51.00	
31	Xinhua Winshare Commercial Chain (Beijing) Co., Ltd. (新華文軒商業連鎖(北京)有限公司)	51.00	

Corporate Structure of the Group



Note 2: Joint ventures mainly include the following companies:

No.	Company Name	Interests attributable to the Group (%)	Remarks
1	Hainan Publishing House Co., Ltd. (海南出版社有限公司)	50.00	
2	Sichuan Fudou Technology Co., Ltd. (四川福豆科技有限公司)	38.50	Winshare Investment owns 38.5% equity interest in such company.
3	Sanya Xuan Cai Private Equity Venture Capital Fund Management Co., Ltd. (三亞軒彩私募創業投資基金管理有限公司)	40.00	Winshare Investment owns 40% equity interest in such company, formerly known as Shenzhen Xuan Cai Equity Venture Capital Fund Management Co., Ltd.
4	Liangshan Xinhua Winshare Education Technology Co., Ltd. (涼山新華文軒教育科技有限公司)	49.00	

Note 3: The associates mainly include the following companies:

No.	Company Name	Interests attributable to the Group (%)	Remarks
1	The Commercial Press (Chengdu) Co., Ltd. (商務印書館(成都)有限責任公司)	49.00	
2	Guizhou Xinhua Winshare Book Audio-Visual Product Chainstore Co., Ltd. (貴州新華文軒圖書音像連鎖有限責任公司)	45.00	
3	Fuzhou Winshare Technology Partnership (Limited Partnership) (福州文軒技術合夥企業(有限合夥))	56.34	Winshare Investment owns 56.34% equity interest in such company.
4	Winshare Yinshi (Beijing) Cultural Communication Co., Ltd. (文軒銀時(北京)文化傳播有限公司)	40.00	
5	Sichuan Education and Science Forum Magazine Press Co., Ltd. (四川省教育科學論壇雜誌社有限公司)	40.00	Sichuan Education Publishing House Co., Ltd. owns 40% equity interests in such company.
6	Sichuan Centennial Preschool Educational Management Co., Ltd. (四川百年幼兒教育管理有限公司)	34.00	Formerly known as Sichuan Winshare Preschool Educational Management Co., Ltd.
7	Sichuan Jiaoyang Sihuo Film Co., Ltd. (四川驕陽似火影業有限公司)	24.00	Sichuan Fine Arts Publishing House Co., Ltd. owns 24% equity interest in such company.
8	Ming Bo Education Technology Holdings Co., Ltd. (明博教育科技股份有限公司)	20.40	

Corporate Structure of the Group

No.	Company Name	Interests attributable to the Group (%)	Remarks
9	Ren Min Eastern (Beijing) Book Industry Co., Ltd. (人民東方(北京)書業有限公司)	20.00	
10	Chengdu Winshare Equity Investment Funds Management Co., Ltd. (成都文軒股權投資基金管理有限公司)	45.45	Winshare Investment owns 45.45% equity interest in such company.
11	Sichuan Winshare BLOGIS Supply Chain Co., Ltd. (四川文軒寶灣供應鏈有限公司)	45.00	Wenchuan Logistics owns 45% equity interest in such company.
12	Shanghai Jingjie Information Technology Co., Ltd. (上海景界信息科技有限公司)	42.00	Sichuan Winshare Education Technology Co., Ltd owns 42% equity interest in such company.
13	Xinhua Yingxuan (Beijing) Screen Culture Co., Ltd. (新華影軒(北京)影視文化有限公司)	15.00	
14	Tianjin Tianxi Zhongda Cultural Development Co., Ltd. (天津天喜中大文化發展有限公司)	40.00	Tiandi Publishing House owns 40% equity interest in such company.
15	Hainan Phoenix Xinhua Publishing and Distribution Co., Ltd. (海南鳳凰新華出版發行有限責任公司)	25.00	
16	Sichuan Cuiya Education Technology Co., Ltd. (四川萃雅教育科技有限公司)	18.00	Established in August 2021

Note 4: The invested companies mainly include the following companies:

No.	Company Name	Interests attributable to the Group (%)	Remarks
1	Anhui Xinhua Media Co., Ltd. (安徽新華傳媒股份有限公司)	6.27	
2	Bank of Chengdu Co., Ltd. (成都銀行股份有限公司)	2.21	
3	Jiangsu Hagong Intelligent Robot Co., Ltd. (江蘇哈工智能機器人股份有限公司)	0.02	Sichuan Xinhua Printing owns 0.02% equity interests in such company.
4	Xinhua Internet E-commerce Co., Ltd. (新華互聯電子商務有限責任公司)	1.66	

Management Discussion and Analysis



(I) BUSINESS REVIEW

INDUSTRY OVERVIEW

2021 was the first year of China's "14th Five-Year Plan", and also a crucial year for the high-quality development and integrated innovation development of the press and publishing industry. The country attaches great importance to the work on press and publication. The "National Reading" has been included in the Government Work Report for the eighth consecutive years to advocate national reading, and building a cultural power has become the general goal of the development of the publishing industry. The central and local governments have promulgated a series of supporting policies and project plans for the publishing industry, providing support in areas such as fiscal and taxation, quality publishing, new business development and digital development, boosting the confidence in the development of the industry, promoting the transformation and upgrading of publishing enterprises, and improving quality and efficiency. The launch of the Development Plan for the Period of "14th Five-Year Plan" in the Publishing Industry anchored the goal of building a solid publishing country, and clarified the development plan and specific measures for the publishing industry during the period of "14th Five-Year Plan", which injected strong momentum into the comprehensive promotion of high-quality development of the publishing industry. The newly amended Copyright Law of the People's Republic of China has been officially implemented, providing a strong guarantee for the healthy and orderly development of the publishing industry. The implementation of the "dual reduction" policy will drive the transformation of China's fundamental education model, and the publishing and distribution industry will face new opportunities as well as challenges.

In 2021, the COVID-19 continued globally. Meanwhile, with the effective control of the COVID-19, the national economy continued to recover and the demand for book and cultural consumption gradually recovered. According to the Open Book Data, in 2021, China's book retail market recorded an amount of RMB98,680 million in terms of sales value, representing a slight year-on-year increase of 1.65%, but representing a decrease of 3.51% as compared to 2019, indicating that the sales had not yet restored to pre-pandemic level. As the domestic pandemic prevention and control work had become normalized, the development of online and digital publishing and distribution had been accelerating, and both contents and channels had been continuously evolving. The implementation of the dual reduction policy resulted in the restructuring of compulsory education, summer care and after-school services. While National Reading continued to advance, the publishing industry was guided by high-quality development to improve room for development and stimulate service potential. From the perspective of different channels, the online store channel maintained positive growth while the growth rate slowed down to a year-on-year increase of 1%. Driven by thematic publications, the physical store channel recorded a year-on-year increase of 4.09%, but when compared with 2019, it was still a negative growth of 31.09%. In the post-pandemic era, both the social reading needs and public reading habits experienced new changes, which made the publishing industry undergo a reform in terms of production and operation model, greatly facilitating the progress of integrated development of the publishing industry. The channels and ecosystem of the publishing industry were rapidly changing, with accelerated online and offline integration, emerging new business forms and models and the expanding digital publishing industry. Publishing enterprises are expediting their transformation and upgrading, actively cultivating new momentum while accumulating new capacity to start a new phase of integrated development in the midst of changes.

Management Discussion and Analysis

RESULTS

2021 is the 100th anniversary of the founding of the Communist Party of China and the first year of the national “14th Five-Year Plan”. The Group continued to improve its production and distribution capabilities of high-quality products and creations through the implementation of the “three chains” strategy of “strengthening the chain, upgrading the chain and extending the chain”, thereby promoting the integrated innovation development and achieving steady growth in operating results. During the Year, the Group realized operating income of RMB10,460 million, representing a year-on-year increase of 16.12%, which was mainly attributable to the growth of sales in sectors such as mass publishing, educational services and reading services. Net profit amounted to RMB1,303 million, representing a year-on-year increase of 4.85%, which was mainly attributable to the increase in gross profit brought by sales growth.

Revenue

During the Year, the Group’s revenue amounted to RMB10,460 million, representing an increase of 16.12% as compared to RMB9,008 million in the same period last year, which was mainly attributable to the growth of sales in sectors such as mass publishing, educational services and reading services.

Operating costs

During the Year, the operating costs of the Group amounted to RMB6,647 million, representing an increase of 21.88% as compared to RMB5,454 million in the same period last year. Among which, the principal operating costs amounted to RMB6,634 million, representing an increase of 21.88% as compared with that in the same period last year, which was mainly attributable to the expansion of sales scale. In addition, the Group analyzed and sorted out the expenses related to contract performance costs in the current year, transportation fees and logistics fees arising from the performance of contract obligations in the operating cost were accounted for as contract performance costs accordingly.

Gross profit margin

During the Year, the consolidated gross profit margin of the Group was 36.46%, decreased by 3 percentage points from 39.46% in the same period last year. Among which, the gross profit margin of principal businesses was 35.56%, decreased by 3.1 percentage points from 38.66% in the same period last year, mainly due to the fact that during the current year, the Group included the transportation fees and logistics fees arising from the performance of contract obligations in the operating cost accounting as contract performance costs. Excluding this factor, the gross profit margin of principal businesses was basically the same as that of the prior year.

Management Discussion and Analysis



Details of the principal businesses by product and by region are as follows:

RMB

Product	Principal business by product					
	Operating income	Operating costs	Gross profit margin (%)	Change of operating income as compared with prior year (%)	Change of operating costs as compared with prior year (%)	Change of gross profit margin as compared with prior year (ppt)
I. Publication	2,826,553,513.10	1,855,430,118.87	34.36	15.93	19.56	(1.99)
Textbooks and supplementary materials	1,615,686,656.08	905,225,178.17	43.97	12.10	11.32	0.39
General books	809,571,981.81	611,125,128.44	24.51	19.47	29.01	(5.58)
Printing and supplies	336,417,613.70	301,275,390.76	10.45	26.75	26.87	(0.08)
Newspapers and journals	48,164,073.79	26,714,236.17	44.53	33.95	44.51	(4.06)
Others	16,713,187.72	11,090,185.33	33.64	(6.87)	21.98	(15.70)
II. Distribution	9,022,137,526.88	6,325,045,198.20	29.89	15.69	19.22	(2.08)
Textbooks and supplementary materials	5,366,021,188.96	3,250,109,964.70	39.43	12.45	16.52	(2.12)
General books	3,175,310,140.34	2,673,447,777.39	15.81	31.89	34.07	(1.36)
Education informatized and equipment business	373,135,162.51	311,572,893.69	16.50	(32.79)	(35.09)	2.96
Others	107,671,035.07	89,914,562.42	16.49	82.64	113.52	(12.08)
III. Others	456,681,329.69	421,172,862.25	7.78	12.78	16.13	(2.65)
Inter-segment elimination total	(2,011,569,166.37)	(1,968,098,244.17)				
Total	10,293,803,203.30	6,633,549,935.15	35.56	16.01	21.88	(3.10)

Management Discussion and Analysis

RMB

Region	Principal business by region					
	Operating income	Operating costs	Gross profit margin (%)	Change of operating income as compared with prior year (%)	Change of operating costs as compared with prior year (%)	Change of gross profit margin as compared with prior year (ppt)
Within Sichuan Province	7,261,837,416.85	4,033,948,955.14	44.45	11.94	18.92	(3.26)
Outside Sichuan Province	3,031,965,786.45	2,599,600,980.01	14.26	27.07	26.77	0.20

RMB

Sales model	Principal business by sales model					
	Operating income	Operating costs	Gross profit margin (%)	Change of operating income as compared with prior year (%)	Change of operating costs as compared with prior year (%)	Change of gross profit margin as compared with prior year (ppt)
Publication	2,826,553,513.10	1,855,430,118.87	34.36	15.93	19.56	(1.99)
Distribution	9,022,137,526.88	6,325,045,198.20	29.89	15.69	19.22	(2.08)
Including: Education services	5,846,827,386.54	3,651,597,420.81	37.55	8.56	10.27	(0.96)
Online sales	2,260,461,503.91	2,022,753,037.45	10.52	38.98	43.52	(2.82)
Retailing	715,926,178.41	488,975,792.61	31.70	21.04	25.01	(2.17)
Others	198,922,458.02	161,718,947.33	18.70	2.22	(16.35)	18.05
Others	456,681,329.69	421,172,862.25	7.78	12.78	16.13	(2.65)
Including: Logistics services	440,564,135.05	412,657,507.09	6.33	12.05	16.35	(3.46)
Inter-segment elimination total	(2,011,569,166.37)	(1,968,098,244.17)				
Total	10,293,803,203.30	6,633,549,935.15	35.56	16.01	21.88	(3.10)



ANALYSIS OF OPERATING DATA

1. Overview of Principal Business Segments

The Group's businesses are divided into two reportable segments, namely the publication segment and the distribution segment.

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

RMBO,000

	Sales volume (10,000 copies)			Sales value			Operating income			Operating costs			Gross profit margin (%)		
	Prior year	Current period	Growth rate (%)	Prior year	Current period	Growth rate (%)	Prior year	Current period	Growth rate (%)	Prior year	Current period	Growth rate (%)	Prior year	Current period	Growth rate (ppt)
Publication segment:															
Self-compiled textbooks and supplementary materials	11,877.94	14,258.86	20.04	130,375.56	160,112.40	22.81	66,141.74	80,659.86	21.95	31,890.91	35,536.02	11.43	51.78	55.94	4.16
Plate-leased textbooks and supplementary materials	14,945.24	15,660.60	4.79	114,652.44	119,926.26	4.60	72,294.15	75,078.87	3.85	44,525.79	49,981.94	12.25	38.41	33.43	(4.98)
General books	5,960.29	6,870.62	15.27	239,813.53	311,450.96	29.87	67,762.47	80,957.20	19.47	47,371.19	61,112.51	29.01	30.09	24.51	(5.58)
Printing of textbooks and supplementary materials on behalf of others	1,508.83	1,834.28	21.57	8,534.99	8,727.51	2.26	5,694.76	5,829.94	2.37	4,897.31	5,004.56	2.19	14.00	14.16	0.16
Distribution segment:															
Textbooks and supplementary materials	47,808.39	51,081.65	6.85	497,051.13	560,938.88	12.85	477,190.22	536,602.12	12.45	278,929.73	325,011.00	16.52	41.55	39.43	(2.12)
General books	9,203.40	12,151.21	32.03	440,028.57	583,823.90	32.68	240,761.68	317,531.01	31.89	199,412.44	267,344.78	34.07	17.17	15.81	(1.36)

Management Discussion and Analysis

2. Operating data of various business segments

(1) Publication segment

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

During the Year, revenue from the sales of the publication segment amounted to RMB2,827 million, representing growth of 15.93% as compared with RMB2,438 million during the same period of last year, mainly benefitting from the sales growth of textbooks and supplementary materials publication, general book publication and printing materials during the Year.

During the Year, gross profit margin of the publication segment was 34.36%, representing a decrease of 1.99 percentage points as compared with 36.35% during the same period of last year, which was attributable to the decrease in gross profit margin for the general book publication during the Year.

Major cost breakdown of the publication segment:

RMB0,000

	Publication of textbooks and supplementary materials			Publication of general books		
	Prior year	Current period	Growth rate (%)	Prior year	Current period	Growth rate (%)
Plate-leased textbooks and supplementary materials expenses	8,441.48	9,641.11	14.21	N/A	N/A	N/A
Copyright fee	3,163.64	3,046.86	(3.69)	N/A	N/A	N/A
Author's remuneration	3,455.49	5,402.47	56.34	14,810.28	17,168.69	15.92
Printing costs	24,162.04	25,164.68	4.15	19,544.58	25,083.07	28.34
Logistics costs	–	–	–	–	2,085.05	N/A
Paper costs	40,111.19	44,768.85	11.61	9,489.68	11,991.86	26.37
Documentation fee	929.68	772.75	(16.88)	3,084.39	3,896.83	26.34
Others	1,050.49	1,725.80	64.28	442.26	887.01	100.56

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

Management Discussion and Analysis



Textbooks and supplementary materials publication business

Sichuan Education Publishing House, a subsidiary of the Company, obtained the permit for book publication (Xin Chu Tu Zheng [Chuan] No. 004) from the State Administration of Press, Publication, Radio, Film and Television of the PRC with a validity from 1 January 2014 to 31 December 2029, and is qualified for the publication of supplementary materials on all subjects of primary and secondary schools.

In 2021, according to the changes in national education policies and the demand from compulsory education for teaching practice, the Group carried out revision, re-editing and upgrade for more than 20 series of books including Information Technology 《信息技術》 and Dianjin Xunlian 《點金訓練》 to improve product quality in four aspects including content, design, editing and printing. More than 100 supplementary materials were newly launched, including Guidelines for Labor Education 《勞動教育指南》, Chinese Language Early Reading Textbook 《語文早讀課本》 and Three Syllabuses and Five Disciplines Guidance Plan 《三環五學導學案》, which received good market response. At the same time, the Group actively and steadily pushed ahead the integrated development of education products and media. The innovative teaching mode of supplemental materials on media convergence including AR Tips for Exam Preparation (Junior High Geography•China) 《AR 備考秘笈(初中地理•中國冊)》 and AR Tips for Exam Preparation (Junior High Geography•World) 《AR 備考秘笈(初中地理•世界冊)》 has successfully solved the pain points and difficulties in teaching, and received wide recognition from teachers and students. National standard textbooks such as English for Primary School Students 《小學英語》, A Century Years Old Children's Folk Rhymes 《百歲童謠》 and "Reading Curriculum of Masterpieces by Famous Authors" (名家名作閱讀課程化書系) have set up exclusive channels on Himalaya platform to provide users with high-quality online knowledge services. The functions of the "Sichuan Education Learning App" developed have been gradually optimized with richer online content resources, and the number of users has increased steadily. 48 e-books were launched on the OverDrive platform, and the digital copyright output has achieved a new breakthrough.

During the Year, the value from the sales of textbooks and supplementary materials under the Group's publication segment amounted to RMB2,888 million. The sales revenue amounted to RMB1,616 million, representing an increase of 12.10% as compared with that in the same period last year. The cost of sales amounted to RMB905 million, representing an increase of 11.32% as compared with that in the same period last year. The gross profit margin was 43.97%, increased by 0.39 percentage points from the same period last year.

Management Discussion and Analysis

General book publication business

Adhering to the “three key” publishing concepts, the Group implemented the “three chains” development strategy, and has achieved remarkable results in high-quality development. According to the Open Book Data, during the Year, a total of 51 book genres of the Group were among the Top 500 best-selling book genres in China’s book retail market, increased by 3 genres as compared to that in the same period last year, topping 50 genres for the first time. There were 45 book genres with sales volume of 300,000 copies, increased by 15 book genres as compared with that in the same period last year, while there were 248 book genres with sales volume between 20,000 and 100,000 copies. There were 44 product lines with sales value at RMB10 million-level, among which 6 product lines were at RMB50 million-level, 5 product lines at RMB100 million-level, and 2 product lines at over RMB300 million of sales value.

In 2021, the Group focused on the thematic publication work, organized the publication of a large number of excellent thematic publications such as Feng Lei Ding 《風雷頂》, Qing Feng Yong Kai 《清風永開》, People Who Light Up The Sky 《點亮星空的人們》, Chuan Xiang Zhuan 《川鄉傳》 and Poverty Alleviation People On The Long March Road 《長徵路上的扶貧人》. The Group steadily advanced the publication project of the “Third Pole” and the book series publication project of Sichuan Historical Celebrities (the second batch), and developed the publishing product line of “Sanxingdui” featuring archaeological knowledge. Remarkable results were achieved in brand building. For instance, excellent original picture books launched by Mingqin Workshop, including Xun Long Sanxingdui 《尋龍三星堆》, The Great Love Of Father 《爸爸的愛很大》 and PANDA Hi 《我是胖大海》, were selected as recommended high-quality children’s picture books by the Ministry of Education. The “Tianxi Culture” historical product line has entered the live broadcast book lists of Tik Tok experts such as Zhang Chenliang, Fan Deng and Yu Minhong. “Whale Song” (鯨歌) published more than 40 new books during the Year. “Golden Russian Series” (金色俄羅斯叢書), Yi Ce Qing Liang 《一冊清涼》 and other works were honored to be funded by the National Publication Foundation and receive the Sanmao Prose Award (三毛散文獎). “Yi Juan Workshop” (壹卷工作室) signed contracts for the works of Ge Jianxiong, Sang Bing, Meng Xianshi and other scholars, while the series of “Analyzing the World and History” (論世衡史) and “Classics and Interpretation” (經典與解釋) were widely praised in the academic field. In the meantime, “Wenbo Publishing Center” signed a strategic cooperation agreement with the Sichuan Cultural Heritage Archaeology Research Institute and Guanghan Sanxidui Museum to publish more than 10 featured books such as Encounter With Sanxingdui 《遇見三星堆》.



Management Discussion and Analysis

During the Year, the Group proactively adapted to the new normal of “online + offline” publication trade by participating in more than 10 foreign book exhibitions such as London Book Fair and Frankfurt Book Fair, as well as special events such as the “Asian Classics Translation Program” and “Walking into Sanxingdui to Read and Understand Chinese Civilization”, while hosting nationwide major events such as the “Belt and Road” publication cooperation exchange meeting. The Group realized exports of 563 copyrights including Unbroken History Of Civilization 《不断裂的文明史》, representing a year-on-year increase of 18% and maintaining a leading position in China. The sales value for the exports of physical books and journals amounted to RMB4,800,000, representing a year-on-year increase of 17%. In 2021, six publishing houses under the Group were shortlisted as “Top 100 Influential Overseas Collections of Chinese Books”, positioning among the top of publishing groups in China in terms of the number of publishing houses and genres selected. The Company, together with its Youth and Children’s Publishing House and Tiandi Publishing House, were rated as key enterprises for the export of Chinese culture for 2021 to 2022 by the Ministry of Commerce, while the “South Asia Publishing Center” was rated as a key project for the export of Chinese culture for 2021-2022. Moreover, nearly 30 book genres were shortlisted as the national “Going Out” projects, including “Silk Road Books” and “Classics China”.

During the Year, the value from the sales of general books under the Group’s publication segment amounted to RMB3,115 million. The sales revenue amounted to RMB810 million, increased by 19.47% from the same period last year, mainly due to the impact of the outbreak of COVID-19 in the first half of last year, which brought significant impacts on the editing, printing and distribution of self-published books. The cost of sales was RMB611 million, increased by 29.01% from the same period last year; the gross profit margin was 24.51%, decreased by 5.58 percentage points from the same period last year, which was mainly due to the larger sales discount offered and the adjustment of contract performance costs.



Good books of Winshare

Management Discussion and Analysis

Newspapers and journal business

The Group has 13 newspaper and journal brands (comprising 2 newspapers and 11 journals, including newspapers and journals run by the publishing houses), covering culture, children, popular science, fashion and other categories. The audience covers all age groups from infants to middle-aged and elderly people.

During the Year, the newspapers and journal publication of the Group adhered to the concept of high-quality development, and the number of both original reports and readership continued to grow. There were 576 original works of Reader's Journal Press, increased by 30% year-on-year. 83% of the tweets of the official account of Publishing Commercial Weekly were original while 99% of the works of the 3D communication platform Watch Panda were original. There were 111,200 user-end downloads added to Diyiduzhe, increased by 140% year-on-year.

During the Year, 16,951,800 copies were distributed by the newspapers and journal business of the Group. The sales revenue amounted to RMB48,164,100, increased by 33.95% from the same period last year. The selling expenses amounted to RMB26,714,200, increased by 44.51% from the same period last year. The gross profit margin was 44.53%, dropped by 4.06 percentage points from the same period last year, which was mainly due to the larger sales discount offered of newspaper distribution business and the decline in advertising income.

(2) Distribution segment

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

During the Year, revenue from the sales of the distribution segment amounted to RMB9,022 million, representing growth of 15.69% as compared with RMB7,799 million during the same period of last year, mainly benefitting from the sales growth of textbooks and supplementary materials and general book distribution.

During the Year, gross profit margin of the distribution segment of the Group was 29.89%, down by 2.08 percentage points from 31.97% during the same period of last year, mainly due to the inclusion of the transportation fees and logistics fees arising from the performance of contract obligations in the operating cost accounting as contract performance costs. Excluding this factor, the gross profit margin of the distribution segment was 32.97%, representing a year-on-year increase of 1 percentage point.

Management Discussion and Analysis



Textbooks and supplementary materials distribution business

The Company is the only enterprise in Sichuan Province possessing the qualifications to engage in the distribution of primary to secondary textbooks. Being the sole source supplier in Sichuan Province regarding the supply of textbooks to primary and secondary school students during their compulsory education, the Company enters into the “purchase contract regarding free textbooks for students in urban-rural areas during compulsory education” (城鄉義務教育階段學生免費教科書採購合同書) with Sichuan’s provincial education office each school year. In 2021, the Company entered into the “government purchase contract regarding free textbooks for students during compulsory education in Sichuan Province from 2021 to 2022” (四川省 2021-2022 學年義務教育階段學生免費教科書政府採購合同書).

During the Year, 511 million copies of textbooks and supplementary materials with sales value of RMB5,609 million were sold by the Group. The sales revenue amounted to RMB5,366 million, increased by 12.45% as compared with that in the same period last year. The cost of sales amounted to RMB3,250 million, representing an increase of 16.52% as compared with that in the same period last year. The gross profit margin was 39.43%, decreased by 2.12 percentage points from the same period last year, which was mainly due to the impact of adjustments in contract performance costs. If such factor was excluded, the gross profit margin would have increased by 1.15 percentage points from the same period last year.

Education informatized and equipment business

The Group provided products and services including subject classroom, innovation education space and smart campus. During the Year, the Group seized the market opportunities arising from national policies such as new college entrance exam curriculum reform and education informatized 2.0 action plan, and further developed in the two directions of “integrated business” and “application-oriented business” focusing on the needs of different school semesters to provide corresponding products and services. The education informatized and equipment business achieved sales revenue of RMB373 million during the Year, representing a decrease of 32.79% as compared with that in the same period last year, mainly because after several years of development, the education informatized and equipment business has now entered the stage of promoting and optimizing applications from the focus on infrastructure, with scattered demand and of smaller scale. At the same time, the Company also voluntarily gave up projects with low gross profit and no guarantee for capital recovery. The cost of sales amounted to RMB312 million, representing a decrease of 35.09% as compared with that in the same period last year. Gross profit margin was 16.50%, increased by 2.96 percentage points from that in the same period last year.

Management Discussion and Analysis

General books distribution business

During the Year, the Group further improved the online and offline distribution channel system. While improving the operation of offline physical bookstores, the Group pushed ahead the online business development of traditional physical bookstores through online distribution, community operation and live-streaming sales. In addition to creating the new pattern of omni-channel and multi-scenario online reading services, the Group improved the refined operation on self-built official website, Tmall, JD.com and Pinduoduo channels, and actively explored the business model in relation to new media channels such as TikTok and Kuaishou. During the Year, the Group's general book distribution business achieved better results with a much higher sales growth rate than the overall year-on-year growth in China's book retail market of 1.65% in 2021.

During the Year, 122 million copies of general books with sales value of RMB5,838 million were sold by the Group. The sales revenue amounted to RMB3,175 million, increased by 31.89% as compared with that in the same period last year. The cost of sales amounted to RMB2,673 million, increased by 34.07% as compared with that in the same period last year. The gross profit margin was 15.81%, decreased by 1.36 percentage points as compared with the same period last year. In particular, the revenue from online sales amounted to RMB2,260 million, increased by 38.98% as compared with that in the same period last year, mainly benefitting from the continuous expansion of the "full-network chain distribution" mode, the improvement of the operation of refined categories, and the promotion effect of technical means for commodity organizations/logistics organizations. Among which, the sales revenue secured through third-party e-commerce platforms amounted to RMB1,633 million, accounting for 72.22% of the total revenue of online sales business.

(II) ANALYSIS OF OPERATING RESULTS AND FINANCIAL PERFORMANCE

Expenses

During the Year, the Group's selling expenses amounted to RMB1,121 million, representing a decrease of 5.35% as compared to RMB1,184 million in the same period last year, mainly due to increase in labor cost, promotion and other expenses brought by the sales growth during the Year as compared with prior year, and the year-on-year decrease in sales expenses was due to the fact that the transportation and logistics expenses incurred in performing the contractual obligations were included in the operating cost accounting during the Year.

During the Year, the Group's administrative expenses amounted to RMB1,453 million, representing an increase of 20.63% as compared to RMB1,205 million in the same period last year, mainly due to the fact that the Group no longer enjoyed the relevant national social security exemption policies to mitigate the impact of COVID-19, resulting in an increase in labor costs such as basic pension insurance as compared with that in prior year. In addition, depreciation of fixed assets and corporate-related operating expenses have also increased.

Management Discussion and Analysis



During the Year, the Group's finance expenses amounted to RMB-80,383,900 as compared to RMB-45,819,600 in the same period last year, the change of which was mainly due to the increase in interest income derived from bank deposits as compared with that in prior year.

During the Year, the Group's R&D expenses amounted to RMB3,793,700, representing an increase of 24.85% as compared to RMB3,038,700 in the same period last year, which was mainly due to the R&D commitments for the new study tour business during the Year.

Gain from changes in fair value

During the Year, the Group's gain from changes in fair value amounted to RMB71,685,900, representing a decrease of 29.46% as compared with a gain from changes in fair value of RMB101,627,000 in the same period last year, mainly due to the changes in the gain from changes in fair value of projects held by funds invested by the Group such as Citic Buyout Fund and Winshare Hengxin.

Investment income

During the Year, the Group's investment income amounted to RMB112 million, representing a decrease of 33.92% as compared to RMB170 million in the same period last year, which was mainly due to the decrease in the income from bank wealth management and the investment income of Winshare Investment, a subsidiary of the Company, in Fuzhou Winshare, an associate, audited and recognized under equity method during the Year as compared with that in the same period last year.

Other incomes and non-operating income/expenses

During the Year, the Group's other incomes amounted to RMB81,146,500, representing a decrease of 11.66% as compared to RMB91,859,800 in the same period last year, which was mainly due to the decrease in refund of value-added tax received during the Year when compared with the prior year.

During the Year, the Group's non-operating income amounted to RMB4,369,000, representing a decrease of 78.62% as compared to RMB20,438,900 in the same period last year, mainly due to more compensation received by the Group for demolition and relocation and land requisition last year.

During the Year, the Group's non-operating expenses amounted to RMB51,263,400, representing a decrease of 34.55% as compared to RMB78,329,900 in the same period last year, which was mainly due to the decrease in external donation of the Group during the Year.

Management Discussion and Analysis

Gains on asset disposal

During the Year, the Group's gain on asset disposal amounted to RMB2,015,700, representing an increase of 690.39% as compared to RMB255,000 in the same period last year, which was mainly due to the gain of nearly RMB2,000,000 obtained by Winshare Sports, a subsidiary of the Company, from disposing a land use right during the Year.

Income tax expenses

During the Year, the Group's income tax expenses amounted to RMB5,452,800, representing a decrease of 33.26% as compared to RMB8,170,600 in the same period last year, which was mainly due to the changes in deferred income tax expenses brought by the changes in fair value of Winshare Hengxin and other funds held by Winshare Investment, a subsidiary of the Company, and the impact of deductible losses on income tax expenses.

Other comprehensive income

During the Year, the Group's net other comprehensive income after tax amounted to RMB161,264,800, representing an increase of 336.22% as compared to RMB36,968,400 in the same period last year, which was mainly due to the fluctuations of market price of the shares of listed companies held by the Company such as Wan Xin Media and Bank of Chengdu.

Profit

During the Year, the Group achieved a net profit of RMB1,303 million, representing an increase of 4.85% as compared with that in the same period last year. Net profit attributable to the shareholders of the Company amounted to RMB1,306 million, representing an increase of 3.42% as compared with that in the same period last year. Net profit attributable to the shareholders of the Company after non-recurring gain or loss amounted to RMB1,311 million, representing an increase of 11.93% as compared with that in the same period last year, which was mainly attributable to the increase in gross profit brought by the increase in sales.

Earnings per share

Earnings per share is calculated based on the net profit attributable to the shareholders of the Company for the Year divided by the weighted average number of the ordinary shares in issue during the Year. During the Year, earnings per share of the Group amounted to RMB1.06, which increased by 3.92% as compared to RMB1.02 in the same period last year. For details regarding the calculation of earnings per share, please refer to Note (VI) 51 to the consolidated financial statements in this annual report.



R&D COMMITMENTS

Breakdown of R&D commitments

	<i>RMB</i>
R&D expenses for the current year	3,793,741.38
R&D commitments capitalized for the current year	27,148,273.22
Total R&D commitments	30,942,014.60
Total R&D commitments as a percentage of revenue (%)	0.30
Total no. of R&D personnel of the Company	18
No. of R&D personnel as a percentage of total no. of personnel of the Company (%)	0.24
Percentage of R&D commitments capitalized (%)	87.74

The R&D commitments of the Group amounted to RMB30,942,000, representing an increase of 58.39% as compared to RMB19,535,900 in the same period last year, mainly due to the increase in R&D commitments for education informatized business of the Group.

ANALYSIS OF CHANGES IN CASH FLOW

During the Year, cash flow from operating activities of the Group amounted to net inflow of RMB2,047 million representing an increase of 12.56% as compared to net inflow of RMB1,819 million in the same period last year, mainly benefiting from the increase of net cash inflow from operating activities due to sales growth of the textbook and online sales businesses during the Year.

During the Year, cash flow from investing activities of the Group amounted to net outflow of RMB1,279 million, as compared to net inflow of RMB1,032 million in the same period last year, mainly due to the investment fund of RMB317 million in Hainan Phoenix paid during the Year and the increase of approximately RMB800 million in time deposits allocated for more than three months as compared with prior year. The net inflow of prior year was mainly due to the recovery of matured bank wealth management products.

During the Year, cash flow from financing activities of the Group amounted to net outflow of RMB512 million, which was basically the same as net outflow of RMB504 million in the same period last year.

Management Discussion and Analysis

The major items of cash flow changes are set out below:

RMB

Item	2021	2020	Change (%)	Analysis of major changes
Cash receipts from disposals and recovery of investments	350,201,840.69	3,310,783,519.96	(89.42)	Mainly due to the decrease in the amount of the matured wealth management products recovered during the Year.
Cash receipts from investment income	73,149,634.02	188,342,215.83	(61.16)	Mainly due to the decrease in income from wealth management products received during the Year as compared with that in the prior year, and the significant decrease in dividend received by Winshare Investment, a subsidiary of the Company, as compared with that in the prior year.
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	3,947,138.21	2,963,890.24	33.17	Mainly due to the disposal payment of a land use right received by Winshare Sports, a subsidiary of the Company, during the Year.
Other cash receipts relating to investing activities	–	81,760,506.83	(100.00)	Mainly due to the changes in the use of restricted capital.
Cash from investment payments	632,154,425.63	2,065,455,965.68	(69.39)	Mainly due to the large amount of relevant cash outflow caused by the rolling purchase of bank wealth management products due and recovered in the prior year and the investment fund of RMB317 million in Hainan Phoenix paid during the Year.
Other cash payments relating to investing activities	800,000,000.00	240,000,000.00	233.33	The increase in cash outflow in term deposits of more than three months.

Management Discussion and Analysis



ASSETS AND LIABILITIES ANALYSIS

As at 31 December 2021, the position of the Group's major assets and liabilities and their movements are as follows:

RMB

Item	At the end of the current period	Amount as at the end of the current period as a percentage of the total assets (%)	At the end of the prior period	Amount as at the end of the prior period as a percentage of the total assets (%)	Percentage change in the amount from the end of the prior period to the end of the current period (%)	Explanation of situation
Held-for-trading financial assets	20,945.15	0.00	6,510,463.20	0.04	(99.68)	Mainly due to the non-purchase of bank wealth management products upon maturity.
Notes receivable	10,545,962.27	0.06	4,344,936.39	0.03	142.72	Mainly due to the increase in settlement of the balance of receivables by notes for logistics business at the end of the Year as compared with that at the beginning of the Year.
Contract assets	34,660,471.53	0.18	-	-	-	The item represented receivables (non-unconditional rights to payment) such as retention money which would only be collected at the end of the warranty period without significant quality problems.
Other current assets	502,276,759.44	2.68	86,231,460.17	0.51	482.48	Mainly due to the addition of time deposits that were held for more than three months and due within one year with no intention to withdraw in advance during the Year.
Long-term receivables	143,479,125.91	0.76	313,418,082.51	1.85	(54.22)	Mainly due to the decrease in closing balance of receivables as compared to the opening balance as a result of the fact that the receivables of education informatized and equipment business, which adopted collection by instalments, were transferred to "accounts receivable" and "non-current assets due within one year" as the agreed payment period approached.

Management Discussion and Analysis

RMB

Item	At the end of the current period	Amount as at the end of the current period as a percentage of the total assets (%)	At the end of the prior period	Amount as at the end of the prior period as a percentage of the total assets (%)	Percentage change in the amount from the end of the prior period to the end of the current period (%)	Explanation of situation
Construction in progress	144,794,764.90	0.77	37,670,169.58	0.22	284.38	Mainly due to the increase in investment in the Publishing and Media Creativity Center secondary installation project.
Development expenditure	2,561,158.72	0.01	18,870,289.43	0.11	(86.43)	Mainly due to the decrease in the balance of assets formed by the settlement of education informatized R&D projects.
Other non-current assets	791,530,359.26	4.22	350,933,345.43	2.07	125.55	Mainly due to the addition of time deposits during the Year with no intention to withdraw in advance within one year.
Other payables	386,886,795.47	2.06	655,979,050.64	3.87	(41.02)	Mainly due to the inclusion of the investment fund of RMB317 million due to Hainan Phoenix into the opening balance, which was paid in January 2021.
Deferred income	31,146,881.78	0.17	45,644,566.05	0.27	(31.76)	Mainly due to the decrease in the balance of the special subsidy received by the Group as the projects were settled and carried forward.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2021, the Group had cash and short-term deposits of approximately RMB6,040 million (31 December 2020: RMB5,786 million). The Group did not have any interest-bearing bank and other borrowings.

As at 31 December 2021, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 40.82%, which was basically the same as compared with 40.90% as at 31 December 2020. The Group's overall financial structure remained relatively stable.



CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2021, the balance of deposits of the Group amounting to RMB13,675,200 (31 December 2020: RMB19,453,700) was pledged as security deposits placed with the bank for the issuance of the bank's acceptance bill and letter of guarantee. Save as disclosed above, the Group did not have any other assets under pledge or guarantee.

FOREIGN EXCHANGE RISK

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

WORKING CAPITAL MANAGEMENT

	<i>RMB</i>	
	31 December 2021	31 December 2020
Current ratio	1.5	1.5
Inventory turnover days	133.8	143.5
Trade receivables turnover days (Note)	61.0	74.1
Trade payables turnover days	273.4	296.7

As at 31 December 2021, the current ratio of the Group was 1.5, which was the same as compared with that at the end of last year. During the Year, inventory turnover days were 133.8 days, which decreased by 9.7 days as compared with that of last year. Trade receivables turnover days were 61.0 days, which decreased by 13.1 days as compared with that of last year. Trade payables turnover days were 273.4 days, which decreased by 23.3 days as compared with that of last year, mainly due to the increase in the turnover rates of inventory, trade receivables and trade payables as the impact of COVID-19 reduced during the Year. The above indicators reflect that the operations of the Group are relatively stable. The turnover days of inventory, trade receivables and trade payables are in line with the publication and distribution business and the industry features.

Note: The trade payables turnover days were calculated based on the aggregate amount of accounts receivable and long-term receivables due within one year.

Management Discussion and Analysis

OVERVIEW OF SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the Year, the Group focused on its growth strategies and improved existing industrial layout. While developing its principal businesses, the Group pushed ahead the integration of business and finance with a view to establishing the Group as a first-class cultural media group in the PRC.

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

In order to improve the utilization efficiency of the Company's assets, in December 2021, the Board of the Company considered and resolved to propose subscription of not more than 177,174 board lots of convertible bonds (10 convertible bonds per board lot) (subject to the actual placing announced by Bank of Chengdu) to be preferentially placed by Bank of Chengdu to the Company with the Company's own funds of not more than RMB177,174,000. On 3 March 2022, the Company completed the full subscription of 1,771,200 convertible bonds of Bank of Chengdu, with a par value of RMB100 each.

The Company was interested in 80,000,000 shares of Bank of Chengdu, representing a shareholding ratio of 2.21%. The investment cost was RMB240 million. During the Year, the Company received a dividend amounting to RMB36.8 million from Bank of Chengdu. As at 31 December 2021, the market capitalization of the shares held by the Company in Bank of Chengdu was RMB960 million.

The Company was interested in 6.27% of the shares of Wan Xin Media. During the Year, the Company received a dividend income of RMB19,942,400. As at 31 December 2021, the market capitalization of the shares held by the Company in Wan Xin Media was RMB647 million.

Wan Xin Media and Bank of Chengdu are financial investments of the Company which generate attractive dividend income to the Group for the period and generate higher capital appreciation to the Group in the future. The Company will monitor the price trends of the A share market and these two stocks from time to time. Coupled with the funding needs for industrial development, the Company will formulate corresponding investment strategies so as to generate finance income to the Company in a continuous and steady manner.

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

During the Year, details of the external investments made by the Group are set out in Notes (VI) 12, 13 and 14 to the consolidated financial statements in this annual report.

Management Discussion and Analysis



Information of the major subsidiaries

RMBO,000

Name of subsidiary	Nature of business	Shareholding percentage (%)	Registered capital	2021		31 December 2021	
				Operating income	Net profit	Total assets	Net assets
Sichuan Education Publishing House Co., Ltd.	Publication of books	100	1,000.00	96,322.25	47,265.01	165,735.80	94,546.98
Sichuan Publication Printing Co., Ltd.	Plate-leased printing of textbooks	100	5,000.00	35,609.47	10,864.80	91,948.17	69,236.92
Sichuan Youth and Children's Publishing House Co., Ltd.	Publication of books	100	11,000.00	28,560.65	7,193.97	71,186.85	58,400.85
Sichuan Printing Materials Co., Ltd.	Wholesaling and retailing of commodities	100	3,000.00	57,756.37	724.15	40,629.21	5,246.54
Sichuan Winshare Education Technology Co., Ltd.	Software development and sales of electronic equipment	100	33,000.00	27,760.37	(5,837.11)	109,173.28	25,522.27
Sichuan Winshare Online E-commerce Co., Ltd.	Online sales of various products	75	6,000.00	289,951.23	337.76	289,692.49	(9,128.05)

FUTURE PROSPECTS

(I) Growth strategy

With the goal of becoming an internationally influential comprehensive cultural service group, the Company, by focusing on the principal publishing and media business and innovate the industrial development model, and by capitalizing on the two-wheel driven strategy of "technology + capital", will push ahead the upgrade of the publishing and media industry chain, and build a premium system covering four major segments namely creative content publishing, education services, cultural consumption services and supply chain services as well as the investment and financing system that features capital operations, so as to meet the needs of the public for a better cultural life, while developing itself into the most innovative and fast-growing publishing and media enterprise in China.

Management Discussion and Analysis

(II) Operating plans

The Group will thoroughly implement the strategic deployment of “Revitalizing the publishing industry in Sichuan Province” of the Sichuan Provincial Party Committee and the Sichuan Provincial Government, continue to promote the “three chains” strategy to strengthen the mass publishing and distribution industry chain and the education publishing and distribution industry chain, while advancing the upgrading and transformation of the Group’s traditional industry chain to the smart industry chain for the extension of industry chain advantages to the exterior, thereby creating a new growth pole for industrial development.

1. Continue to improve its thematic publishing capabilities, consolidate its existing publishing advantages, push ahead the key publication projects while deepening the copyright operations to drive the integrated publishing for the refined operation and diversified modes of development of the industry chain of mass publishing and education publishing, thereby continuously building the “Winshare Publishing” brand.
2. Constantly adapt to the new environment of education development by changing thoughts, adjusting structure and altering methods in the face of the opportunities and challenges brought by policy changes such as “dual reduction”, new college entrance exam reform and vocational education reform. While driving the integrated development of online and offline education service channels to enhance comprehensive education service capabilities, as well as the transformation and development of the education informatized and equipment business from the product integration model to the operation service model, the Group will further explore new demands in the education service market within the province, actively expand diversified businesses such as labor and practice education, teachers’ training and after-school extended service, so as to extend the education service industry chain.
3. Strengthen the “full-network chain distribution” model with accelerated operation of new media channels to consolidate and expand the market share of Internet business; bolster genre operation capability and optimize the business model of content creation and channel integration; enhance the construction of supply chain collaborative service capability for higher sales, marketing capabilities of partners and their ability to serve end consumers through technology, data and other services; constantly improve the construction of Internet reading service system, proactively carry out diversified reading activities to reinforce the building of a three-dimensional brand image.
4. Continue to improve quality and efficiency of physical bookstores in terms of in-store operations, while increasing investment in terms of out-store business, so as to expand business size. At the same time, the Company will make every effort to ensure the subscription, distribution and service guarantee of current political publications, and upgrade the integrated online and offline marketing system to create new space for cultural consumption services.
5. Optimize the layout of logistics network with ongoing digital construction of logistics services, while reasonably controlling logistics operation costs to expand the third-party logistics market and improve comprehensive logistics service capability.
6. Integrate quality social resources, enhance the investment expansion capabilities and post-investment management level and constantly contribute to the revenue from capital operation to drive synergistic development between the Group’s industrial operations and capital operations.



(III) POTENTIAL RISKS

The Group has formulated sound business objectives and optimized the operating plans. However, changes in the industry and tax policies may affect the Group's market size, profitability and subsequent development. The Group will keep close watch on the changes in the industry and tax-related policies, further strengthen its policy research capabilities for constant improvement in operational flexibility as well as the level of operation and management to ensure the achievement of business objectives.

With the rapid rise of information technology and mobile Internet, advanced technologies such as big data, cloud computing and AI have been reshaping the forms and management models of traditional publishing business. Various new business forms and new models have been emerging, which bring development opportunities and a series of challenges to the Company's traditional publishing business. The Group will continue to conduct in-depth research on the development trends of the integration of industry and technology, enhance information capture capability and quick response capability, and further improve the technological innovation mechanism, and strengthen the management of technological innovation decision-making, R&D investment and organization implementation.

In recent years, the online and offline integration of the publishing industry has been intensifying. The book channel has shown a diversified pattern, and the cross-sector competition among emerging Internet enterprises has also become increasingly fierce. The market environment faced by the Group has become more complicated, which may bring certain operating pressure and market risks to the Group. The Group will endeavor to pay attention to market changes and maintain reasonable and stable resource investment with a sound top-level strategic design to constantly enhance innovation and development capabilities and market competitiveness.

Report of the Directors

The Board hereby submit their report, together with the audited financial statements of the Group for the year ended 31 December 2021, to all the Shareholders.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group is an integrated cultural operator specializing in the creative content production of publications, cultural consumption services, education services, supply chain services and capital operation and its principal activities include: the editorial and publishing of publications, sales of publications in physical stores and the Internet, distribution of textbooks and supplementary materials, education informatized and equipment services, etc.

Further discussion and analysis on the relevant businesses stipulated in Schedule 5 of the Companies Ordinance, including the discussion on principal risks and uncertainties faced by the Group and future business growth direction are set out in the section headed “Management Discussion and Analysis”, which forms part of this Report of the Directors in this annual report.

FINANCIAL POSITION AND RESULTS

The financial position of the Group as at 31 December 2021 and the results of the Group for the year ended 31 December 2021 are set out on pages 125 to 137 of this annual report.

FINANCIAL SUMMARY

A summary of the annual results, assets, liabilities and interests of the Group, etc. for the last five years is set out in the section headed “Financial Summary” of this annual report.

DIVIDEND

The Board has proposed the distribution of dividend for the year ended 31 December 2021 of RMB0.32 (tax inclusive) per share (2020: RMB0.31 (tax inclusive) per share), totalling RMB395 million (tax inclusive). Dividends payable to A shareholders will be made and paid in RMB, whereas dividends payable to the H shareholders will be declared in RMB and payable in Hong Kong dollars, the exchange rate of which would be calculated based on the average exchange rate published by the People’s Bank of China during the week preceding the 2021 AGM.

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



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

The proposed Dividend for 2021 is subject to the approval by Shareholders at the forthcoming 2021 AGM of the Company. In order to ascertain the H shareholders who are entitled to attend 2021 AGM and to receive the Dividend for 2021 (if approved by the Shareholders), the register of members for H Shares will be closed during the following periods:

To ascertain the H shareholders who are qualified to attend and vote at the 2021 AGM:

Latest time for lodging transfers of H Shares	4:30 p.m., Friday, 22 April 2022
Closure of register of members for H Shares	from Sunday, 24 April 2022 to Tuesday, 24 May 2022 (both days inclusive)
Date for the 2021 AGM	Tuesday, 24 May 2022

To ascertain the H shareholders who are entitled to the proposed Dividend for 2021:

Latest time for lodging transfers of H Shares	4:30 p.m., Friday, 27 May 2022
Closure of register of members for H Shares	from Monday, 30 May 2022 to Monday, 6 June 2022 (both days inclusive)
Dividend Entitlement Date	Monday, 6 June 2022

In order for the H shareholders to qualify to attend and vote at the 2021 AGM and to receive the Dividend for 2021 proposed by the Company (if approved by the Shareholders), all transfers accompanied by the relevant share certificates must be lodged with the Company’s H share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration before the above mentioned deadlines for lodging the transfer documents.

H shareholders whose names appear on the register of members of the Company after the close of business on 4:30 p.m., Friday, 22 April 2022 are entitled to attend and vote at the 2021 AGM. H shareholders whose names appear on the register of members of the Company on the Dividend Entitlement Date are entitled to the Dividend for 2021 of the Company (if approved by the Shareholders). The abovementioned final dividend for 2021 will be paid on 24 July 2022 (if approved by the Shareholders).

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

Report of the Directors

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

FIXED ASSETS

Details of movements of the Group's fixed assets during the Year are set out in Note (VI) 16 to the consolidated financial statements of this annual report.

RESERVES

Details of movements of the Group's reserves during the Year are set out in the "Consolidated Statement of Changes in Shareholders' Equity" in this annual report. Details of the Group's reserves available for distribution to Shareholders as at 31 December 2021 are set out in Note (VI) 37 to the financial statements in this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2021, the sales to five largest customers of the Group accounted for less than 30% of the total turnover of the Group.

For the year ended 31 December 2021, the five largest suppliers of the Group accounted for less than 30% of the total purchases of the Group.

The Group has built an ongoing and steady working relationship with each of customers and suppliers, and also provides quality products and services to various customers. The business of the Group does not rely on any individual customers or suppliers which may cause any material impact on the Group.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Particulars of the Company's principal subsidiaries, joint ventures and associates (including the principal businesses of these companies) are set out in Note (VIII) to the financial statements in this annual report, respectively.



ANALYSIS OF CORE COMPETITIVENESS

As an integrated publishing and media enterprise in the publication and distribution industry chain, through intensive cultivation and collaborative development of various segments, the Group has significantly improved its operational efficiency, and continuously enhanced its competitiveness and influence.

(1) Publication capabilities

Since the strategic implementation of “Revitalizing the publishing industry in Sichuan Province”, the Group’s content resource aggregation and development capabilities have steadily improved, and the Group has established close partnership with authoritative institutions and experts from various industries and well-known writers such as Wang Meng, Huang Yazhou, Long Pingping, Alai, Beimao and Yang Hong Ying and obtained various copyrights of world-renowned publishing and media organizations such as Disney and DK. The Group has an influential and excellent editorial team such as Mingqin Workshop, which can closely meet the market demand and create high-quality dual-effect books. Books published by the Group have strong competitiveness in the market with an expanding range of book genres with influence. In particular, it has built a strong content brand advantage in the publication of children’s books. Its subsidiary, Sichuan Youth and Children’s Publishing House, owns the best-seller intellectual property rights – the Hilarious School Diaries, which repeatedly topped the charts of Open Book on children’s book best-sellers, with cumulative sales of 130 million copies.

(2) Reading service capabilities

By integrating cultural mall, large and medium-sized bookstores, professional bookstores, community bookstores, supermarket bookstores, online reading service platform for publications and the “publication collaborative trading platform” serving the publication and distribution industry, backed by the logistics service network primarily based in Chengdu, Tianjin and Wuxi, the Group has built a reading service network system based in Sichuan Province with nationwide coverage using a combination of online and offline methods. The Group has a number of brands including “Xinhua Winshare”, “Stackway”, “Winshare Bookstore”, “Kids Winshare” children’s bookstore, “Winshare Commercial Supermarket”, “winxuan.com” and “Winshare September” to provide consumers with convenient, comfortable, smart and personalized reading cultural consumption service.

(3) Education service capabilities

The Company is the only enterprise that is qualified to engage in the distribution of textbooks for primary and secondary schools in Sichuan Province and at the same time is qualified to publish supplementary materials of all subjects in the curriculum of primary and secondary schools. After years of accumulation of experience, the Company has developed an all-variety, full-coverage and high-efficiency education service capabilities in the Sichuan regional market. The Group leverages on the first-move advantages in the digital education service business, providing education services such as digitalized resources, teaching software and hardware as well as digitalized subject tools. As the major operator of education informatized service and education equipment products in Sichuan Province, the Group has developed education equipment products such as professional subject classroom and makerspace by centering on the subject contents and classroom scenarios. At the same time, the Group’s businesses of labor and practice education services and teachers’ training services enjoy a branding strength in the regional market.

Report of the Directors

CONNECTED TRANSACTIONS

During the Year, the Company has strictly complied with the requirements specified under Chapter 14A of the Listing Rules in respect of its connected transactions and continuing connected transactions and has obtained the approvals from independent Shareholders (where necessary). Details of the relevant continuing connected transactions are as follows:

Non-Exempted Continuing Connected Transactions

1. Transactions with Sichuan Xinhua Publishing and Distribution Group and its subsidiaries

As at the end of the Year, Sichuan Xinhua Publishing and Distribution Group is the controlling shareholder (as defined in the Listing Rules) and the promoter of the Company, holding 55.09% equity interest in the Company, and Xinhua Cultural Property is a wholly-owned subsidiary of Sichuan Xinhua Publishing and Distribution Group. Under Chapter 14A of the Listing Rules, Sichuan Xinhua Publishing and Distribution Group and Xinhua Cultural Property are connected persons of the Company.

In 14 December 2021, Sichuan Xinhua Publishing and Distribution Group became the authority of Sichuan Minzu Publishing House. For details, please refer to the announcement of the Company dated 16 December 2021. Under Chapter 14A of the Listing Rules, Minzu House became a connected person of the Company.

(i) *Property Leasing Framework Agreement entered into between the Company and Sichuan Xinhua Publishing and Distribution Group*

On 18 December 2018, the Company and Sichuan Xinhua Publishing and Distribution Group entered into the Property Leasing Framework Agreement in connection with the leasing of certain buildings in Sichuan Province of the PRC to the Group by Sichuan Xinhua Publishing and Distribution Group during the period from 1 January 2019 to 31 December 2021 as offices, warehouses and retail outlets. As the agreement expired on 31 December 2021, on 9 December 2021, the Company and Sichuan Xinhua Publishing and Distribution Group renewed the Property Leasing Framework Agreement for the period from 1 January 2022 to 31 December 2024. Please refer to the announcements of the Company dated 18 December 2018 and 9 December 2021 for details of the Property Leasing Framework Agreement and the renewed agreement.

For the year ended 31 December 2021, the rental payment made by the Group to Sichuan Xinhua Publishing and Distribution Group pursuant to the above Property Leasing Framework Agreement amounted to RMB40,485,300. The right-of-use assets initially recognized under the Property Leasing Framework Agreement amounted to RMB210,237,600 in aggregate. As at 31 December 2021, the balance of right-of-use assets leased under the lease framework agreement amounted to RMB104,748,700.



(ii) *Property Management Service Framework Agreement entered into between the Company and Xinhua Cultural Property*

On 18 December 2018, the Company and Xinhua Cultural Property entered into the Property Management Service Framework Agreement in connection with the provision of property management services to the Group by Xinhua Cultural Property for the period from 1 January 2019 to 31 December 2021. As the agreement expired on 31 December 2021, on 9 December 2021, the Company and Xinhua Cultural Property renewed the Property Management Service Framework Agreement for the period from 1 January 2022 to 31 December 2024. Please refer to the announcements of the Company dated 18 December 2018 and 9 December 2021 for details of the Property Management Service Framework Agreement and the renewed agreement.

For the year ended 31 December 2021, RMB13,999,500 in total was paid to Xinhua Cultural Property by the Group in respect of the property management services provided according to the above Property Management Service Framework Agreement.

2. Transaction with Sichuan Cultural Investment Group and its subsidiaries

Sichuan Cultural Investment Group is a wholly-owned subsidiary of Sichuan Development and Sichuan Xinhua Publishing and Distribution Group, the controlling shareholder of the Company, is a wholly-owned subsidiary of Sichuan Development. According to Chapter 14A of the Listing Rules, Sichuan Cultural Investment Group is a connected person of the Company.

On 29 October 2019, the Company and Sichuan Cultural Investment Group entered into the Property Leasing Framework (Renewal) Agreement, pursuant to which Sichuan Cultural Investment Group shall lease certain buildings and warehouses legally owned by it and/or its subsidiaries to the Group as offices and warehouses as well as shall provide ancillary property management services to the Group for the period from 1 January 2020 to 31 December 2022. Please refer to the announcements of the Company dated 29 October 2019 and 12 November 2019 for details of the Property Leasing Framework (Renewal) Agreement.

For the year ended 31 December 2021, the rental and property management fees paid by the Group to Sichuan Cultural Investment Group according to the above Property Leasing Framework (Renewal) Agreement amounted to RMB15,163,000 in total. The total amount of the initial right-of-use assets recognized under the Property Leasing Framework (Renewal) Agreement was RMB33,419,300, and the balance of the lease right-of-use assets under the lease framework agreement was RMB11,126,200 as at 31 December 2021.

Report of the Directors

3. Transactions with Winshare Online

Winshare Online is a non-wholly owned subsidiary of the Company whilst Sichuan Xinhua Publishing and Distribution Group, the controlling shareholder of the Company, holds 25% equity interest in Winshare Online. As such, Winshare Online is a connected person of the Company under Chapter 14A of the Listing Rules.

- (i) On 19 November 2020, the Company and Winshare Online entered into the Products Purchase and Cooperation Framework Agreement. Pursuant to the agreement, Winshare Online shall purchase the publications and digital reading contents published by the Group from the Company and its subsidiaries (excluding Winshare Online) and cooperate with the Company's subsidiaries (excluding Winshare Online) to engage in the sales business of the online bookstore via the e-commerce platform for the period from 1 January 2021 to 31 December 2023. The agreement was approved by independent Shareholders on 21 January 2021. Please refer to the announcement dated 19 November 2020 and the circular dated 4 January 2021 of the Company for details of the above Products Purchase and Cooperation Framework Agreement.

For the year ended 31 December 2021, the payment by Winshare Online to the Group according to the above Products Purchase and Cooperation Framework Agreement amounted to RMB92,020,600 in total.

- (ii) On 19 November 2020, the Company entered into the Publications Purchase Framework Agreement with Winshare Online, pursuant to the agreement, the Company and its subsidiaries (excluding Winshare Online) shall purchase the publications sold via the physical retail channel of the Company from Winshare Online for the period from 1 January 2021 to 31 December 2023. The agreement was approved by independent Shareholders on 21 January 2021. Please refer to the announcement dated 19 November 2020 and the circular dated 4 January 2021 of the Company for details of the Publications Purchase Framework Agreement.

For the year ended 31 December 2021, the payment by the Group to Winshare Online according to the above Publications Purchase Framework Agreement amounted to RMB727,830,400 in total.

- (iii) On 6 November 2019, the Company and Winshare Online entered into the Logistics Service Framework Agreement, pursuant to which, the Company and its subsidiaries shall provide logistics service to Winshare Online for the period from 1 January 2019 to 31 December 2021. As the agreement expired on 31 December 2021, on 9 December 2021, the Company and Winshare Online renewed the agreement for logistics service arrangement for the period from 1 January 2022 to 31 December 2024. Please refer to the announcements dated 6 November 2019 and 9 December 2021 of the Company for details of the Logistics Service Framework Agreement and the renewed agreement.

For the year ended 31 December 2021, the payment by Winshare Online to the Group according to the above Logistics Service Framework Agreement amounted to RMB75,527,200 in total.



The independent non-executive Directors of the Company have reviewed the aforementioned continuing connected transactions and confirmed that the transactions were entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or better (as defined in the Listing Rules); and
- (3) on the terms of the respective transaction agreements, which are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Board engaged the auditor of the Company to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed as above in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The above disclosures are made in accordance with the relevant requirements of Chapter 14A of the Listing Rules.

During the Reporting Period, save as disclosed above, the related party transactions set out in Note (XI) 5 to the financial statements of this annual report did not constitute connected transactions or continuing connected transactions, nor exempt connected transactions or continuing connected transactions under the Listing Rules. The Company confirms that with respect to the above transactions, the Company has complied with the disclosure requirements of Chapter 14A of the Listing Rules.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into during the Year.

CHARITABLE DONATIONS

During the Year, the total charitable donations and other donations of the Group amounted to approximately RMB49,632,800 (2020: RMB74,602,600).

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group endeavors to achieve long-term sustainable development in the environment and community where the Group operates. As a cultural enterprise, the Group actively contributes to the community and engages in public welfare activities in fulfilling its social responsibilities in addition to striving for good performance. At the same time, the Group adheres to the concept of green and sustainable development and fulfills environmental protection and social responsibility to foster credibility and build a good corporate image. Details of the environmental policies and performance of the Group are set out in the "Environmental, Social and Governance Report" in this annual report.

Report of the Directors

COMPLIANCE WITH LAWS AND REGULATIONS

During the Year, to the knowledge of the Company, the Group had complied with the relevant laws and regulations that have a material impact on the business of the Group in all material aspects and there were no circumstances of material breach or non-compliance of applicable laws and regulations.

SHARE CAPITAL

As at 31 December 2021, the total issued share capital of the Company was RMB1,233,841,000.00, divided into 1,233,841,000 shares of RMB1.00 each, the details are as follows:

Class of shares	Number of shares	Approximate percentage of issued share capital of the Company*
A Shares	791,903,900	64.18%
Including		
(i) Sichuan Xinhua Publishing and Distribution Group (Note 1)	592,809,525	48.05%
(ii) Other promoters (Note 2)	46,322,618	3.75%
(iii) Hua Sheng Group (Note 3)	53,336,000	4.32%
(iv) Public investors of A Shares	99,435,757	8.06%
H Shares	441,937,100	35.82%
Including		
(i) Sichuan Xinhua Publishing and Distribution Group (Note 4)	86,912,000	7.04%
(ii) Other promoter (Note 5)	6,324,000	0.51%
(iii) Public investors of H Shares	348,701,100	28.26%
Total share capital	1,233,841,000	100%

* The deviation in the odd percentage between the single items and the aggregate of the class of shares is due to rounding.

Notes:

1. Sichuan Xinhua Publishing and Distribution Group, the controlling shareholder of the Company, is a wholly-owned subsidiary of Sichuan Development. The de facto controller of Sichuan Development is SASAC of Sichuan.
2. Other promoters include Sichuan Cultural Investment Group, Sichuan Daily Newspaper Group and Liaoning Publication Group. 6,485,160 A Shares of the Company are held by Liaoning Publication Group through its subsidiary.
3. Social Legal Person Shares are held by Hua Sheng Group, a promoter of the Company.
4. 86,912,000 H Shares of the Company are held by Sichuan Xinhua Publishing and Distribution Group, a controlling shareholder of the Company, directly and indirectly through its subsidiary.
5. Sichuan Cultural Investment Group, a promoter of the Company, is interested in 6,324,000 H Shares of the Company via its subsidiary.



SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES OF THE COMPANY

As at 31 December 2021, so far as is known to the Directors and Supervisors of the Company, the following persons (not being Directors, Supervisors or senior management of the Company) had, or were deemed to have interests or short positions in the shares, underlying shares and debentures of the Company which were required, pursuant to section 336 of the SFO, to be entered in the register required to be kept by the Company referred to therein:

Name of shareholder	Number of shares directly and indirectly held	Capacity	Class of shares	Approximate percentage in the relevant class of shares	Approximate percentage of total issued share capital of the Company	Long position/ short position
Sichuan Development	623,382,470	Interests in controlled corporation	A Shares	78.72%	50.52%	Long position
	93,236,000 (Note 1)	Interests in controlled corporation	H Shares	21.10%	7.56%	Long position
Sichuan Xinhua Publishing and Distribution Group	592,809,525	Beneficial owner	A Shares	74.86%	48.05%	Long position
	86,912,000 (Note 2)	Interests in controlled corporation	H Shares	19.67%	7.04%	Long position
Hua Sheng Group	53,336,000 (Note 3)	Beneficial owner	A Shares	6.74%	4.32%	Long position
Wu Wenqian	53,336,000 (Note 3)	Interests in controlled corporation	A Shares	6.74%	4.32%	Long position
Seafarer Capital Partners, LLC*	30,875,500	Investment manager	H Shares	6.99%	2.50%	Long position
Brown Brothers Harriman & Co.*	38,626,617	Approved lending agent	H Shares	8.74%	3.13%	Long position
	38,626,617	Approved lending agent	H Shares	8.74%	3.13%	Lending pool

* The information of H Shares is sourced from the "Disclosure of Interests" form filed on the website of the Stock Exchange.

Notes:

- Sichuan Development is the controlling shareholder of Sichuan Xinhua Publishing and Distribution Group and Sichuan Cultural Investment Group. According to the SFO, Sichuan Development is deemed to (i) indirectly hold 592,809,525 A Shares of the Company through Sichuan Xinhua Publishing and Distribution Group and 30,572,945 A Shares of the Company through Sichuan Cultural Investment Group, totalling 623,382,470 A Shares; and (ii) hold 86,912,000 H Shares of the Company through Sichuan Xinhua Publishing and Distribution Group and hold 6,324,000 H Shares of the Company through Sichuan Cultural Investment Group, totalling 93,236,000 H Shares.
- Sichuan Xinhua Publishing and Distribution Group directly and through its wholly-owned subsidiary Shudian Investment Co., Ltd. indirectly holds 86,921,000 H Shares of the Company. Sichuan Xinhua Publishing and Distribution Group directly holds 592,809,525 A Shares of the Company.
- Ms. Wu Wenqian is directly interested in 95% equity interests in Hua Sheng Group. Accordingly, Wu Wenqian is deemed to hold 53,336,000 A Shares of the Company through Hua Sheng Group.

Report of the Directors

Save as disclosed above, as at 31 December 2021, so far as is known to the Directors and Supervisors, no other person (not being a Director, Supervisor or senior management of the Company) had any interest and short position in the shares, underlying shares and debentures of the Company which were required, pursuant to section 336 of the SFO, to be entered in the register required to be kept by the Company referred to therein.

Apart from (i) Mr. Luo Yong, the chairman, who is the party secretary and chairman of Sichuan Xinhua Publishing and Distribution Group; (ii) Mr. Liu Longzhang, the vice chairman, who is the deputy party secretary, vice chairman and general manager of Sichuan Xinhua Publishing and Distribution Group; (iii) Mr. Luo Jun, the non-executive Director, who is the director and deputy general manager of Sichuan Xinhua Publishing and Distribution Group; and (iv) Mr. Chao Hsun, Supervisor, who is the director and executive vice president of Hua Sheng Group, as at 31 December 2021, none of the Directors and Supervisors of the Company held any positions as directors or employed as employees in any company having interests or short positions which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

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

So far as is known to the Directors, as at 31 December 2021, the Directors, Supervisors and chief executives of the Company who had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company, or which are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange are as follows:

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

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

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association and the laws of the PRC which would otherwise require the preferential offer of new shares of the Company to existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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



PUBLIC FLOAT

In accordance with publicly available information and so far as the Directors are aware, as at the latest practicable date prior to the issue of this annual report, more than 25% of the issued shares of the Company are held by the public, which is in compliance with the Listing Rules.

NON-COMPETITION UNDERTAKING

Sichuan Xinhua Publishing and Distribution Group has made a declaration to the Company that during the Year, Sichuan Xinhua Publishing and Distribution Group has complied with the non-competition undertaking.

According to the decision of the Sichuan Provincial Party Committee of China on the free transfer of Minzu House to Sichuan Xinhua Publishing and Distribution Group, on 14 December 2021, Sichuan Xinhua Publishing and Distribution Group signed the Agreement on the Free Transfer of Minzu House with Sichuan Party Construction Periodical Press Group and completed the change of industrial and commercial registration on the same day.

Minzu House is principally engaged in the publishing and distribution business. The free transfer will result in potential horizontal competition between the subsidiaries of Sichuan Xinhua Publishing and Distribution Group and the Company. On 12 November 2021, Sichuan Xinhua Publishing and Distribution Group made further undertakings pursuant to the undertaking letters on the avoidance of horizontal competition issued by it to the Company on 26 June 2006 and 14 June 2013 to facilitate the injection of the business and assets of Minzu House into the Group as soon as possible within five years upon the completion of the relevant conversion procedures of Minzu House and the completion of the actual review and approval procedures by the relevant government authorities. The Company is of the view that Sichuan Xinhua Publishing and Distribution Group's acceptance of the free transfer of state-owned equity does not (and will not) constitute a breach of the undertaking letters on the avoidance of horizontal competition. It is expected that the free transfer will not have a material impact on the Group's production and operation and future going concern. For details, please refer to the announcements of the Company dated 12 November 2021 and 16 December 2021.

The independent non-executive Directors have conducted an annual review on the business of Minzu House and conducted an assessment on the implementation of the conversion and the business and asset injection plan of Minzu House. Given that Minzu House has not completed the conversion, it has been decided not to exercise the pre-emptive right of Minzu House.

COMPLIANCE WITH THE CG CODE

The Company is committed to achieving sound corporate governance, continuously perfecting and optimizing the internal control and risk management system of the Company in a regulated manner. The Company has adopted and complied with all applicable code provisions of the CG Code set out in Appendix 14 to the Listing Rules during the Year, with the exception of the deviation from code provision B.2.2 (formerly code provision A.4.2). Details of compliance with the CG Code are set out in the section "Corporate Governance Report" in this annual report.

Report of the Directors

DIRECTORS AND SUPERVISORS

During the Year and as at the date of this annual report, the Directors and Supervisors are as follows:

Executive Directors

Mr. Luo Yong (appointed on 21 May 2021)
Mr. He Zhiyong (resigned on 21 May 2021)
Mr. Liu Longzhang (appointed on 21 May 2021)
Mr. Chen Yunhua (resigned on 21 May 2021)
Mr. Li Qiang (appointed on 24 January 2022)

Supervisors

Mr. Tang Xiongxing
Mr. Chao Hsun
Ms. Lan Hong (retired on 24 January 2022)
Ms. Wang Yan
Ms. Wang Yuanyuan (appointed on 24 January 2022)

Independent Supervisors

Mr. Li Xu (retired on 24 January 2022)
Ms. Liu Mixia (retired on 24 January 2022)
Mr. Feng Jian (appointed on 24 January 2022)
Ms. Wang Li (appointed on 24 January 2022)

Non-Executive Directors

Mr. Dai Weidong (appointed on 21 May 2021)
Mr. Luo Jun (retired on 24 January 2022)
Mr. Ke Jiming (appointed on 24 January 2022)
Mr. Zhang Peng
Mr. Han Xiaoming (retired on 24 January 2022)

Independent Non-Executive Directors

Mr. Chan Yuk Tong
Ms. Xiao Liping (retired on 24 January 2022)
Mr. Fang Bingxi
Mr. Li Xu (appointed on 24 January 2022)

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of the Directors, Supervisors and senior management of the Company are set out in the section headed "Profile of Directors, Supervisors, Senior Management and Employees" in this annual report.



CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Changes of Directors

During the period, details of the changes relating to Directors of the Company are set out below:

On 1 April 2021, Ms. Xiao Liping has served the Board for 6 consecutive years and tendered her resignation as an independent non-executive Director, the chairman of the Nomination Committee and a member of the Remuneration and Review Committee. Ms. Xiao Liping shall continue to perform her corresponding duties and obligations until a new independent non-executive Director is elected at the general meeting convened by the Company.

Mr. He Zhiyong has tendered his resignation as an executive Director and the chairman of the Company due to advancing age, and Mr. Chen Yunhua has tendered his resignation as an executive Director and the vice chairman of the Company due to work commitments, with effect from 21 May 2021.

On 21 May 2021, as resolved at the 2020 annual general meeting of the Company, Mr. Luo Yong, Mr. Liu Longzhang were appointed as executive Directors of the Company, Mr. Dai Weidong was appointed as a non-executive Director of the Company. On the same date, as resolved at the sixth meeting of the fourth session of the Board in 2021, Mr. Luo Yong was elected as the chairman of the Company and Mr. Liu Longzhang was elected as the vice chairman of the Company. Their terms became effective on 21 May 2021 and will last until the expiry of the term of the fourth session of the Board.

On 1 December 2021, the ninth meeting of the fourth session of the Board of 2021 of the Company resolved to nominate Mr. Luo Yong, Mr. Liu Longzhang, Mr. Dai Weidong, Mr. Zhang Peng, Mr. Chan Yuk Tong and Mr. Fang Bingxi as candidates for re-election for the fifth session of the Board. Mr. Li Qiang, Mr. Ke Jiming and Mr. Li Xu were also nominated as candidates of new Directors of the fifth session of the Board. On 24 January 2022, the 2022 extraordinary general meeting of the Company elected Mr. Luo Yong, Mr. Liu Longzhang and Mr. Li Qiang as executive Directors of the fifth session of the Board, Mr. Dai Weidong, Mr. Ke Jiming and Mr. Zhang Peng as non-executive Directors of the fifth session of the Board, and Mr. Chan Yuk Tong, Mr. Fang Bingxi and Mr. Li Xu as independent non-executive Directors of the fifth session of the Board. On the same date, as resolved at the first meeting of the fifth session of the Board of 2022, Mr. Luo Yong was elected as the chairman of the fifth session of the Board and Mr. Liu Longzhang was elected as the vice chairman of the fifth session of the Board. Their terms became effective on 24 January 2022 and will last until the expiry of the term of the fifth session of the Board.

On 24 January 2022, Mr. Luo Jun, Mr. Han Xiaoming and Ms. Xiao Liping retired as Directors of the Company.

On 17 February 2022, Mr. Chan Yuk Tong has served the Board for 6 consecutive years and tendered his resignation as an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration and Review Committee. On 29 March 2022, the Board of the Company has nominated Mr. Lau Tsz Bun as the new independent non-executive Director. Mr. Chan Yuk Tong shall continue to perform his corresponding duties and obligations until a new independent non-executive Director is elected at the general meeting of the Company and takes office.

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

Report of the Directors

Changes of Supervisors

On 1 December 2021, the fifth meeting of 2021 of the fourth session of Supervisory Committee of the Company resolved to nominate Mr. Tang Xiongxing and Mr. Chao Hsun as candidates for re-election for the fifth session of the Supervisory Committee. Mr. Feng Jian and Ms. Wang Li were also nominated as candidates of new Supervisors for the fifth session of the Supervisory Committee. On 24 January 2022, the 2022 extraordinary general meeting of the Company elected Mr. Tang Xiongxing and Mr. Chao Hsun as Supervisors and Mr. Feng Jian and Ms. Wang Li as independent Supervisors of the fifth session of the Supervisory Committee. Together with the Supervisors representing the staff and workers of the Company, Ms. Wang Yan and Ms. Wang Yuanyuan who were elected at the meeting of the representatives of the staff and workers of the Company on 6 January 2022, the abovementioned Supervisors shall form the fifth session of the Supervisory Committee. On the same date, as resolved at the first meeting of 2022 of the fifth session of the Supervisory Committee, Mr. Tang Xiongxing was elected as the chairman of the fifth session of the Supervisory Committee. His term became effective on 24 January 2022 and will last until the expiry of the term of the fifth session of the Supervisory Committee.

On 24 January 2022, Ms. Lan Hong, Mr. Li Xu and Ms. Liu Mixia retired as Supervisors of the Company.

Changes of senior management

On 24 January 2022, after consideration and approval at the first meeting of the fifth session of the Board of 2022, Mr. Li Qiang was appointed as general manager and Ms. Yang Miao was appointed as secretary to the Board, Ms. Yang Miao and Ms. Wong Wai Ling were appointed as joint company secretaries. As nominated by the general manager, Mr. Chen Dali was appointed as chief editor of the Company and Mr. Wang Huaguang, Mr. Zhao Xuefeng, Mr. Zou Jian, Mr. Hu Bo, Mr. Hu Wei and Mr. Ma Xiaofeng were appointed as deputy general managers.

On 24 January 2022, Mr. You Zugang retired as the secretary to the Board and the company secretary of the Company and Mr. Zhu Zaixiang retired as the chief financial officer of the Company.

For details relating to the changes of Directors, Supervisors and senior management, please refer to the announcements dated 1 April 2021, 5 May 2021, 21 May 2021, 1 December 2021, 6 January 2022, 24 January 2022, 17 February 2022, 29 March 2022 and the circulars dated 5 May 2021, 3 December 2021 and 1 April 2022 of the Company.

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

BOARD AND BOARD COMMITTEES

Details of the Board and the special committees under the Board are set out in the section headed "Corporate Governance Report" in this annual report.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

As at the date of this annual report, none of the Directors and Supervisors had entered into service contracts with the Company or its subsidiaries, which were not determinable within one year without payment of compensation (other than statutory compensation).



PERMITTED INDEMNITY PROVISION

During the Year, subject to applicable laws, the Company has taken out and maintained appropriate directors, supervisors and senior management liability insurance coverage against the liabilities that may be incurred by the Directors, Supervisors and senior management of the Company upon executing and performing their duties.

DIRECTORS' AND SUPERVISORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the Year, none of the Directors and Supervisors had any direct or indirect material interest in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries and subsidiaries of its holding company was a party and remained subsisting at the end of the Year.

COMPETING BUSINESS INTERESTS

As at the date of this annual report, so far as the Directors are aware, save for the free transfer of Minzu House to Sichuan Xinhua Publishing and Distribution Group which may constitute potential horizontal competition with the Company, neither Sichuan Xinhua Publishing and Distribution Group nor its subsidiaries (excluding the Company) was engaged in any business activities which are or may be in direct or indirect competition with the business of the Group.

Save as disclosed above, none of the Directors, Supervisors and their respective associates (as defined in the Listing Rules) had any interest in any business which is or may be in direct or indirect competition with that of the Group.

EMOLUMENTS OF DIRECTORS AND SUPERVISORS AND REMUNERATIONS OF THE FIVE HIGHEST PAID INDIVIDUALS

Remunerations of the Directors and Supervisors are determined by the Remuneration and Review Committee by reference to the remuneration standards of similar companies, time commitment of the Directors and Supervisors and terms of references, etc. Remuneration details of Director, Supervisors and Senior management are set out in the section headed "Profile of Directors, Supervisors, Senior Management and Employees" in this annual report.

During the Year, the five highest paid individuals of the Group all are not Directors or Supervisors and details of the emoluments of the Directors and Supervisors and remunerations of the five highest paid individuals are set out in Note (XI) 5(5) to the consolidated financial statements in this annual report.

SHARE APPRECIATION RIGHT INCENTIVE SCHEME

During the Year, the Share Appreciation Right Incentive Scheme was not yet implemented.

MATERIAL LITIGATION

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

Report of the Directors

USE OF PROCEEDS

In August 2016, the Company issued 98,710,000 RMB-denominated ordinary shares (A shares) at an issue price of RMB7.12 per share through its initial public offering on the Shanghai Stock Exchange. The total proceeds raised amounted to RMB702,815,200. After deducting the issuance expenses, the net proceeds actually raised by the Company amounted to RMB645,175,100, which were mainly used for the Group's education cloud service platform, construction of logistics network in the western region, upgrade and expansion of retail stores, construction and upgrade of ERP and publications regarding the revival of the Chinese culture, etc. In 2021, the Group utilized RMB10,970,800 of the proceeds. As of 31 December 2021, the accumulated use of proceeds amounted to RMB620,061,900. The balance of the unutilized proceeds amounted to RMB26,923,400, which is detailed as follows:

RMB

Committed investment projects	Committed total investment	Amount invested during the Reporting Period	Accumulated investment amount as at the end of the Period	Unutilized amount	Consistent with the planned use as disclosed or not	Expected date for project reaching its intended usable status
1. Education cloud service platform project (Note 1)	200,000,000.00		200,247,762.29	-	yes	December 2020
2. Construction and upgrade of ERP project (Note 2)	35,175,098.06	-	35,602,525.95	-	yes	December 2020
3. Publications regarding the revival of the Chinese culture project	10,000,000.00	-	-	10,083,125.97	yes	-
4. Upgrade and expansion of retail stores project	100,000,000.00	10,284,702.17	98,770,012.62	1,678,439.11	yes	-
5. Construction of logistics network in the western region project	300,000,000.00	686,050.00	285,441,607.00	15,161,852.58	yes	-
Total	645,175,098.06	10,970,792.17	620,061,907.86	26,923,417.66	-	-

Notes:

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

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



AUDIT COMMITTEE

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

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

AUDITORS

At the annual general meeting of the Company for 2020 held on 21 May 2021, it was approved that Deloitte Touche Tohmatsu CPA was re-appointed as the sole auditor of the Company for the year 2021, and the Board was authorized to determine and approve its remunerations.

The consolidated financial statements for 2021 of the Group, prepared in accordance with the China Accounting Standards for Business Enterprises, have been audited by Deloitte Touche Tohmatsu CPA. The terms of office of Deloitte Touche Tohmatsu CPA will expire on the date of the forthcoming 2021 AGM of the Company, and it shall be eligible for re-appointment at the 2021 AGM. Deloitte Touche Tohmatsu CPA was also the sole auditor of the Company for 2018, 2019 and 2020.

By order of the Board

Luo Yong

Chairman

29 March 2022

Corporate Governance Report

The Company has all along been striving to establish a corporate governance system which is in compliance with the PRC laws and supervisory regulations of the listing places of its shares and applicable to the actual position of the Company. Pursuant to the relevant requirements of the Listing Rules, the Board has taken actions and measures to continuously strengthen the development of the corporate governance system of the Company and persistently improve the corporate governance work so as to ensure the Company's strict compliance with the relevant requirements in all aspects.

The Company attaches great importance to building up its corporate governance system. It continues to improve its corporate governance system based on the listing regulatory requirements in Hong Kong and the PRC and the Company's development, and acts in accordance with those systems. The Company's comprehensive system supports the effective operation of its corporate governance.

During the Year, the Company has adopted and complied with the principles and the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules with the exception of the deviation from code provision B.2.2 (formerly code provision A.4.2).

According to code provision B.2.2, each director (including directors with a specific service term) shall take turns to resign, at least once every three years. The service terms of the Company's fourth session of the Board and the Supervisory Committee expired on 5 March 2018. Since the nomination of the candidates of Director and Supervisor failed to finish on schedule, the election and appointment of the Company's fifth session of the Board, Supervisory Committee and all the specific committees under the Board will be postponed and thus, the terms of the Directors and Supervisors will be extended accordingly as well. To maintain the continuity and stability of the work of the Board and the Supervisory Committee of the Company, the terms of the Directors and Supervisors of the Company will also be extended accordingly, during which they shall continue to perform their duties as Directors or Supervisors.

On 24 January 2022, the Company convened the first extraordinary general meeting of 2022 to complete the re-election and election of Directors and Supervisors of the Company. Details on the changes of Directors and Supervisors are set out in the "Report of the Directors" in this annual report.

BOARD

Responsibilities and Division of Work

The Board acts on behalf of the interests of the Shareholders as a whole and is accountable to general meetings. The main duties of the Board are to: implement the resolutions passed at general meetings; make decision on the Company's business plans and investment plans; formulate the Company's annual financial budget and final financial report; formulate the Company's profit distribution plan and loss recovery plan; decide on the establishment of the Company's internal management structure; and formulate the Company's basic management system, etc.

The Board is responsible for making decisions on specific issues, while the management is delegated the power to execute and manage the Company's day-to-day affairs. The Company has a general manager who has a role similar to that of a chief executive officer. During the Year and as at the date of this annual report, the Chairman of the Company was taken by Mr. He Zhiyong and Mr. Luo Yong successively; and the position of General Manager was taken by Mr. Li Qiang, with clear division of work between them. The Chairman is in charge of the affairs of the Board and reviews the implementation of the Board's resolutions whereas the General Manager, under the leadership of the Board, is mainly responsible for the Company's management operations and business coordination. Apart from the information disclosed in the section "Profile of Directors, Supervisors, Senior Management and Employees" of this annual report, there is no financial, business, family and other material/relevant relationship among the respective Directors, the Chairman and General Manager.



Composition of the Board

As at the end of the Year, the fourth session of the Board of the Company currently comprises 9 Directors, including 2 executive Directors, Mr. Luo Yong, Mr. Liu Longzhang; 4 non-executive Directors, Mr. Dai Weidong, Mr. Luo Jun, Mr. Zhang Peng and Mr. Han Xiaoming; and 3 independent non-executive Directors, Mr. Chan Yuk Tong, Ms. Xiao Liping and Mr. Fang Bingxi. The number of independent non-executive Directors accounts for more than one-third of the total number of Directors. The number of Directors and composition of the Board have been in compliance with the relevant laws and regulations. The fourth session of the Board of the Company has expired. In accordance with the Articles of Association and the relevant PRC laws, all Directors in office shall continue to perform their duties as Directors before the new session of the Board is elected.

On 24 January 2022, the Company convened an extraordinary general meeting, at which election of the new session of the Board was considered and approved. In accordance with the resolutions passed at that extraordinary general meeting, Mr. Luo Yong, Mr. Liu Longzhang, Mr. Li Qiang, Mr. Dai Weidong, Mr. Ke Jiming, Mr. Zhang Peng, Mr. Chan Yuk Tong, Mr. Fang Bingxi and Mr. Li Xu were appointed as members of the fifth session of the Board of the Company. There are 3 executive Directors, including Mr. Luo Yong, Mr. Liu Longzhang and Mr. Li Qiang; 3 non-executive Directors, including Mr. Dai Weidong, Mr. Ke Jiming and Mr. Zhang Peng; 3 independent non-executive Directors, including Mr. Chan Yuk Tong, Mr. Fang Bingxi and Mr. Li Xu. The number of independent non-executive Directors accounts for one-third of the total number of Directors. The number of Directors and composition of the Board have been in compliance with the relevant laws and regulations. According to the Articles of Association, the term of office of the Directors (including non-executive Directors) is from the date of passing the resolutions at the general meeting to the expiry date of the term of office of the Board of the fifth session.

Details of the changes of Directors and Supervisors of the Company during the Year and as at the date of this annual report are set out in the section “Report of the Directors” in this annual report.

The biographical details of the Directors as at the date of this annual report are set out in the section “Profile of Directors, Supervisors, Senior Management and Employees” in this annual report.

Directors’ Time Commitment

In addition to attending official meetings to participate in material decision-making, the Directors also participated in the affairs of the Company through various channels such as hearing the reports of the management of the Company, reviewing the operating information regularly provided by the management of the Company and visiting the businesses of the Company to have a comprehensive understanding of the business of the Company. At the same time, the Directors also actively participated in various training activities organized by the regulatory authorities in China and Hong Kong, industry associations and the Company; and continuously enhanced their understanding of and familiarity with the regulatory rules and requirements so as to effectively fulfill their duties as directors. After due and careful review, the Board considers that the Directors dedicated sufficient time and efforts to fulfill their duties as Directors during the Year.

Corporate Governance Report

Directors' Training and Continuing Professional Development

Upon appointment of the Directors, the Company will provide them with an induction guideline folder comprising the relevant statutory and regulatory systems, terms of reference of the Board, duties of the Directors, corporate and industry information and other governance documents to assist them in performing the duties of the Directors.

The Company attaches great importance to the continuing development and improvement of Directors' knowledge and skills, as well as monitors and actively organizes the Directors to participate in various trainings and seminars to improve their professional development. At the same time, the Company also, from time to time, provides the Directors with monthly updates on the business, operating conditions and material investments of the Company and the latest developments and changes in the regulatory rules of the places where the Company's shares are listed to ensure that they remain informed while continuing to participate in the work of the Board and that they better perform their duties as Directors.

During the Year, pursuant to the listing rules and regulatory requirements of the H Share market and A Share market as revised from time to time, the Company arranged the Directors and Supervisors to attend the onsite training and online training organized by the Listed Companies Association of Sichuan, Shanghai Stock Exchange, the Hong Kong Chartered Governance Institute and other organizations. When the relevant listing rules and regulatory requirements are amended, the relevant information will be sent to the Directors, Supervisors and relevant personnel in a timely manner and training will be arranged for them so that they understand and are familiarized with the latest news and requirements regarding the listing rules of the H Share market and A Share market so as to ensure compliance by the Directors and Supervisors in performing their duties and responsibilities. Individual records of the Directors who have attended training are as follows:

Name	Training attendance	Reading Materials
Luo Yong (<i>Chairman</i>) (<i>appointed on 21 May 2021</i>)	Y	√
Liu Longzhang (<i>Vice Chairman</i>) (<i>appointed on 21 May 2021</i>)	Y	√
He Zhiyong (<i>Chairman</i>) (<i>resigned on 21 May 2021</i>)	Y	√
Chen Yunhua (<i>Vice Chairman</i>) (<i>resigned on 21 May 2021</i>)	Y	√
Dai Weidong (<i>appointed on 21 May 2021</i>)	Y	√
Luo Jun	Y	√
Zhang Peng	Y	√
Han Xiaoming	Y	√
Chan Yuk Tong	Y	√
Xiao Liping	Y	√
Fang Bingxi	Y	√

Directors' Liability Insurance

Since the listing of its H Shares, the Company has attached much importance to the risk management about directors' liabilities and has purchased liability insurance for its Directors, Supervisors and senior management.



Board Meetings

During the Year, the fourth session of the Board convened a total of 11 Board meetings, of which 7 were held on site and 4 were held by way of written resolutions. The Board meetings reviewed resolutions regarding the periodic reports, profit distribution, engagement of annual auditors, change of address of the principal place of business in Hong Kong, connected transactions, launch of securities refinancing business, amendment to the internal systems, nomination of Directors and Supervisors, election of Chairman and Vice Chairman and authorization to purchase wealth management products, etc.

All the abovementioned Board meetings were convened in accordance with the requirements of the Company Law, the Articles of Association, the Rules of Procedure for Board Meeting and the Listing Rules.

The attendance of the Directors at the Board meetings and general meetings during the Year is as follows:

Attendance of members of the Board at Board meetings

Name	Attendance in person/ Number of meetings requiring attendance	Attendance by director proxy	Rate of attendance in person
<i>Executive Directors</i>			
Luo Yong (Chairman) (appointed on 21 May 2021)	6/6	0	100%
Liu Longzhang (Vice Chairman) (appointed on 21 May 2021)	5/6	1	83%
He Zhiyong (Chairman) (resigned on 21 May 2021)	4/5	1	80%
Chen Yunhua (Vice Chairman) (resigned on 21 May 2021)	3/5	2	60%
<i>Non-Executive Directors</i>			
Dai Weidong (appointed on 21 May 2021)	4/6	2	67%
Luo Jun	11/11	0	100%
Zhang Peng	10/11	1	91%
Han Xiaoming	11/11	0	100%
<i>Independent Non-Executive Directors</i>			
Chan Yuk Tong	11/11	0	100%
Xiao Liping	11/11	0	100%
Fang Bingxi	11/11	0	100%

Corporate Governance Report

Attendance of members of the Board at general meetings

Name	Attendance in person/Number of meetings requiring attendance	Attendance rate
<i>Executive Directors</i>		
Luo Yong (<i>Chairman</i>) (<i>appointed on 21 May 2021</i>)	0/0	N/A
Liu Longzhang (<i>Vice Chairman</i>) (<i>appointed on 21 May 2021</i>)	0/0	N/A
He Zhiyong (<i>Chairman</i>) (<i>resigned on 21 May 2021</i>)	2/2	100%
Chen Yunhua (<i>Vice Chairman</i>) (<i>resigned on 21 May 2021</i>)	0/2	0%
<i>Non-Executive Directors</i>		
Dai Weidong (<i>appointed on 21 May 2021</i>)	0/0	N/A
Luo Jun	1/2	50%
Zhang Peng	1/2	50%
Han Xiaoming	2/2	100%
<i>Independent Non-Executive Directors</i>		
Chan Yuk Tong	2/2	100%
Xiao Liping	2/2	100%
Fang Bingxi	2/2	100%



BOARD COMMITTEES

The fourth session of the Board of the Company has set up 4 committees, namely Strategy and Investment Planning Committee, Audit Committee, Remuneration and Review Committee and Nomination Committee.

During the Year, 2 meetings of the Nomination Committee, 6 meetings of the Audit Committee and 3 meetings of the Remuneration and Review Committee were convened. The attendance of the members of individual committees under the Board during the Year is as follows:

Name	Nomination Committee	Audit Committee	Remuneration and Review Committee
<i>Executive Directors</i>			
Luo Yong (<i>Chairman</i>) (<i>appointed on 21 May 2021</i>)	N/A	N/A	N/A
Liu Longzhang (<i>Vice Chairman</i>) (<i>appointed on 21 May 2021</i>)	N/A	N/A	N/A
He Zhiyong (<i>Chairman</i>) (<i>resigned on 21 May 2021</i>)	N/A	N/A	N/A
Chen Yunhua (<i>Vice Chairman</i>) (<i>resigned on 21 May 2021</i>)	N/A	N/A	N/A
<i>Non-Executive Directors</i>			
Dai Weidong (<i>appointed on 21 May 2021</i>)	N/A	N/A	N/A
Luo Jun	2/2	N/A	3/3
Zhang Peng	N/A	6/6	N/A
Han Xiaoming	N/A	N/A	N/A
<i>Independent Non-Executive Directors</i>			
Chan Yuk Tong	2/2	6/6	3/3
Xiao Liping	2/2	N/A	3/3
Fang Bingxi	N/A	6/6	N/A

Strategy and Investment Planning Committee

The main responsibilities of the Strategy and Investment Planning Committee are to carry out research on the Company's long term development strategies and significant investment decisions and to make recommendations to the Board, etc.

The Strategy and Investment Committee of the fourth session of the Board currently comprises 2 Directors, including Mr. Han Xiaoming and Mr. Fang Bingxi. The Strategy and Investment Committee is chaired by Mr. Han Xiaoming, a non-executive Director.

During the Year, the Strategy and Investment Committee of the fourth session of the Board did not hold any meeting.

Corporate Governance Report

Audit Committee

The main responsibilities of the Audit Committee include: (1) proposing the engagement or removal of external audit institutions; (2) supervising the Company's internal audit system and its implementation; (3) being responsible for the communications between internal audit and external audit; (4) reviewing the Company's financial information and its disclosure; (5) reviewing the Company's internal control system; (6) performing the corporate governance responsibilities; (7) reviewing and performing the risk management duties; and (8) performing ESG management duties, etc.

The Audit Committee of the fourth session of the Board comprises 3 Directors, being Mr. Chan Yuk Tong, Mr. Fang Bingxi and Mr. Zhang Peng. Mr. Chan Yuk Tong, an independent non-executive Director, acts as chairman of the Audit Committee and is a professional accountant. All members of the Audit Committee are non-executive Directors, among whom Mr. Chan Yuk Tong and Mr. Fang Bingxi are independent non-executive Directors, and Mr. Zhang Peng is a non-executive Director.

During the Year, the Audit Committee of the Board convened a total of 6 meetings. All committee members attended all the meetings in person (including attendance by tele-communications) and signed all written resolutions to consider the various resolutions including 2020 annual results, 2021 interim results and quarterly results, 2020 ESG report, internal control and risk evaluation report of the Company, engagement of auditors and internal control audit firm, amendment to the Working Rules for the Audit Committee of the Board, and review of the Company's compliance with the CG Code (including but not limited to code provision A.2.1 (formerly code provision D.3.1) on corporate governance duties) etc. to submit its opinions and recommendations to the Board, playing a positive role in helping the Board's decision-making.

The Board has designated the function of corporate governance, ESG management and the function to review risk management and internal control systems to the Audit Committee to strengthen the internal control and risk management of the Company with a view to enhancing the overall corporate governance level of the Company. In 2021, through communicating with the Company's management, internal audit department, risk management department, external auditors and internal control consultant, the Audit Committee conducted site inspections of business entities; reviewed the relevant documents provided by the Company; followed up on the Company's implementation of the management recommendations put forth by the auditors and internal control consultant; evaluated and monitored the formulation and implementation of risk management, internal control and corporate governance policies of the Company and the compliance with the CG Code by the Directors, Supervisors and senior management with their due performance of corporate governance duties and review of their risk management duties.

In addition, the Audit Committee communicated separately with the external auditors regarding the audit of the annual financial report of the Company and the audit fees.

The Audit Committee has reviewed the audited consolidated financial statements as set out in this annual report, and has discussed the consolidated financial statements, risk management and internal control systems with the management and auditors. The Audit Committee considered that these financial statements have been prepared in accordance with the applicable accounting standards and requirements and appropriate disclosures have been made.



Remuneration and Review Committee

The main responsibilities of the Remuneration and Review Committee include: (1) examining the assessment criteria of the Company's Directors and senior management, conduct assessment and provide recommendations to the Board; (2) evaluating and examining the remuneration policies and proposals applicable to the Company's Directors and senior management, etc.

The Remuneration and Review Committee of the fourth session of the Board comprises 3 Directors, being Mr. Chan Yuk Tong, Ms. Xiao Liping and Mr. Luo Jun. Mr. Chan Yuk Tong, an independent non-executive Director, is the chairman of the Remuneration and Review Committee. All members of the Remuneration and Review Committee are non-executive Directors, among whom Mr. Chan Yuk Tong and Ms. Xiao Liping are independent non-executive Directors, and Mr. Luo Jun is a non-executive Director.

During the Year, the Remuneration and Review Committee of the fourth session of the Board convened a total of 3 meetings. All committee members signed all written resolutions. The meetings mainly considered the resolutions regarding the remuneration of operating management team, review proposal and other resolutions.

Nomination Committee

The main responsibilities of the Nomination Committee include: (1) examining the standards and procedures for selecting the Company's Directors and senior management, and make its recommendations to the Board; (2) seeking comprehensively qualified candidates for Directors and senior management; (3) examining and making recommendations regarding the candidates for Directors and senior management who are to be engaged by the Board; and (4) assessing the independence of independent non-executive Directors, etc.

The Nomination Committee of the fourth session of the Board comprises 3 Directors, being Ms. Xiao Liping, Mr. Chan Yuk Tong and Mr. Luo Jun. Ms. Xiao Liping, an independent non-executive Director, is the chairlady of the Nomination Committee. All members of the Nomination Committee are non-executive Directors, among whom Ms. Xiao Liping and Mr. Chan Yuk Tong are independent non-executive Directors, and Mr. Luo Jun is a non-executive Director.

During the Year, the Nomination Committee of the fourth session convened a total of 2 meetings. All committee members signed all written resolutions. The meetings mainly considered the resolutions regarding the nomination of candidates for Directors.

Corporate Governance Report

BOARD DIVERSITY

Pursuant to the Listing Rules regarding the requirements on board diversity, the Board has formulated the Board Diversity Policy. The objective is to keep an appropriate balance in diversity of skills, experience and opinions of the Board members, to enhance the decision making of the Board and corporate governance level, so as to achieve the strategies of the Company and sustainable development.

In electing the Directors of the Company, the Company seeks to achieve board diversity through the full consideration of a number of factors and measurable criteria, including but not limited to age, cultural and educational background, region, industry experience, professional skills and length of service, and based on the Company's business and specific needs where the ultimate decision will be made according to the merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee will monitor the execution of the Board Diversity Policy and review this Policy, as appropriate, to ensure the effectiveness of this Policy. The Nomination Committee considered that the members of the Board are in compliance with the requirements on board diversity under the Listing Rules in terms of age, education background, industry experience, region and term of service, etc.

DIRECTORS

Appointment and Re-election of Directors

The Directors are elected at general meetings, with a term of office of 3 years. Where a director has not yet been re-elected upon the expiry of his/her term of office or the number of directors is less than the required quorum as a result of resignation of directors during their term of office, the existing director shall continue to serve as a director in accordance with the laws, administrative regulations and the Articles of Association until the newly elected director commences his/her term of office. The Directors are eligible for re-election upon expiry of the term of office. During the election of new session of the Board, the list of candidates should be proposed by the Board and put forward for consideration and approval at general meetings. The Directors of the new session of the Board are appointed by voting for each of the candidates for the directorship at general meetings.

The fourth session of the Board of the Company expired on 5 March 2018. In accordance with the Articles of Association and the relevant PRC laws, all Directors in office shall continue to perform their duties as Directors before the new session of the Board is elected.

On 24 January 2022, the Company convened the first extraordinary general meeting of 2022 to re-elect and elect Mr. Luo Yong, Mr. Liu Longzhang, Mr. Li Qiang as executive Directors of the Company, Mr. Dai Weidong, Mr. Ke Jiming, Mr. Zhang Peng as non-executive Directors of the Company, Mr. Chan Yuk Tong, Mr. Fang Bingxi and Mr. Li Xu as independent non-executive Directors of the Company. On the same date, Mr. Luo Jun, Mr. Han Xiaoming and Ms. Xiao Liping retired as the non-executive Director or independent non-executive Director of the Company.



Nomination of Directors

Pursuant to the Articles of Association, the candidates for the appointment of Directors shall be nominated and proposed by the current Board, and Shareholder(s) who is/are jointly or severally holding more than 3% of the Shares of the Company can also nominate and propose candidates for Directors. The Board examines the qualifications and conditions of the candidates. Upon passing the board resolutions, the proposal will be submitted in writing to general meetings for consideration.

The Board has a Nomination Committee, which is mainly responsible for providing opinions and recommendations regarding the candidates, conditions, standards and procedures for the proposed Directors, general manager and other senior management of the Company.

Independence of Independent Non-executive Directors

The fourth session of the Board of the Company has 3 independent non-executive Directors. As at 6 March 2021, Xiao Liping, an independent non-executive Director, has served the Board for 6 consecutive years and tendered her resignation as an independent non-executive Director, the chairman of the Nomination Committee and a member of the Remuneration and Review Committee. The resignation of Ms. Xiao as an independent non-executive Director would cause the number of independent non-executive Directors of the Company to fall below one-third of the total number of members of the Board. Ms. Xiao shall continue to perform her duties and obligations as an independent non-executive Director, the chairman of the Nomination Committee and a member of the Remuneration and Review Committee until a new independent non-executive Director is elected at the general meeting of the Company. Save for the above, the fourth session of the Board was in compliance with the requirements of the number of members and qualifications prescribed by the Listing Rules.

The independent non-executive Directors of the fourth session of the Board have no business and financial interests in the Company or its subsidiaries, nor do they assume any managerial position in the Company. Their independence is guaranteed. Independent non-executive Directors are experienced professionals from various industries including publishing and distribution, accounting and asset appraisal and have met the qualifications of independent non-executive directorship of the A Share listed companies who are familiar with the rights and obligations of directors and independent non-executive directors of listed companies.

Mr. Chan Yuk Tong, Ms. Xiao Liping and Mr. Fang Bingxi, the independent non-executive Directors of the fourth session of the Board of the Company, confirmed in writing to the Company that they had fulfilled the level of independence as required by Rule 3.13 of the Listing Rules this Year. According to their confirmations, the Board is of the view, all the independent non-executive Directors are independent persons in compliance with the requirements under Rule 3.13 of the Listing Rules.

Securities Transactions by Directors and Supervisors

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

Corporate Governance Report

SHAREHOLDERS AND GENERAL MEETINGS

Details of Controlling Shareholder and Ultimate Controlling Shareholder

The controlling shareholder of the Company is Sichuan Xinhua Publishing and Distribution Group and the ultimate de facto controller of the Company is SASAC of Sichuan.

The Company is independent from the business operations of the controlling shareholder in terms of personnel, assets, finance, institutions and business. The controlling shareholder conformed to the regulations and had never bypassed any general meetings to directly or indirectly interfere with the Company's operations and decision-making.

The shareholding details of the substantial Shareholders at the end of the Year are set out in the section "Report of the Directors" in this annual report.

General Meetings

The Company endeavors to ensure that all Shareholders of the Company, especially the minority shareholders, enjoy equal rights and can fully exercise their rights. The general meeting exercises its power in accordance with the law and is the highest authority of the Company.

In order to safeguard the interests and rights of Shareholders, the Company has put forward an independent resolution for each of the important events and presented to the general meetings for consideration in accordance with the relevant requirements under laws and regulations, the Articles of Association as well as the Listing Rules. The details of Shareholders' rights and the respective voting procedures are set out in the relevant circulars to Shareholders in accordance with the Articles of Association and the Listing Rules. The circulars are dispatched to Shareholders prior to relevant deadline and are published on the website of the Stock Exchange, website of the SSE and the Company's own website.

During the Year, the Company convened 1 annual general meeting and 1 extraordinary general meeting. The meetings considered and passed many important resolutions such as the 2020 annual report, profit distribution proposal, engagement of auditors and internal control audit firm, election of Directors and continuing connected transactions, etc. The Directors (including but not limited to the chairman of the Board and the chairman of each of the respective Board committees), Supervisors and relevant members of the senior management of the Company attended the meetings and answered the questions raised by the Shareholders. Each resolution was voted by poll after full communications among the Shareholders, Directors, Supervisors and management of the Company. The announcements regarding the poll results of general meetings are disclosed on the website of the Stock Exchange, website of the SSE and the Company's own website in a timely manner.



SUPERVISORY MECHANISM

Supervisory Committee

The Supervisory Committee of the Company is the Company's supervisory organization and is accountable to general meetings. The Supervisory Committee exercises its independent authority to supervise the Company in accordance with the laws to safeguard the legal interests of the Shareholders and Company.

During the Year, the fourth session of the Supervisory Committee comprises 6 members, including 2 Supervisors representing Shareholders, 2 independent Supervisors and 2 Supervisors representing the staff and workers of the Company. The number of members and composition of the committee are in compliance with the requirements of relevant laws and regulations. Mr. Tang Xiongxing is the chairman of the Supervisory Committee. The Supervisors representing Shareholders and independent Supervisors are subject to election and removal by the Shareholders at general meetings; the Supervisors representing the staff and workers of the Company are subject to election and removal by the staff and workers of the Company at the meeting of the representatives of the staff and workers of the Company, staff meetings or otherwise in a democratic manner. The term of office of Supervisors is effective on the day of passing the resolution by Shareholders at general meeting or staff democratic election until the date of the expiry of the term of the session of the Supervisory Committee. The term of each session of the Supervisory Committee is 3 years, and the Supervisors are eligible for re-election upon expiry of the term.

The fourth session of the Supervisory Committee of the Company expired on 5 March 2018. In accordance with the Articles of Association and the relevant PRC laws, all Supervisors in office shall continue to perform their duties as Supervisors before the new session of the Supervisory Committee is elected.

On 6 January 2022, the Company convened a meeting of the representatives of the staff and workers of the Company to re-elect and elect Ms. Wang Yan and Ms. Wang Yuanyuan as Supervisors representing the staff and workers of the Company of the fifth session of the Supervisory Committee of the Company, with their terms of office commencing from the re-election and election of Supervisors not representing the staff and workers of the Company of the fifth session of the Supervisory Committee of the Company at the extraordinary general meeting of the Company. On 24 January 2022, the Company convened the first extraordinary general meeting of 2022, at which Mr. Tang Xiongxing and Mr. Chao Hsun were re-elected and elected as Supervisors representing the Shareholders of the Company. Mr. Feng Jian and Ms. Wang Li, re-elected and elected as independent Supervisors of the Company, shall form the fifth session of the Supervisory Committee of the Company together with Ms. Wang Yan and Ms. Wang Yuanyuan. On the same date, Ms. Lan Hong, Mr. Li Xu and Ms. Liu Mixia retired as the Supervisor representing the staff and workers or independent Supervisor of the Company.

The biographical details of the Supervisors are set out in the section "Profile of Directors, Supervisors, Senior Management and Employees" in this annual report.

During the Year, the Supervisory Committee convened a total of 5 meetings. Details of work of the Supervisory Committee are set out in the section "Report of the Supervisory Committee" in this annual report.

Corporate Governance Report

Internal Control and Risk Management

The Company has established a clear and complete internal control and risk management organizational structure system. The Board is responsible for the establishment, improvement and effective operation of the internal control and risk management system, and conducts continuous review on the effectiveness of the internal control and risk management of the Company through the Audit Committee. The Board delegates the authority to the management to organize and lead the daily operation of the Company's internal control and risk management. The Company has established a risk management leading group to comprehensively guide the Company's internal control and risk management work. The risk management department organizes and coordinates internal control and risk management work. The discipline inspection office is responsible for handling all kinds of complaints and reports, and handling complaints and reports in accordance with relevant rules and regulations. The legal department provides legal advice for the Company's major operation projects and investment projects, conducts pre-examination of contracts, undertakes and handles legal disputes such as litigation and arbitration. The Company has also set up an audit department to implement independent internal audit under the leadership of the Audit Committee under the Board so as to audit and supervise the economic matters of the Company. Apart from these, the Company has engaged an intermediary to carry out internal control audit of the Company to ensure the completeness and effectiveness of the internal control of the Company.

During the Year, the Company continued to enhance its internal control management capabilities and adhere to comprehensive and focused development of internal control work. The Company continued to engage consulting firms to assist the Company in optimizing its internal control system. Based on business development and changes, the Company analyzed and evaluated the processes of various institutions and incorporated important processes into the scope of rationalization and evaluation of the annual internal control, and gradually optimized and updated the Internal Control Code. The Company promoted the quality improvement of internal control by self-evaluation and rotation assessment, random check and re-examination, assessment of internal control, etc. The Company promoted the implementation of rectification recommendations of internal control, strengthened the internal control management of subsidiaries through various professional lines, and assisted in the establishment of internal control functional structure of subsidiaries. During the Year, no material and significant internal control defects were identified. The internal control system was complete and effective.

The Company also endeavored to enhance the overall capabilities to resist risks, as it continued to engage consulting firms to assist in risk assessment, review the risks of the Company, and help the Company to achieve its strategic objectives. In addition to comparing with benchmark enterprises and conducting industry-related risk analysis, the Company carried out identification and analysis of possible risks that it may be facing, updated and improved the risk database of the Company. The level of the Company's attention to relevant risks was determined through extensive research and evaluation. By determining the risk appetite, the nature and extent of the risks that the Company was willing to accept were clarified, thus providing a strong reference for the Company's business decision-making and management. The Company's overall risk control awareness continued to improve. All institutions put risk management into practice in the course of their daily operations, and their risk prevention capabilities have improved. During the Year, there was no risk event that had a significant impact on the Company's operation, and the overall risk of the Company was under control and the risk management was effective.



The Company attaches great importance to the internal control of information disclosure, and has formulated the Information Disclosure System, the Insider Registration and Management System and other systems. During the Year, the Company revised the Information Disclosure System and the Insider Registration and Management System in accordance with the latest regulatory requirements and the actual situation of the Company and followed the approval procedures for information disclosure in accordance with the requirements of the systems. The inside information of the Company shall be reviewed in strict accordance with the procedures stipulated in the Information Disclosure System before publication, and shall be disclosed upon the confirmation of the Board. The Insider Registration and Management System has been implemented by the Company where the Board is responsible for the registration and management of inside information of the Company and ensuring the truthfulness, accuracy and completeness of the insider registration documents; the secretary to the Board is responsible for handling the registration and entry of insiders of the Company; and the office of the Board is responsible for designating special personnel to be responsible for the registration and management of inside information of the Company to ensure the truthfulness, accuracy and completeness of the insider registration documents; and the Supervisory Committee is responsible for supervising the implementation of the system.

Upon the end of the Year, the Board reviewed the establishment and operation of the internal control and risk management system of the Company and no material control deficiencies in relation to internal control of the Company were identified. The Board considered the risk management system effective and adequate.

AUDITORS AND THEIR REMUNERATIONS

At the 2020 annual general meeting held on 21 May 2021, the Shareholders of the Company approved the re-engagement of Deloitte Touche Tohmatsu CPA as the Company's auditor and internal control auditor for 2021. The above two engagements shall continue until the conclusion of the forthcoming annual general meeting of the Company. The Board was authorized to determine the auditors' remunerations through individual negotiation in accordance with market practice.

During the Year, Deloitte Touche Tohmatsu CPA provided the following audit services to the Group: 1) professional audit services in respect of the 2021 annual financial report; and 2) review procedures services on the 2021 interim financial report. The fees payable by the Group to the auditor in respect of the above services provided was RMB2.98 million (2020: RMB2.98 million). In addition, the auditor also provided audit services for internal control of the Group. The fees payable by the Group to the auditor amounted to RMB430,000 (2020: RMB430,000).

In addition, during the Year, Deloitte Touche Tohmatsu CPA also received relevant fees from the provision of non-audit services to the Group as follows: the service fee for assurance on the use of proceeds amounting to RMB60,000; the service fee for the consulting services in accordance with the ESG of the Stock Exchange amounting to RMB100,000.

Save as disclosed above, during the Year, the Group had not paid any other audit or non-audit service fees to Deloitte Touche Tohmatsu CPA.

The Audit Committee of the Company has reviewed and monitored the independence of Deloitte Touche Tohmatsu CPA in compliance with code provision D.3.3 (formerly code provision C.3.3) of Appendix 14 to the Listing Rules and Deloitte Touche Tohmatsu CPA has issued a written confirmation with respect to its independence to the Audit Committee of the Company as at the date of this report.

Corporate Governance Report

COMPANY SECRETARY/JOINT COMPANY SECRETARIES

During the Year, the company secretary of the Company is Mr. You Zugang, who was appointed as the company secretary of the Company in June 2005.

On 24 January 2022, Mr. You Zugang resigned as the company secretary of the Company due to personal affairs and development reasons. After reporting to the Stock Exchange, a waiver was granted by the Stock Exchange to the Company from strict compliance with Rule 3.28 and Rule 8.17 of the Listing Rules. The fifth session of the Board of the Company appointed Ms. Yang Miao and Ms. Wong Wai Ling as the joint company secretaries of the Company. Ms. Yang is the primary contact person between the Company and Ms. Wong. The biographical details of Mr. You, Ms. Yang and Ms. Wong are set out in the section "Profile of Directors, Supervisors, Senior Management and Employees" in this annual report.

Mr. You has complied with Rule 3.29 of the Listing Rules and received relevant professional training of no less than 15 hours during the Year.

DIRECTORS' RESPONSIBILITIES ON FINANCIAL STATEMENTS

The Directors have confirmed their responsibilities for the preparation of the financial statements. The Directors are responsible for monitoring the preparation of the Company's financial statements for each fiscal period so as to ensure that the financial statements give a true and objective view of the status of the Company's business conditions, results as well as cash flow of the Reporting Period. The Directors are not aware of any issues or circumstances that may cause any material adverse effect on the ongoing operation of the Company.

RIGHTS OF SHAREHOLDERS AND INVESTORS RELATIONSHIP

Procedures for convening extraordinary general meetings by Shareholders

According to the provisions of the Articles of Association, Shareholders of the Company shall be entitled to the right to propose, convene and preside over, to attend or appoint a proxy to attend Shareholders' general meetings and to exercise the corresponding voting right thereat in accordance with laws.

The Company shall hold an extraordinary general meeting or a class meeting within two months if Shareholders (individually or jointly) holding more than 10% of the Company's issued shares with voting rights request in writing to hold an extraordinary general meeting or a class meeting. Shareholders who request for the convening of an extraordinary general meeting or a class meeting shall comply with the following procedures:

- (1) Shareholders individually or jointly holding more than 10% of the Company's shares carrying the right to vote at the general meeting sought to be held shall be entitled to require the Board to convene an extraordinary general meeting or a class meeting thereof in writing. The Board shall provide its feedbacks and opinions in writing as to agreeing or disagreeing the convening of the extraordinary general meeting or class meeting thereof within 10 days upon the receipt of the said written requisition in accordance with the laws, administrative regulations and provisions of the Articles of Association. If the Board agrees to convene an extraordinary general meeting or a class meeting thereof, a notice convening the general meeting or class meeting shall be issued within 5 days from the date of the Board's resolution. Any changes to the original requisitions in the notice shall be subject to the consent from the relevant Shareholders. The amount of shareholdings referred to above shall be calculated as at the date of deposit of the requisition.



- (2) If the Board disagrees with the proposal to convene the Shareholders' meeting upon receipt of the said written requisition or does not make any feedbacks within 10 days therefrom, Shareholders individually or jointly in aggregate holding more than 10% shares of the Company shall be entitled to require the Supervisory Committee to convene a meeting in writing. If the Supervisory Committee agrees to convene the meeting, a notice convening the meeting shall be issued within 5 days from the date of receiving the written requisition. Any changes to the original requisitions in the notice shall be subject to the consent from the relevant Shareholders. If no notice of meeting is issued by the Supervisory Committee within the stipulated period, no meeting shall be deemed to be convened and presided over by the Supervisory Committee. Shareholders individually or jointly holding more than 10% shares of the Company for 90 consecutive days may convene and preside over the meeting on their own in the same manner as which Shareholders' general meetings are convened by the Board (Shareholders convening the meeting shall hold no less than 10% of shares before the announcement of the resolutions at the general meeting).

Procedures to make an inspection request to the Board

Pursuant to the provisions of the Articles of Association, Shareholders of the Company may inspect information including the Articles of Association, personal particulars of the Directors, Supervisors, general manager and other senior management of the Company, minutes of general meetings, resolutions of board meetings, resolutions of Supervisory Committee meetings and the latest audited financial statements of the Company and report of directors or make a request for inspection to the Board.

Shareholders inspecting relevant information, requesting information or making an inspection request to the Board may make the request to the Board office of the Company (detailed contacts are published on the website of the Company). Shareholders shall provide written documents evidencing the type of shares and number of shares held in Company and the relevant information shall be provided to Shareholders upon request after verification of the shareholder's identity by the Company.

Procedures to make recommendations at general meetings

Shareholders may make recommendations at the general meeting by two means: proposing a provisional resolution at general meetings and requiring the right to speak at the general meeting.

At the general meeting convened by the Company, Shareholders individually or jointly holding more than 3% shares of the Company shall be entitled to propose a provisional resolution in writing 10 days prior to the convening of the general meeting and submit to the convenor. A supplementary notice of general meeting shall be issued by the convenor of the general meeting within 2 days from the receipt of the resolution proposed.

Shareholders attending the general meeting may require the right to speak. The right to speak at general meetings can be conducted in writing and verbally. Shareholders or proxies requiring the right to speak shall register with the secretary to the Board or the chairman of the meeting prior to voting. The order of speaking shall follow the registration order. The number of speakers registered for each resolution shall not exceed 10 persons in general and each Shareholder shall not speak more than twice. Save as commercial secrets of the Company which cannot be disclosed to public, Directors, Supervisors and senior management shall give answers or explanations to the queries and recommendations made by the Shareholders.

Corporate Governance Report

Dividend Payment Policy

In accordance with the Articles of Association, the Company adopts a sustainable and steady profit distribution policy. The distribution policy and the dividend distribution proposal shall be prepared, considered and passed by the Board before submitting to the general meeting for approval. When formulating the profit distribution policy and the dividend distribution proposal, the Board shall pay due regard to opinions of independent Directors and the Supervisory Committee. The Company may make its dividend distributions by means of cash, shares, a combination of both or otherwise as permitted by laws and regulations, where priority is given to cash. Conditions and payout of cash dividends: 1. Save for exceptional circumstances, priority shall be given to cash dividends when the Company recorded profits and positive undistributed profits accrued for the year. Subject to laws, regulations and regulatory provisions, profit distribution of the Company in cash for a given year shall not be less than 30% of its distributable profits for such a year. 2. Save for exceptional circumstances, profit distribution of the Company in cash shall not be less than 80% of such distribution. 3. Under exceptional circumstances, profit distribution of the Company in cash shall not be less than 40% of such distribution.

Communications with investors and investor relations

The Company has formulated the Investor Relations Management System to strengthen and regulate the information exchange with investors and to deepen the investors' understanding of the Company. The Company provides multi-channels and multi-layered communication methods to investors, including but not limited to:

1. publication of periodic reports and provisional announcements in a timely manner in accordance with the regulatory requirements of the listing places of the Company;
2. respect for Shareholders' right to question by providing the opportunity for minority shareholders to attend the general meetings;
3. response to investors' inquiries promptly through investor relation hotline, facsimile, email and SSE E-interactive;
4. reception of routine visits from investors and analysts;
5. one-on-one communication with investors, analysts and financial media through analyst meetings, results presentations, strategic meetings of securities firms and road shows; and
6. provision of operational and management as well as corporate governance information, etc. to investors through the websites of the stock exchanges and the Company.

The Company fulfills its continuing disclosure obligations and responsibilities pursuant to the regulatory requirements of the listing places of its shares and strengthens information disclosure in accordance with the principle of compliance, transparency, adequacy and continuity and makes timely, accurate and complete disclosure of relevant information to ensure that Shareholders and investors can obtain information of the Company in a timely and complete manner.

Corporate Governance Report



The Company is in adherence to maintaining sound and effective two-way communication with Shareholders and investors. While strictly performing the statutory obligations on information disclosure and through a variety of investor relations activities, it allows investors locally and abroad to understand the operation and growth conditions of the Company in a timely and sufficient manner. In 2021, the Company maintained routine communication with domestic and overseas investors through telephone, mail, SSE E-interactive; and disclosed the operating and growth conditions of the Company through the websites of the stock exchanges and the Company in a voluntary and timely manner. The Company also held the 2020 Annual Results Presentation and the 2021 Interim Results Presentation in the form of text communication, and consolidated replies to the questions that investors were generally concerned about, thus further increasing the information transparency of the Company and demonstrating the Company's good image of regulated governance and high quality development.

To the Company, corporate governance is a long-term system development project. As a company with "A+H Shares" dual listing status, in the future, the Company will, in compliance with listing regulatory requirements locally and abroad, development trend in the capital market and investors' expectations, strengthen our risk management and internal control, continue to review and improve its corporate governance as and when appropriate, further enhance its corporate governance standard and transparency of information disclosure, so as to ensure the steady development of the Company and appreciation of Shareholders' value.

Environmental, Social and Governance Report

REPORT DESCRIPTION

This report is prepared in accordance with the requirements of the Environmental, Social and Governance Reporting Guide in Appendix 27 to the Listing Rules on the Stock Exchange, and covers the Group's material ESG issues and performance during the Reporting Period. This report follows the reporting principles of the Environmental, Social and Governance Reporting Guide, which are:

- **Materiality:** During the preparation of this report, important stakeholders are identified and materiality assessment is carried out as the basis for defining material ESG issues.
- **Quantitative:** The content of this report is derived from relevant statistical reports or documents, and key performance indicators (the "KPIs") are measurable. Relevant standards and methods used in the calculation process such as emissions/energy consumption have been reported.
- **Balance:** This report adheres to the principle of balance, and fairly and objectively presents the Group's ESG status.
- **Consistency:** This report uses the same methodologies for the disclosure of KPIs as in the ESG Report in the previous year, with consistent coverage.

ESG GOVERNANCE

BOARD STATEMENT

The Board of the Company is committed to improving the governance policies, management processes and information disclosure in the ESG aspects, to ensure that the Company has established an appropriate and effective ESG management system and working mechanism. The Board regularly reviews the Company's ESG management policies, strategies and risks, reviews the disclosures in the ESG report, and confirms that the Company has complied with the disclosure requirements of the ESG Reporting Guide of the Stock Exchange. This report is released after being reviewed and approved by the Board.

Environmental, Social and Governance Report



ESG GOVERNANCE STRUCTURE AND STRATEGIES

The Board attaches great importance to the Company's sustainable development performance, and is responsible for controlling and evaluating the Company's major ESG risks, as well as determining the Company's ESG-related policies, to ascertain and ensure the effectiveness of the Company's ESG management. The Company has incorporated ESG governance into its corporate governance, and has established an ESG governance structure suitable for the Company's operation and management, clarifying the main duties and responsibilities of ESG at all levels from decision-making to execution. The Board is responsible for the Company's ESG strategy, management and information disclosure, and authorizes the Audit Committee of the Board to assist the Board in managing and making decisions on ESG matters, as well as evaluating and determining ESG governance strategies and risks. The Company has set up an ESG leading group, which is responsible for organizing and implementing the Company's ESG management, and regularly reporting ESG work to the Board and professional committees.

Under the authorization of the Board, the Audit Committee, after taking into account the results of the materiality assessment, clarifies the focus of the Company's sustainable development work and provides professional opinions on ESG decision-making to the Board. In order to reduce the impact of the Company's operations on the environment, the Company has laid down objectives and measures such as emissions, waste reduction, energy efficiency and water conservation efficiency, and regularly reviews the ESG performance, policy implementation and target achievement to better fulfill social responsibilities.

STAKEHOLDER ENGAGEMENT

The Company is well aware that it is crucial to respond positively to investors, pay attention to stakeholders' concerns, and meet their expectations. Through diversified communication channels, the Company understands and responds to the demands of stakeholders, protects their rights and interests, and accordingly carries out ESG responsibilities.

The Company actively participates in publishing, distribution, copyright, printing, education and other industry association activities, with the aim of jointly exploring the future direction of the publishing and education industries with relevant institutions, and identifying industry trends in a timely manner.

Stakeholders	Expectation	Means of communication	Response
Readers	<ul style="list-style-type: none">• High quality products and services• Extensive cultural knowledge input• Reading experience enhancement• Honest advertising practices	<ul style="list-style-type: none">• Official website, official accounts and other media• Customer service hotline• Offline stores communication	<ul style="list-style-type: none">• Strengthen the management and control of product quality• Support and explore outstanding works for publication• Establish people-friendly online and offline operating entities and efficient logistics network• Optimize customer compliant procedures, understand customers' views

Environmental, Social and Governance Report

Stakeholders	Expectation	Means of communication	Response
Employees	<ul style="list-style-type: none"> • Diversified and equal employment practices • Ensure occupational health and safety • Statutory remuneration and benefits • Provide sound training and career development opportunities 	<ul style="list-style-type: none"> • Employee representative meetings • Intranet, email, forum and internal publications • Online and offline training activities 	<ul style="list-style-type: none"> • Optimize the internal management system including staff recruitment and promotion, respect employees' rights • Safeguard the occupational health and safety of employees • Provide sound remuneration and benefits • Provide diversified training on position skills
Shareholders	<ul style="list-style-type: none"> • Regulation of corporate governance • Steady performance growth • Corporate value enhancement 	<ul style="list-style-type: none"> • Shareholders' general meetings • Regular reports and temporary announcements • Information disclosure channels such as roadshows and results presentations 	<ul style="list-style-type: none"> • Continuously improve internal control and risk management mechanisms • Formulate and implement development strategies • Ensure transparent and open information disclosure
Schools	<ul style="list-style-type: none"> • Enhancement of quality and stable supply of textbooks and supplementary materials • Participation in responsibility management 	<ul style="list-style-type: none"> • Field researches and interviews • Teaching seminars • Study tours 	<ul style="list-style-type: none"> • Develop curriculum and train teachers • Establish effective printing, logistics, and education service systems • Develop digital education
Government and regulatory authorities	<ul style="list-style-type: none"> • Compliant operations • Revitalization of the cultural industry • Support to education 	<ul style="list-style-type: none"> • Information submission and disclosure • Investigation, inspection and supervision • Charitable activities 	<ul style="list-style-type: none"> • Comply with national laws and regulations, enhance the level of governance • Make disclosure in a timely and accurate manner • Diversify and integrate the development of cultural industry • Support the education in deprived regions

Environmental, Social and Governance Report



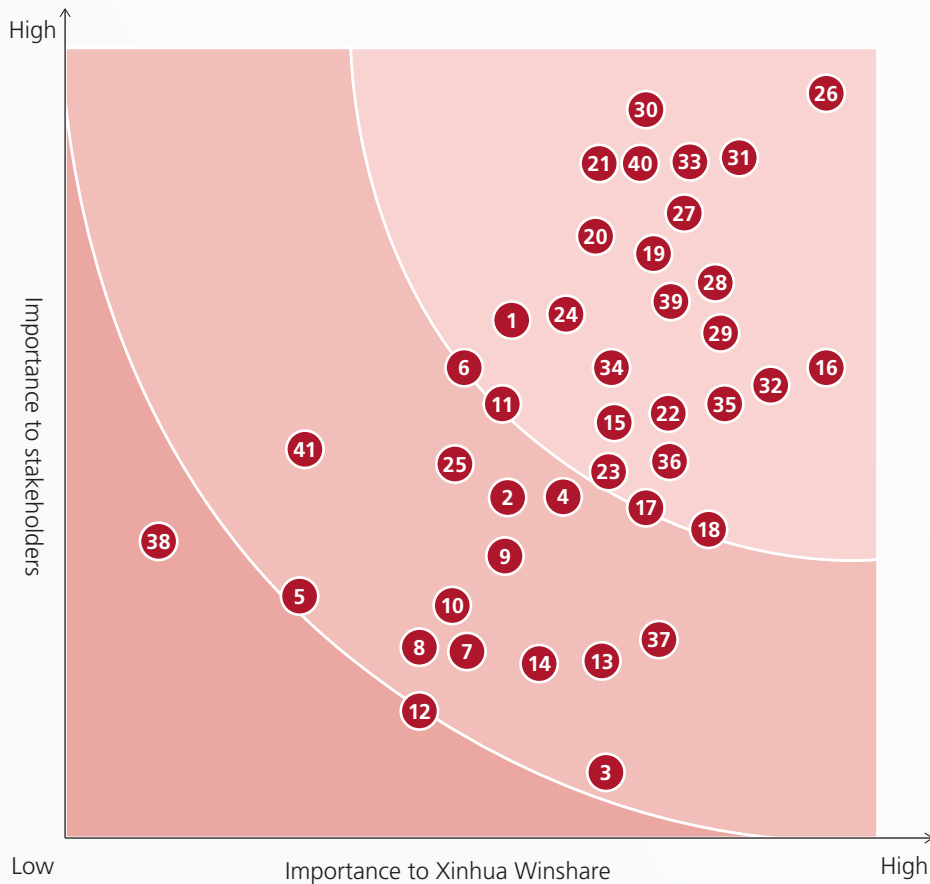
Stakeholders	Expectation	Means of communication	Response
Partners	<ul style="list-style-type: none"> Facilitation of healthy industry development Protection of intellectual property rights Mutual benefits and joint development 	<ul style="list-style-type: none"> Peer and enterprise cooperation, exchange and research Industry association Book trade fairs 	<ul style="list-style-type: none"> Participate in the promotion of industry standards and specifications Strengthen supplier management and qualification evaluation Strengthen the protection of intellectual property rights Build a long-term stable cooperation mechanism
Community	<ul style="list-style-type: none"> Practicing environmental protection and public welfare Cultural promotion 	<ul style="list-style-type: none"> Carrying out environmental protection and public welfare study tour Organizing community activities 	<ul style="list-style-type: none"> Strengthen the recycling of resources and reduce waste Carry out diversified community cultural activities
Environment	<ul style="list-style-type: none"> Safeguarding the environment and natural resources Promoting energy conservation and emission reduction Strengthening the recycling of resources 	<ul style="list-style-type: none"> Environmental inspection Environmental information disclosure 	<ul style="list-style-type: none"> Practice green procurement Promote environmental protection Promote energy-efficient office and new energy transportation

Environmental, Social and Governance Report

IDENTIFICATION OF SUBSTANTIVE ISSUES

With reference to the requirements of the ESG Reporting Guide of the Stock Exchange, the Company understands the views of various stakeholders on the Company’s ESG issues through questionnaire collection, business review and internal interviews, and identifies and determines the importance of the issues concerned by stakeholders to ensure a more accurate and comprehensive disclosure of ESG information.

The materiality analysis results of the Group’s ESG issues for 2021 are as follows:



1	Responsibility concept	change	29	Revitalization of the publishing industry	
2	Responsibility governance structure	13	Local employment	30	Eradication of false advertisements
3	Participation of the Board in responsibility management	14	Anti-discrimination at workplace	31	Product innovation
4	Improvement in the awareness on responsibility	15	Employee health and safety	32	Protection of intellectual property rights
5	Participation of stakeholders in responsibility management	16	Employees’ interests and benefits	33	Emergency response
6	Environmental compliance	17	Employee satisfaction	34	Online education industry
7	Establishment and fulfilment of environmental targets	18	Career development	35	Anti-corruption supervision and management
8	Energy saving and emission reduction	19	Elimination of child labor	36	Anti-corruption whistle blowing
9	Protection of environment and natural resources	20	Elimination of forced labor	37	Anti-corruption training
10	Practicing environmental protection and public welfare	21	Fair and open procurement	38	Rural revitalization
11	Green packaging	22	Supply chain risk management	39	National reading promotion
12	Mitigating the impacts of climate	23	Green supply chain	40	Serving the education industry
		24	Management of quality of whole industry chain	41	Charity and public welfare
		25	Supplier ESG performance evaluation		
		26	Product quality		
		27	Customer service and communication		
		28	Informatization development		



1. Practicing Green Development

The Group actively responds to the national call for green operation, adheres to green development, strictly abides by the Environmental Protection Law, the Law on Promoting Clean Production, the Law on the Prevention and Control of Water Pollution, the Law on the Prevention and Control of Environmental Pollution by Solid Waste, the Law on the Prevention and Control of Pollution from Environmental Noise and other relevant laws and regulations, implements low-carbon and emission reduction policies, and actively fulfills corporate environmental protection responsibilities. The Group is an enterprise with low energy consumption and light pollution. Except for its own printing business, the Group is not involved in large-scale production processes and has no business that has a significant impact on the environment and natural resources.

In May 2022, the high-rise office building of “Xinhua Winshare Publishing and Media Creativity Centre” (新華文軒出版傳媒創意中心) built by the Group will be fully put into use, with a net increase of self-owned office area of approximately 60,000 sq.m., including a staff canteen for dining of around 2,000 people. The addition of office area, the improvement of office environment and the planning of new staff canteen functions will lead to a certain increase in the Group’s indicators such as water, electricity, natural gas, comprehensive energy consumption and overall greenhouse gas emissions in 2022 to 2023 as compared to last year. To this end, the Group will actively adopt energy saving and emission reduction measures to reduce energy consumption and maximize energy utilization efficiency. After taking into account the transition period in 2022 and the stably normal situation in the full year of 2023, it is expected that the greenhouse gas emissions per unit of revenue, comprehensive energy consumption per unit of revenue, and water consumption per unit of revenue can be reduced from 2024 onwards. For hazardous waste and non-hazardous waste produced during the operation and production of the Group, the Group will take effective measures such as recycling to maximize the use of resources.

1.1 Strengthening Emission Management

The Group complies with the relevant standards, rules and regulations on emissions of China and places of operation.

Greenhouse gases: The Group’s greenhouse gases mainly come from the use of vehicles, natural gas combustion, and direct and indirect emissions from operations. The Group is committed to reducing the harm to the environment caused by its operation and office, gradually replacing new energy vehicles for transportation, advocating green travel and renovating operating light sources to reduce power consumption in order to reduce greenhouse gas emissions.

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During the Reporting Period, the greenhouse gas emissions of the Group were as follows:

Indicators	Unit	2021	2020	2019
Total direct greenhouse gas emissions	tCO ₂ equivalent	2,910.07	2,896.56	2,829.79
Indirect greenhouse gas emissions (Note 1)	tCO ₂ equivalent	18,758.57	15,959.57	17,333.14
Total greenhouse gas emissions	tCO ₂ equivalent	21,668.63	18,856.14	20,162.93
Greenhouse gas emissions per capita (Note 2)	tCO ₂ equivalent/person	2.87	2.46	2.59
Intensity of greenhouse gas	tCO ₂ equivalent/ RMB10,000 revenue	0.0207	0.0209	0.0228

Note 1: In 2021, the indirect greenhouse gas emissions included purchased heat.

Note 2: The calculation basis was changed from the number of persons as at the end of the year to the average number of persons per year, and the indicators for 2019 and 2020 were adjusted accordingly.

Exhaust gas: The Group's exhaust gas mainly comes from the production processes of Sichuan Xinhua Printing, a subsidiary of the Group, including printing, plastic packaging and combustion in the commercial wheel oven (商輪烘箱), which produce volatile organic compounds (VOCS) emissions. During the Reporting Period, Sichuan Xinhua Printing replaced the activated carbon, filter cotton and UV photolysis lamps in the VOCS treatment facilities; installed curtain at the VOCS collection port; replaced raw and auxiliary materials from the source with low VOCS content to strengthen the control of pollutants from the source; installed the capping device of volatile solvent for the printing machines, and installed the capping container of volatile solvent for the operation surface of the printing machines to minimize harmful gas emissions. VOCS emissions were in compliance with the emission standards and requirements of the location of operation.

Non-hazardous waste: The Group's non-hazardous waste mainly comes from waste paper and packaging waste from printing and logistics, and as well as domestic waste and domestic sewage from daily operations. Waste paper produced by the Group's printing is recycled by external companies qualified by national standards. Packaging materials produced by logistics mainly include packaging paper, packing tape, express mail bags, etc. In line with the principle of resource recycling, the Group reduces emissions through the repeated use of packaging materials. During the Reporting Period, approximately 41 tons of logistics packaging materials were recycled. Non-hazardous wastes such as domestic waste and domestic sewage generated from daily operations are handed over to the municipal government for treatment.

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During the Reporting Period, the Group's non-hazardous wastes were as follows:

Indicators	Unit	2021	2020	2019
Total water discharge	10,000 tons	21.07	16.93	18.04
Sewage discharge per capita (Note)	tons/person	27.92	22.04	23.19
Total non-hazardous waste	tons	4,181	4,188	/
Including: Domestic waste produced	tons	600.78	539.93	580.47
Scrap packaging materials	tons	57	74	56
Waste paper produced from printing	tons	3,523	3,574	/
Domestic waste produced per capita (Note)	tons/person	0.080	0.070	0.075
Intensity of non-hazardous waste	kg/RMB10,000 revenue	3.9968	4.6491	/

Note: The calculation basis was changed from the number of persons as at the end of the year to the average number of persons per year, and the indicators for 2019 and 2020 were adjusted accordingly.

Hazardous waste: The Group's hazardous waste mainly comes from scrap printing boards, scrap ink barrels, printing consumables and other hazardous waste generated during the production process of Sichuan Xinhua Printing, a subsidiary of the Group. The company has formulated the Hazardous Waste Management System to strengthen the whole process management of waste, and entrusts companies with professional treatment qualifications to recycle hazardous waste (scrap ink barrels, car wash waste water, waste cotton yarn, etc.). The Group adheres to the reduction and harmless treatment of hazardous waste and actively promotes the comprehensive utilization of waste.

During the Reporting Period, the Group's hazardous wastes were as follows:

Indicators	Unit	2021	2020	2019
Hazardous waste (Note)	tons	35.55	29.05	26.49
Intensity of hazardous waste	kg/RMB10,000 revenue	0.0340	0.0322	0.0300

Note: Originally as hazardous waste (危險廢棄物). All hazardous waste of the Company was generated by Sichuan Xinhua Printing. In accordance with the local environmental protection emission requirements, raw and auxiliary materials were updated, resulting in an increase in hazardous waste.

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1.2 Optimizing Resource Utilization

The Group complies with the Energy Conservation Law and other relevant laws, and continuously improves the internal system and regulation.

The Group's energy consumption in the course of operation mainly includes electricity used for office operation, gasoline for company vehicles, natural gas used for staff canteen and printing business, whereas resource consumption mainly includes water and logistics packaging materials. The Group continues to promote the concept of energy conservation and consumption reduction, equipment upgrading, recycling and other measures to improve resource conservation and reduction. In terms of administrative and office work, the Group enhances the environmental protection awareness of employees, requires them to save water and electricity, prepares water-saving posters to put up in places where water is used, and strengthens the management of the use of air conditioners in the office by advocating a cooling temperature of no less than 26°C in summer and a heating temperature of no more than 22°C in winter. The Group also advocates a paperless office to reduce paper waste. In terms of production, Sichuan Xinhua Printing has formulated the Energy Consumption Management and Control Procedures, which clearly stipulates the energy consumption quota indicators as well as the water and electricity conservation and consumption reduction measures. In terms of logistics, all self-owned vehicles for intra-city transportation and distribution are replaced with new energy vehicles. For long-distance trunk transportation, vehicles that meet national environmental standards are selected.

During the Reporting Period, the Group's utilization of major resources was as follows:

Indicators	Unit	2021	2020	2019
Electricity consumption (Note 1)	10,000 kWh	3,151.96	2,779.92	2,646.57
Gasoline consumption	10,000 L	73.47	78.91	85.98
Diesel consumption	10,000 L	6.16	11.44	7.96
Natural gas consumption (Note 2)	10,000 cubic meters	52.34	39.21	33.47
Purchased heat	GJ	3,220.83	/	/
Total comprehensive energy consumption	ton(s) of standard coal equivalent	5,540.05	4,929.46	4,721.11
Comprehensive energy consumption per capita (Note 3)	ton(s) of standard coal equivalent/person	0.73	0.64	0.61
Intensity of comprehensive energy consumption	kg/RMB10,000 revenue	5.2962	5.4723	5.3391
Total water consumption (Note 1)	10,000 tons	24.78	19.91	21.23
Water consumption per capita (Note 3)	tons/person	32.83	25.93	27.29
Intensity of water consumption	tons/RMB10,000 revenue	0.2369	0.2210	0.2401

Note 1: Due to the sudden outbreak of the COVID-19 pandemic in 2020 and the subsequent home office arrangements, the bases of electricity consumption and total water consumption in 2020 were lower than normal levels, which tended to be normal in 2021.

Note 2: The increased consumption was due to the addition of fire sprinkler equipment and higher flowing usage of water to supply heat at Tianjin logistics warehouse (which was due to the lower temperature in the winter of 2021 as compared to previous years), and the increase in the business volume of Sichuan Xinhua Printing.

Note 3: The calculation basis was changed from the number of persons as at the end of the year to the average number of persons per year, and the indicators for 2019 and 2020 were adjusted accordingly.



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1.3 Conserving Natural Resources

The Group continues to carry out the “One More Green” charity campaign, and advocates students from primary and secondary schools and employees to donate used books and journals, which are processed and reused by paper manufacturers, and the proceeds are invested in the environmental education of primary and secondary schools. Since the launch of the “One More Green” charity campaign, the Group has been continuously visiting campuses, communities, agencies and enterprises, calling on more people to participate in the charity campaign, which has received good social response. In 2021, the Company’s labor union carried out an internal book donation event themed “Literary Xinhua, One More Green” where employees of the Company actively participated in the event, collected and sorted out waste office paper and books for donation, practicing the philosophy of green environmental protection.

Through the public welfare model of “self-development”, the “One More Green” campaign has covered 18 cities, 135 districts and counties, 6,000 schools in Sichuan Province, inviting participation of more than 5 million students, with accumulated used books exceeding 15,000 tons recycled and charity funds of approximately RMB19,330,000 raised from the public welfare fund, which can produce more than 13,000 tons of recycled paper, equivalent to saving 220,000 trees from deforestation. On the basis of the “normalization and sustainability” of the campus public welfare, the public welfare undertakings have been further extended to the agencies and communities.



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1.4 Response to Climate Change

Climate change has increased the frequency of extreme weather events, and response to climate change has become a global consensus. The Group has identified the possible risk factors caused by climate change as much as possible and paid attention to the possible impacts of extreme weather on the Group. The Group increases the use of renewable energy through the “One More Green” charity event and paper recycling. The Group also controls and reduces greenhouse gas emissions such as carbon dioxide by replacing new energy vehicles for logistics and transportation and refitting the lighting sources of stores, in an effort to reduce and minimize the impacts on the climate and environment.

In response to the physical risks arising from climate change, the Group identifies the impacts of natural disasters such as floods and mudslides on its business operations, strengthens the management of climate disaster risks, and improves the awareness and ability of disaster prevention and mitigation. Taking into account the impacts of natural disasters such as floods and mudslides on the timely delivery of the Group’s teaching materials to schools, the suspension of store operations and the disruption to logistics and transportation during the flood season every year, the Group has formulated flood prevention and disaster prevention measures, and made specific requirements for the implementation of flood prevention responsibilities, formulation of flood prevention emergency plans and strengthening emergency response, with a focus on preventing the potential impacts of natural disasters such as floods and mudslides caused by extreme weather. In the face of heavy air pollution, the production enterprises under the Group have set up a leading group for emergency response to heavy air pollution and formulated the Operational Plan for Emergency Response to Heavy Air Pollution to make corresponding requirements for production and travel.

2. Nurturing Top Talents

Adhering to the “people-oriented” human resources philosophy, the Group protects the rights and interests of employees from multiple perspectives, strengthens the talent teambuilding in the enterprise, cares for the physical and mental health of employees, and improves the employee training mechanism, in an effort to benefit all employees with development results.

2.1 Safeguarding Employees’ Rights and Interests

The Group strictly abides by the Labor Law of the People’s Republic of China, the Labor Contract Law of the People’s Republic of China and other relevant labor laws and regulations. The Company perseveres in legal employment and prohibits employment discrimination and forced labor. The Group respects the opinions of employees and the labor union. A formal supervision and management channel has been established to specify matters related to the vital interests of employees and maximize the protection of legitimate rights and interests of employees.

The Group continuously improves and optimizes its employment policy, remuneration policy and remuneration benefit management system, ensures that employees have statutory working hours and statutory leave entitlements. The standard remuneration package includes basic salary, performance-based bonus and benefits, and provides employees with pension, medical, unemployment, work-related injury, maternity and other insurances as well as housing provident fund and enterprise annuity. During the Year, parental leave has also been added to protect the rights and interests of employees in accordance with the law. In addition, the labor union of the Company also provides employee hospitalization mutual medical assistance for employees in Sichuan Province.



2.2 Building a Diversified Employee Team

The Group continues to optimize its human resources structure and provide open and equal employment opportunities. During the Year, the Group launched the human resources recruitment system, through which one-click recruitment information was posted on multiple recruitment websites to broaden recruitment channels and conduct open recruitment according to job qualification requirements and recruitment procedures. The Group adheres to the principle of diversified employment and implements a zero tolerance policy regarding discriminatory provisions that contravene the principle of fairness such as gender, ethnicity and marital status during the recruitment process. At the same time, we uphold the concept of equality, voluntariness and consensus, and enter into written labor contracts with employees. The Employee Handbook is formulated to allow employees to understand the Company's operation model, management model, values and philosophies, and to guide and regulate employees' work behaviors.

As at the end of the Reporting Period, the Group had 7,481 employees in total. A total of 605 employees resigned during the Year, including 199 male employees and 406 female employees. The annual employee turnover rate was 7.36%, of which, the male employee turnover rate was 5.69% and the female employee turnover rate was 8.59%.

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As at the end of the Year, the composition of the Group was as follows:

Number of employees by employment type	Full-time employees	7,437
	Part-time employees	44
Number of employees by gender	Male employees	3,265
	Female employees	4,216
	Percentage of male employees	43.64%
	Percentage of female employees	56.36%
Number of employees by age	Aged 30 and below	1,725
	Aged 31-40	2,425
	Aged 41-50	2,164
	Aged 51 and above	1,167
Number of employees by region	Employees in Sichuan Province	7,068
	Employees outside Sichuan Province	413
Number of employees by education background	Employees with master's degree or above	474
	Employees with bachelor's degree	2,336
	Employees with associate degree or below	4,671
Employee turnover rate by gender	Turnover rate of male employees	5.69%
	Turnover rate of female employees	8.59%
Employee turnover rate by age	Turnover rate of employees aged 30 and below	14.66%
	Turnover rate of employees aged 31-40	6.54%
	Turnover rate of employees aged 41-50	2.76%
	Turnover rate of employees aged 51 and above	3.96%
Employee turnover rate by region	Turnover rate of employees in Sichuan Province	5.97%
	Turnover rate of employees outside Sichuan Province	30.54%



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2.3 Caring for Employees' Lives

The Company cares about the work and life of employees, attaches great importance to humanistic care, actively solves practical difficulties for employees, and carries out warm-hearted activities to effectively care about the life of employees. We have built up files for employees in need, and provided policy assistance and financial support to them. We visit employees who are hospitalized, female employees who have given birth and retired employees to enhance their happiness and sense of belonging. At the same time, the Group organizes a variety of cultural and sports activities for employees, providing a platform to show their talents. In 2021, the Company carried out activities such as employee sports day, Women's Day theme activities, singing contest, night run and night study to promote the physical and mental health of employees.



"Caroling dedicated to the Party" singing contest



3.8 Women's Day theme activity – Pre-Qingming tea picking

2.4 Focusing on Employee Health and Safety

The Group is committed to providing employees with a healthy and safe working environment. Strictly abiding by the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Provisions on the Supervision and Administration of Occupational Health at Work Sites, the Regulation on Work-Related Injury Insurances and other relevant laws and regulations, the Group has formulated the Safety Production and Fire Safety Management System, the Identification, Evaluation, Monitoring and Management System of Major Hazard Sources, the Emergency Plan for Production Safety Accidents and other rules and regulations to continuously promote the development of the Group's safety and health management system. Every year, the Group organizes employees to participate in body checkups, provides employees with necessary protective supplies, and regularly conducts safety and health training and promotion. In the past three years, the Group has not had any work-related fatalities.

During the Reporting Period, the Group's relevant data on health and safety were as follows:

Year	Total man-hours (200,000 man-hours)	Number of work-related fatalities	Rate of work-related fatalities	Lost days due to work injury (number of days lost per 200,000 man-hours)
2021	78.93	0	0	3.66

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2.5 Supporting the Development of Employees

During the Reporting Period, the Group continued to build a reserve cadre team and strengthen the capacity building of the talent team in a planned manner by centering around the corporate strategy and the goal of strengthening the enterprise with talents. The Group established a selection and training mechanism for reserve cadres to develop and cultivate a quality talent pool, carried out training for middle and senior management to improve their management capabilities, and helped management cadres improve their operation and management capabilities through various forms to build a compound management team.

The improvement of employees' quality is the fundamental guarantee for enterprise development. Adhering to the principle of "standardized management and hierarchical organizational implementation", the Group establishes a multi-level training system and continuously empowers employees on an as-needed basis. During the Year, the Group's training covered various aspects such as operation and management, job skills, cultural literacy, professional qualifications and team building. By combining internal and external training, the Group adopted online learning, quizzes and other diversified methods with focus on the relevance and effectiveness of training to effectively improve the skills, professional quality and thinking awareness of employees at all levels, as well as to expand the scope of work. In 2021, with the normalization of the pandemic, the Group innovated the training model while implementing effective epidemic prevention and control, and organized more than 70 training sessions through online training and organic combination of online and offline methods. More than 17,000 employees participated in the training sessions.

Case

In October 2021, the education service department of the Company launched the "2021 New Joiner Special Training Camp" for more than 200 new employees, covering corporate culture, business knowledge and military training. Through training, it helped new employees understand the development history and culture of the Company, understand the Company's strategies and business operations, and enable them to have a clear understanding of their personal career development and role changes, whereas the military training strengthened the body of new employees physically and demonstrated the good spirit of the new generation of Winshare people.





Details of training during the Reporting Period were as follows:

Training attendance and number of hours		Attendance	17,487.5	Training percentage
		Number of hours	50,060	
Training attendance by employee category	Senior management	Attendance	1,054.75	6%
		Number of hours	4,502	
	Middle management	Attendance	6,850.5	39%
		Number of hours	14,098.5	
	General employees	Attendance	9,582.25	55%
		Number of hours	31,459.5	
Training attendance by gender	Male	Attendance	10,081.5	58%
		Number of hours	22,255.5	
	Female	Attendance	7,406	42%
		Number of hours	27,804.5	

2.6 Prohibiting the Use of Child Labor and Forced Labor

The Group strictly abides by the Provisions on the Prohibition of Using Child Labor and resolutely eliminates the recruitment and use of child labor. In order to avoid illegal employment of child labor, the Group strictly implements the procedures of reviewing and verifying the identity, age and other information of job applicants during the recruitment process. When handling the entry formalities for new employees, the new employees' identity cards, graduation certificates and other relevant documents are checked to ensure the authenticity of employee information. During the Year, the Group has not recorded any matter related to the use of child labor.

The Group employs and recruits employees in strict compliance with relevant national laws and regulations, and enters into labor contracts with employees to ensure their legitimate rights and interests. In order to prevent imprisonment and forced labor, and ensure that the personal freedom and personality of employees are not infringed, the Group follows the principle of two-way independent selection of employees and employing agencies, and signs labor contracts with all employees in accordance with the law. When employees need to work overtime, their consents shall be sought in advance, and the corresponding overtime wages shall be paid or compensatory leave shall be arranged.

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3. Enhancing Product Value

3.1 Strictly Control over Product Quality

The Group strictly abides by relevant laws and regulations such as the Copyright Law of the People's Republic of China, Regulation on the Administration of the Publication Market, Regulation on the Administration of Publishing, and Regulation on the Administration of the Printing Industry, and has formulated management systems such as the Measures for Printing Management of Printing Contractors, the Measures for Quality Management of Printing, the Measures for Random Check of Quality of Textbooks and Supplementary Materials, and the Process for Recall and Handling of Products Due to Quality Issues.

➤ *Strengthening quality control of publications*

In 2021, the Group continued to adhere to the “review thrice and proofread thrice” system for book publication. Firstly, it seriously carried out the review work, strictly controlling the correct direction and editing and proofreading quality through pre-review, in-process inspection and post-sampling inspection. Secondly, the Group strengthened the supervision of the publishing process, identified problems in a timely manner and continuously strengthened quality management so as to improve the quality of book content and editing and proofreading. In 2021, the Group organized and conducted 4 times of quality random checks on the editing and proofreading of new books, random checks on the publishing process of its 9 book publishers and random checks on 212 genres of books, which played a positive role in urging its publishers to establish and improve the publishing quality management system, and strictly implement the publishing process of “review thrice and proofread thrice”. In 2021, on the basis of adhering to the correct direction of publication, a series of excellent books were published.

➤ *Strict quality testing of printed textbooks and supplementary materials*

The Group has always attached great importance to the supervision of the quality of printed textbooks and supplementary materials for primary and secondary schools. It established a quality evaluation system for printed textbooks and supplementary materials, and formulated a relatively complete quality management system and quality testing standards to ensure the quality of printed textbooks and supplementary materials. In 2021, the Group carried out two times of quality testing and evaluation of textbooks and supplementary materials, testing 432 genres of textbooks and 954 genres of supplementary materials.

For a number of times, the Group organized quality testing personnel of printing enterprises that were responsible for printing the three-subject textbooks prepared by the state to participate in quality standard training sessions, thereby improving their quality testing level. By doing so, the Group laid a foundation for restricting the standardized production of each enterprise, implementing printing standards and improving product quality.



➤ *Tracking of feedback on quality issues*

For general books published by the Group, a contact number can be found on the copyright page of each book to collect feedback opinions from readers on the quality of editing, proofreading, printing and binding. For products with quality issues as to printing and binding, we ensure timely return and exchange. For editing and proofreading issues reflected by readers, revisions will be made during book reprint.

For textbooks and supplementary materials published by the Group, contact number is printed on the copyright page of each book in order to collect feedback opinions from readers, which will then be handled by a special quality management body set up by us. For products with quality issues, if the products have not yet been delivered to the users, the printing house will be requested to rectify or discard the products according to the specific situation; if the products have already been delivered to the users, the products will be subject to return and exchange and registered according to the return process.

During the Reporting Period, the Group did not receive any complaints about its products and services.

3.2 Accelerating Digital Development

The Group adheres to digital empowerment and integrated development, deeply explores the layout in digital education, digital reading, supply chain services and other fields, and promotes the overall optimization of each link of value chain from the consumer end to the industrial end, in order to lead high-quality development with high-quality innovation, promote the accurate connection between the publishing and distribution industry chain and the consumption chain, and better meet the needs of people.

➤ *Serving education and promoting the digital development of education*

The Group actively promotes digital development, and is committed to promoting the in-depth integration of information technology and education and teaching by continuously enriching the application scenarios of big data and artificial intelligence in the field of education services, and improving its comprehensive strength as a smart education service provider. The Group made use of the Internet of things, big data and other technologies to achieve seamless integration between various hardware equipment and software systems within the campus to develop a smart campus solution featuring modern school office, education and teaching, and assisted the school managers, teachers and students in improving the model of management, teaching and learning so as to enhance the scientific accuracy and efficiency of school management, education and teaching.

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➤ *Technological innovation to upgrade national reading services*

With the development of new media technologies, the Group actively explored online reading channels to promote national reading in a newer and more convenient and affordable way. With the support of new technologies and innovative reading and communication methods such as e-books, audio books, videos and knowledge sharing, “winxuan.com” and “Winshare September” of the Group met the needs of readers for ubiquitous and composite reading and facilitated the normalization of national reading. During the 2021 Tianfu Book Fair, the “Cloud World” created by the Group combined reading, technology and life to break the boundaries of time and space on the cloud and off the cloud, leading readers to unlock more “opening methods” of reading and enjoy a new experience of rich, fun and useful immersive reading.

➤ *Collaboration platforms to promote upgrade of industry supply chain*

The Group strengthened its supply chain operation capabilities and promoted the transformation of supply chain services from 2C to 2B2C. On the basis of serving end consumers, the Group continued to accelerate the construction of industry service capabilities for publishers and distributors and created the “Publication Collaborative Trading Platform”. On the one hand, based on the large user base accumulated by the Group for a long time and combined with the application of big data technology, the Group explored and integrated users’ preferred products and contents that they were interested in. Through data penetration, we realized the upgrading of marketing methods from people finding goods to goods finding people. On the other hand, the supply chain was digitally upgraded to achieve information exchange and sharing across all processes and multiple entities. To date, the “Publication Collaborative Trading Platform” provides more than 800,000 available goods and over 2,000,000 pieces of data and information, and has provided supply chain services for more than 2,000 upstream and downstream customers, which has effectively promoted the development of the book industry supply chain and the transformation and upgrading of the book industry.

3.3 Protection of Intellectual Property Rights

In order to protect the legitimate rights and interests of the Group, regulate the use of the Company’s brands and trademarks, and promote the value enhancement of our brands and trademarks, the Company has formulated the Brand Use Management System and the Trademark Management Measures, which set out detailed provisions on the authorization, use and supervision of our brands as well as the use, transfer and protection of rights and interests of our trademarks.

During the Reporting Period, the Group had 18 new trademarks under application and 2 successfully renewed trademarks. As at the end of the Reporting Period, the Group held a total of 366 trademarks.

The Company encourages its publishing units to engage professional and experienced consultant lawyers, and requires its publishing units to enter into legally compliant book publishing contracts with the copyright owners in accordance with the provisions of the Copyright Law of the People’s Republic of China, so as to protect the legitimate rights and interests of the copyright owners and the publishers in accordance with the law. We resolutely resist piracy and cooperate with third-party companies to combat piracy. At the same time, each publishing unit submitted its copyright protection booklists to the Sichuan Provincial Copyright Bureau to implement copyright protection.



3.4 Deepening Supplier Management

The Group attaches great importance to supply chain management and integrates the concept of sustainable development into the supply chain management process. In the whole process of selecting suppliers, the Group gives full consideration to environmental protection, resource conservation, recycling and low-carbon, and gives priority to the procurement of raw materials, products and services that are conducive to resource conservation and have the least impact on the environment.

In the selection of printers, the Group implements a strict admission mechanism for printing houses and has formulated rules and regulations such as the Measures for Printing Management of Printing Contractors and the Measures for Quality Management of Printing to regulate the product quality and production cycle of printing houses. The Group implements a rating mechanism for printing houses to select the qualified ones, assigns the printing business of textbooks and supplementary materials in the form of hierarchical management, and requires printing houses responsible for the printing of textbooks and supplementary materials to provide certificates of environmental labelling product certification of China in order to exercise control over the quality of printing products. Newly recruited printing houses generally have a qualification period of more than three years. We only continue to cooperate with suppliers that continuously meet the quality and cycle management requirements. At the same time, the Group vigorously carries out training for quality inspection personnel, and strives to improve product quality by regulating the standardized production of each enterprise and supervising the implementation of production standards.

When selecting suppliers of raw materials for printing materials, the Group, in accordance with the principle of green procurement, requires the bidding products of bidding units to meet the relevant national quality standards and the requirements of the Environmental Management – Environmental Labels and Declaration – Environmental Self-Declaration (Type II Environmental Labels) (GB/T24021-2001) and the Technical Requirement for Environmental Labelling Products about Printing – Part I: Offset Printing (HJ2503-2011). The hot melt glue, ink, plate materials and chemical auxiliary materials must obtain the national green environmental protection “ten-ring” certification. The bidding units must provide testing reports or other authoritative certification materials that match with the products along with the bidding documents, and provide green qualification certification materials such as CMA testing report (that the products do not contain phthalate materials) and MSDS product safety technical manual to reduce the impact on the environment. At the same time, the relevant environmental protection labels must be printed on the packaging and label of the products.

The Group selects book suppliers in accordance with the principles of high quality, contract-honoring and trustworthiness, and registers the information of suppliers with which it has established a cooperative relationship. If there are any changes in the key data of suppliers during the cooperation process, the supplier is required to fill in the Form for the Modification of Key Data of Suppliers and affix its company seal or provide relevant valid certifications for registration of its information. If the supplier no longer fulfils the conditions to continue the cooperation or the two parties are not willing to continue the cooperation, the cooperation shall be terminated in accordance with the relevant provisions.

As at the end of the Reporting Period, the Group mainly cooperated with a total of 513 printers, including 218 in Sichuan Province and 295 outside Sichuan Province; a total of 99 printing material raw material suppliers, including 40 in Sichuan Province and 59 outside Sichuan Province; and a total of 1,206 book suppliers, including 148 in Sichuan Province and 1,058 outside Sichuan Province.

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3.5 Protection of Consumer Privacy

The Group strictly implements the Law of the People's Republic of China on the Protection of Consumer Rights and Interests and adheres to the principles of legality, legitimacy, transparency and necessity for the collection and use of personal information. At the same time, we strengthen employees' awareness on information security and confidentiality, and strictly standardize the authorization process. The Group has established corresponding security measures for system front-end security, information transmission layer security, system processing layer security, operating system security, and partner transmission security. For example, in the front-end section of the system, we set up our own development platform to prevent malicious developers from abusing open platform interface and leakage of user information. In this self-owned platform, we have established a platform user sensitive information encryption mechanism, which allows no explicit information in the system such as mobile numbers and bank card numbers. In terms of system processing layer security, we have set up the key information operation authority security management, which enables a key operation review mechanism to prevent customer information leakage.

4. Strengthening Anti-corruption

Strictly abiding by national laws and regulations such as the Company Law of the People's Republic of China, Criminal Law of the People's Republic of China, and Supervision Law of the People's Republic of China, the Group strengthens supervision and control and builds an anti-corruption system by formulating various anti-corruption policies, establishing special departments for monitoring, building multiple reporting channels, monitoring important business risks, so as to carry out anti-corruption risk prevention and control work in a targeted manner and prevent job position risk.

In 2021, the Group strictly complied with the relevant requirements of the Complaint and Reporting System and Regulation on the Prevention of Conflicts of Interest, and supervised business processes including the bidding and selection processes for prevention in advance. At the same time, the Company conducted multi-dimensional annual integrity evaluation on cadres in accordance with the Company's Implementation Measures for Evaluation of the Integrity of Cadres, forming an effective integrity risk prevention and control mechanism.

During the Reporting Period, the Group carried out multi-level integrity-themed education activities to review the requirements of the integrity management system and watch integrity education videos, further consolidating the ideological and moral defense line of employees, and enhancing their ability to resist corruption. The attendance of management and key personnel at the themed training and education activities on clean practice, compliant operation, prevention of corruption and anti-corruption was 1,320. In addition, we distributed learning materials about anti-corruption and honesty responsibility to all directors and supervisors, and arranged directors and supervisors to participate in the online anti-corruption training organized by the Hong Kong Independent Commission Against Corruption.

During the Reporting Period, there was no litigation in relation to corruption that incurred significant loss and had an impact on the Group's operations.



5. Commitment to Social Responsibility

The Group does its best to bring social benefits for the place of operation. The Group endeavors to spread the Chinese culture, facilitate national reading, serve the education industry and promote the harmonious development in the society by fully capitalizing on the strengths of its principal business of publishing and distribution as well as the positive influence of the cultural industry. In 2021, the Group donated a total of RMB49,632,800 to education charity foundations at all levels and schools etc. in Sichuan Province.

5.1 Promoting the Excellent Chinese Culture

During the Reporting Period, starting from satisfying the people's spiritual and cultural life, the Group promoted the implementation of the activity of "Bookish Tianfu • National Reading". We organized unique cultural activities to highlight the charm of "fun, beautiful and useful" reading, creating a good atmosphere to love reading, read good books and be good at reading, so as to meet the cultural needs of the people and improve the quality of citizens.

➤ *Holding Tianfu Book Fair*

The book fair, with the permanent theme of "Love Reading, Meeting Life", adhered to both offline and online activities. Through professional and market-oriented exhibitions, the book fair focused on displaying the latest achievements of publication, and carried out in-depth national reading activities and cultural activities for the benefit of the people, greatly promoting the construction of "Bookish Tianfu • National Reading" as well as cultural consumption. During the book fair, more than 800,000 high-quality books were displayed and on sale, and over 1,100 cultural reading activities were held. The attendance was 44,600,000, including 1,600,000 from the main exhibition venue, sub-exhibition venue and sub-venue, and 43,000,000 online visitors.

➤ *Cultural services in the community*

In order to promote national reading into the community and grassroots and meet the cultural reading needs of residents in the community, the Group carried out a series of community cultural activities deep into the streets and community to serve the residents with culture. We held activities such as "More Happiness Reading" and "Building a Reading Service Base for Teenagers". Through reading and sharing of "cheer up with books, make friends with books, enlighten with books", we constructed a bookish community by building a communication and activity platform for community residents, thereby inheriting the excellent cultural genes of Chinese people. In 2021, the Group also cooperated with the community to jointly build community reading space by means of brand output.

➤ *Knowledge into campuses*

Improving students' cultural literacy is one of the keys to language teaching nowadays. The Group is committed to helping schools to pass excellent cultural knowledge to students, and help students understand Chinese history and traditional culture, better experience the charm of literature education, and increase knowledge, thereby creating a good atmosphere of national reading of "love reading, read good books" and transforming campuses into a bookish place. During the Year, the Group invited renowned scholars, cultural celebrities and children writers to go into campuses and held nearly 100 activities in municipalities and counties across Sichuan, including lectures on Chinese culture, sharing sessions on literary creation and reading for bringing wonderful reading experiences to teachers and students.

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Case: Special “bookstore” for industrial workers – Winshare BOOKS | Youth Reading Space

Shuangxing International Community in Huangjia Subdistrict, Shuangliu District, Chengdu is the first open industrial community in Sichuan Province to “operate the community according to the concept of university”, where enterprise management personnel and industrial workers of Shuangliu Park of Chengdu High-tech Integrated Free Trade Zone live and work. On 7 October 2021, the Group and Shuangliu District jointly built the “Winshare BOOKS Youth Reading Space” (文軒Books青年閱享空間) in Shuangxing International Community, with an area of 2,700 square meters and 40,000 books. Industrial workers in the community can drink coffee, listen to lectures, and share office at the “Winshare BOOKS Youth Reading Space” (文軒Books青年閱享空間). The completion of the Youth Reading Space has enriched the cultural life of residents in the community and enabled them to enjoy more culturally.



Case: “Reading Chinese Classics, Understanding Wisdom Life” seminar

On 23 October 2021, the Company held a seminar on the theme of “Reading Chinese Classics, Understanding Wisdom Life” at No. 1 Middle School of Luding County, which invited Wang Chuan, the vice president of Sichuan Normal University and the dean of the Chinese Academy of Traditional Culture, to talk about and share the essence of excellent traditional Chinese culture, inheriting the cultural essence of respecting teachers and teaching, promoting excellent traditional Chinese culture and strengthening cultural confidence, which was of great significance. After the seminar, teachers and students said that they had benefited greatly.





5.2 Serving the Education Industry

➤ *Focusing on rural education and promoting public welfare campaigns*

Over the years, the Group has continued to support the education service industry, focusing on rural principals and teachers, helping rural schools improve their daily management, cultural construction, and education and teaching standards, and promoting the “Sun Star Public Welfare Campaign”. Since the launch of the campaign in 2013, through the continuous efforts of the organizing committees at all levels, social caring institutions and individuals, combined with the construction of rural youth palaces and the power of volunteer services, we have greatly supported the development of vulnerable schools in poverty-stricken areas, remote areas, ethnic regions and disaster areas. In 2021, the Group focused on carrying out more than 20 activities in total, including Sichuan Rural School Revitalization Alliance, rural school principal capacity improvement training, rural teacher ideological and political education research project, campus mental health counselling training, and famous teachers teaching in rural areas. There are currently 21 “Rural Revitalization Alliance Schools”.

➤ *Integration and utilization of external resources to support field trip education*

In recent years, with the goal of helping students develop comprehensively and grow into talents, the Group has integrated social resources to jointly build field trip, labor and practice education bases with the development path of “five withs” (“with courses”, “with camps”, “with instructors”, “with practices”, “with evaluations”), jointly promoted regional course development, and organized field trip activities.

In 2021, the Group carried out thematic labor and practice education field trip activities such as “Inheriting the Red Gene, Helping Ideological and Political Education” (傳承紅色基因•助力思政教育), “Life Education” (生命教育) and “Moruo Aesthetic Education” (沫若美育), with more than 179,000 students participating. Through a variety of field trip and practice education activities, the Group cultivated and practiced the core values of socialism, and promoted the excellent traditional Chinese culture, enabling primary and secondary school students to experience the greatness of motherland, the traditional Chinese virtues, the glorious history of revolution, and the great achievements of reform and opening-up, with a view to enhancing cultural confidence and establishing correct values.



Case: “Sun Star Public Welfare Campaign” - famous teachers teaching in rural areas

On 13 April 2021, the “Sun Star Public Welfare Campaign” - famous teachers teaching in rural areas activity was held at Hepingchang Primary School in Yuxi Town, Enyang District, Bazhong City, which is known as the “home of doctors”. With the purpose of advocating new ideas and delivering new methods, the activity invited two famous teachers, namely Yang Shunchun, a backbone mathematics teacher of Chengdu Zongbei Middle School, and Pu Aofeng, a Chinese language teacher of Shishi Tianfu Middle School-attached Primary School, to present two wonderful demonstration classes of mathematics (“moving points related to triangles in quadratic functions”) and Chinese language (“mass reading”), and conduct in-depth themed exchanges with other teachers.



Pu Aofeng interacting with students

Profile of Directors, Supervisors, Senior Management and Employees

I. BASIC PARTICULARS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As at the date of this report, the basic particulars of the incumbent and resigned Directors, Supervisors and senior management of the Company during the Reporting Period are as follows:

Name	Position	Gender	Commencement date of term	End date of term	Total remuneration before tax received from the Company for the Reporting Period (RMB0,000) (Note)	Remuneration from related parties of the Company
Luo Yong	Executive Director and Chairman	Male	21 May 2021	23 January 2025	0	Yes
He Zhiyong	Executive Director and Chairman	Male	29 December 2015	21 May 2021	56.96	No
Liu Longzhang	Executive Director and Vice Chairman	Male	21 May 2021	23 January 2025	0	Yes
Chen Yunhua	Executive Director and Vice Chairman	Male	21 December 2017	21 May 2021	0	Yes
Li Qiang	Executive Director	Male	24 January 2022	23 January 2025		
	General Manager		19 April 2019	23 January 2025	218.38	No
Dai Weidong	Non-executive Director	Male	21 May 2021	23 January 2025	0	Yes
Ke Jiming	Non-executive Director	Male	24 January 2022	23 January 2025	0	Yes
Zhang Peng	Non-executive Director	Male	9 May 2013	23 January 2025	0	Yes
Luo Jun	Non-executive Director	Male	30 July 2008	24 January 2022	0	Yes
Han Xiaoming	Non-executive Director	Male	25 May 2017	24 January 2022	9.90	No
Chan Yuk Tong	Independent Non-executive Director	Male	18 February 2016	23 January 2025	28.00	No
Fang Bingxi (Former name: Fang Xite)	Independent Non-executive Director	Male	26 October 2017	23 January 2025	19.00	No
Li Xu	Independent Non-executive Director	Male	24 January 2022	23 January 2025		
	Independent Supervisor		18 February 2016	24 January 2022	9.40	No
Xiao Liping	Independent Non-executive Director	Female	6 March 2015	24 January 2022	0	No
Tang Xiongxing	Chairman of Supervisory Committee	Male	21 December 2017	23 January 2025	0	Yes
Chao Hsun	Supervisor	Male	25 May 2017	23 January 2025	6.50	No
Lan Hong	Supervisor	Female	11 June 2005	24 January 2022	55.84	No
Wang Yan	Supervisor	Female	6 March 2015	23 January 2025	49.76	No
Wang Yuanyuan	Supervisor	Female	24 January 2022	23 January 2025	N/A	No
Feng Jian	Independent Supervisor	Male	24 January 2022	23 January 2025	N/A	No
Wang Li	Independent Supervisor	Female	24 January 2022	23 January 2025	N/A	No
Liu Mixia	Independent Supervisor	Female	6 March 2015	24 January 2022	9.10	No
Chen Dali	Chief Editor	Male	24 January 2022	23 January 2025		
	Deputy General Manager		11 June 2005	24 January 2022	152.30	No

Profile of Directors, Supervisors, Senior Management and Employees



Name	Position	Gender	Commencement date of term	End date of term	Total remuneration	
					before tax received from the Company for the Reporting Period (RMB0,000) (Note)	Remuneration from related parties of the Company
Wang Huaguang	Deputy General Manager	Male	24 January 2022	23 January 2025	N/A	No
Zhao Xuefeng	Deputy General Manager	Male	24 January 2022	23 January 2025	N/A	No
Zou Jian	Deputy General Manager	Male	24 January 2022	23 January 2025	N/A	No
Hu Bo	Deputy General Manager	Male	24 January 2022	23 January 2025	N/A	No
Hu Wei	Deputy General Manager	Male	24 January 2022	23 January 2025	N/A	No
Ma Xiaofeng	Deputy General Manager	Male	24 January 2022	23 January 2025	N/A	No
Yang Miao	Secretary to the Board	Female	24 January 2022	23 January 2025	N/A	No
You Zugang	Secretary to the Board	Male	11 June 2005	24 January 2022	154.60	No
Zhu Zaixiang	Chief Financial Officer	Male	11 June 2005	24 January 2022	43.09	No
Total	/	/	/	/	812.83	/

Note: Total remuneration includes salary, bonus and various insurance payments paid by the enterprise.

II. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

For details of changes of Directors, Supervisors and senior management, please refer to the Report of the Directors in this annual report.

Profile of Directors, Supervisors, Senior Management and Employees

III. BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Luo Yong (羅勇), born in March 1963, is currently the party secretary and Chairman of the Company, and the party secretary and chairman of Sichuan Xinhua Publishing and Distribution Group Co., Ltd. He served as a journalist of Ganzi Publishing House (甘孜日報社), the president, party secretary and chief editor of Minzu House. He served as the deputy party secretary, president, party secretary and chairman of Sichuan Publishing Group Co., Ltd. Mr. Luo served as the general manager of the Company from July 2008 to December 2013 and served as an executive Director of the Company from September 2011 to December 2017. He has been the party secretary of the Company since April 2021 and has been the Chairman of the Company since May 2021. Mr. Luo graduated from the department of Chinese of Southwest Minzu University with a major in journalism, and successively completed a professional course in journalism from the faculty of arts of Southwest Minzu University and executive master of business administration program of Renmin University of China. He possesses the professional technical qualification as an editor and enjoys a special government subsidy granted by the State Council. He has been awarded the 11th "Taofen Publishing Award" (韜奮出版獎) and bestowed the honorable titles such as "the Leading Talents in the National Press and Publishing Industry" (全國新聞出版行業領軍人才), "the Cultural Masters and the Four First-Batch Talents" (文化名家暨四個一批人才) by the Publicity Department, and the "Four First-Batch Talents" (四個一批人才) by the propaganda and culture system of Sichuan Province.

Mr. Liu Longzhang (劉龍章), born in March 1967, is currently a member of the party committee and the Vice Chairman of the Company. He is the deputy party secretary, vice chairman and general manager of Sichuan Xinhua Publishing and Distribution Group Co., Ltd. He was the deputy chief of the secretary division and chief of the general division of the Committee for Economic System Reform in Dujiangyan City, Sichuan Province (四川省都江堰市經濟體制改革委員會); the deputy director of the general division, director of the research division and deputy director of the Government Research Office of Sichuan Province (四川省政府研究室); party committee member and department party secretary of the General Office of Sichuan Provincial Government (四川省政府辦公廳) and director of the Government Affairs Management Office of Sichuan Provincial Government (四川省政府政務服務管理辦公室); department party secretary and deputy head of the publicity department of Sichuan Provincial Committee. He has been a member of the party committee of the Company since April 2021 and has been the Vice Chairman of the Company since May 2021. Mr. Liu graduated from the department of philosophy of Beijing Normal University with a bachelor's degree in philosophy.

Mr. Li Qiang (李強), born in May 1973, is currently the deputy party secretary, executive Director and general manager of the Company. From July 1995 to April 2019, he worked at the textbook department of Sichuan Xinhua Publishing Group as deputy manager of sales department and manager of marketing centre and operations centre. He served as an assistant to general manager, deputy manager and general manager of the textbook distribution department of the Company, and was the Supervisor and deputy general manager of the Company. He also served as the general manager and chairman of Sichuan Winshare Education Technology Co., Ltd., and the director of Sichuan Yaxinshengxiang Education Technology Co., Ltd. He has been the general manager of the Company since April 2019 and has been the deputy party secretary of the Company since June 2021. He was appointed as the executive Director of the fifth session of the Board of the Company on 24 January 2022. Mr. Li graduated from Wuhan University with a bachelor's degree in book publication. He is also a senior economist (高級經濟師) and a senior political engineer (高級政工師).

Profile of Directors, Supervisors, Senior Management and Employees



Non-Executive Directors

Mr. Dai Weidong (戴衛東), born in January 1969, is currently a non-executive Director of the Company and the deputy party secretary, vice chairman and general manager of Sichuan Cultural Industry Investment Group Co., Ltd. He served as a cadre of the business division of the confidential bureau of Sichuan Provincial Committee, a principal staff member of the General Office of Sichuan Provincial Committee (四川省委辦公廳), deputy director and director of the secretary division of the General Office of Sichuan Provincial Committee, deputy director of the Standing Committee Office of Sichuan Provincial Committee, deputy-bureau-level confidential secretary and bureau-director-level confidential secretary of the General Office of the CPC Publicity Department, bureau-director-level confidential secretary of the CPPCC General Office, deputy party secretary, vice chairman and president of Sichuan Publishing Group. Since May 2021, he has been a non-executive Director of the Company. Mr. Dai graduated from Sichuan University with majors in Chinese language and literature, and obtained a master's degree in politics and economics from Sichuan University.

Mr. Ke Jiming (柯繼銘), born in June 1970, is currently a non-executive Director of the Company and a member of the party committee, a director and the deputy general manager of Sichuan Xinhua Publishing and Distribution Group Co., Ltd. He served as a teacher in the History Department of Sichuan University, an assistant investigator of the organization department of Chengdu Municipal Committee, the deputy office director of the propaganda department, the director of the law research office, and the chief of the cadres management office of the Sichuan Provincial Committee. He was appointed as the non-executive Director of the fifth session of the Board of the Company on 24 January 2022. Mr. Ke graduated from Sichuan University with a bachelor's degree, a master's degree and a doctoral degree in history successively.

Mr. Zhang Peng (張鵬), born in January 1964, is currently a non-executive Director of the Company; assistant to the chief executive, head of organization department of the Party Committee and head of human resources department of Sichuan Cultural Industry Investment Group Co., Ltd. and chairman of Sichuan Cultural Investment Aikexing Education Technology Co., Ltd. (四川文投愛科行教育科技有限公司). He held the positions of editor and the manager of the chief editor office of Sichuan People's Publishing House and office manager, assistant to the chief executive and director of Sichuan Publishing Group. Since May 2013, he has been a non-executive Director of the Company. Mr. Zhang graduated from the Chinese Department of Sichuan College of Education (四川教育學院) and obtained a master's degree in journalism from the Graduate Department of the Sichuan Academy of Social Sciences (四川省社會科學院).

Profile of Directors, Supervisors, Senior Management and Employees

Mr. Luo Jun (羅軍), born in March 1966, non-executive Director of the fourth session of the Board of the Company; currently director and deputy general manager of Sichuan Xinhua Publishing and Distribution Group. He worked at Guizhou Administration for Industry and Commerce and held the positions of secretary of the directly administered entities youth league committee (直屬機關團委書記), head of the personnel education department (人事教育處) for Sichuan Provincial Bureau of Press and Publication; chief officer of the training center of Sichuan Provincial Bureau of Press and Publication (四川省新聞出版培訓中心主任) and director or chairman of various subsidiaries of Sichuan Xinhua Publishing and Distribution Group. Mr. Luo was Supervisor of the Company from April 2006 to July 2008 and was appointed as chairman of the Supervisory Committee of the Company from May 2006 to July 2008. He has been a non-executive Director of the Company since July 2008. Mr. Luo graduated from Shaanxi Institute of Finance and Economics (陝西財經學院) with an economics bachelor's degree and obtained a master's degree in economics management at the Central Chinese Communist Party School (中央黨校). Mr. Luo has retired as a non-executive Director of the Company since 24 January 2022.

Mr. Han Xiaoming (韓小明), born in February 1953, non-executive Director of the fourth session of the Board of the Company, currently a professor and doctoral supervisor in the department of Economics in Renmin University of China, and a member of the Expert Committee on Telecommunication Economic and Management of the Ministry of Industry and Information Technology (工業和信息化部信息通信經濟專家委員會). Mr. Han was the associate dean of the China Economic Reform and Development Research Institute (中國經濟改革與發展研究院) and the standing council member of China Information Economics Society. Mr. Han was involved in several research projects organized by the Department of Propaganda of China, General Administration of Press and Publication, the Joint Research and Study Committee for Higher Education Press Reform of the Ministry of Education (教育部高校出版社改革聯合調研組) and General Administration of Press and Publication's Publication System Reform Research and Study Group (新聞出版總署發行體制改革調研組) and has submitted and published a number of related research reports or papers. Mr. Han was a panel member of the State Review Committee for Major Publication Projects (國家重大出版工程評審組) and the State Review Committee for Science and Technology Fundamental Platform Projects of the Ministry of Science and Technology (科技部國家科技基礎條件平台項目評審組). He was a project consultant involved in a number of corporate development strategies, asset reorganization and corporate governance. He took charge of or participated in the formulation of development plans for certain provinces/municipalities and state-level development zones. Mr. Han served as independent non-executive Director of the Company between June 2005 and July 2013; and the strategic consultant of the Board of the Company between August 2013 and July 2016. In May 2017, he was re-appointed as non-executive Director of the Company. Mr. Han graduated from Renmin University of China majoring in Politics and Economics. Mr. Han has retired as a non-executive Director of the Company since 24 January 2022.

Profile of Directors, Supervisors, Senior Management and Employees



Independent Non-Executive Directors

Mr. Chan Yuk Tong (陳育棠), born in June 1962, currently independent non-executive Director of the Company and a director of Ascenda Cachet CPA Limited. Mr. Chan served as manager and audit principal of Ernst & Young; director of G2000 (Apparel) Limited; and deputy general manager of the accounting and finance department of Dongfeng Motor Group Company Limited. Mr. Chan was an independent non-executive director of several listed companies in the PRC and Hong Kong including FDG Electric Vehicles Limited and China Fortune Investments (Holding) Limited. Mr. Chan was an independent non-executive Director of the Company from 2006 to 2013. He has been re-appointed as independent non-executive Director, chairman of Audit Committee and Remuneration and Review Committee, member of Nomination Committee of the Company in February 2016. Mr. Chan successively obtained a Bachelor's degree in Commerce from the University of Newcastle of Australia and a Master's degree in Business Administration from the Chinese University of Hong Kong. He is currently a fellow member of The Hong Kong Institute of Certified Public Accountants and a member of Australian Society of Certified Practising Accountants.

Mr. Fang Bingxi (方炳希), born in June 1962, currently independent non-executive Director of the Company, independent director of Sinoseal Holding Co., Ltd. (stock code of the SZSE: 300470), and general manager of the southwest branch of China United Assets Appraisal Group. Mr. Fang was a workshop officer and the head of production division of the Shaanxi No.1 Thermal Generator Accessories Factory (陝西省內燃機配件一廠) and served as the deputy general manager of Oriental Asset Appraisal Limited (東方資產評估事務所). Mr. Fang has extensive practical experience in asset valuation and capital operation, having participated in approximately one thousand asset valuation projects and performed asset valuation for IPO of over 30 companies since he entered the business of asset valuation over twenty years ago. Mr. Fang is currently the chairman of the Advisory Committee of Sichuan Appraisal Society (四川省資產評估協會諮詢委員會), an expert of the Technical Expert Base in Asset Appraisal Industry of China Appraisal Society (中評協資產評估行業技術專家庫) and an expert of the Expert Base of Sichuan Appraisal Society (四川資產評估協會專家庫). He has been appointed as an independent non-executive Director of the Company since October 2017. Mr. Fang completed an advanced post-graduate program in Accounting at the Southwestern University of Finance and Economics (西南財經大學) and is an asset valuer.

Mr. Li Xu (李旭), born in December 1962, currently independent non-executive Director of the Company, partner of Sichuan Tianhua Accounting Firm (四川天華會計師事務所), general manager of Sichuan Jiuhua Asset Management Co., Ltd. (四川九華資產管理有限公司) and general manager of Chengdu Podong Network Co., Ltd. (成都魄洞網絡有限公司). Mr. Li was a lecturer of the School of Business Administration of Southwestern University of Finance and Economics, the general manager of Sichuan Tianhua Accounting Firm, the general manager and partner of Sichuan Zhongtianhua Asset Appraisal Co., Ltd. He was also the fourth session committee member of the Chinese Institute of Certified Public Accountants, a mentor of master students of the School of Accounting of Southwestern University of Finance and Economics, a chief committee member of the Education and Training Committee of Sichuan Institute of Certified Public Accountants. He has been independent Supervisor of the Company from February 2016 to 24 January 2022 and was appointed as an independent non-executive Director of the fifth session of the Board of the Company on 24 January 2022. Mr. Li graduated from Southwestern University of Finance and Economics and obtained a bachelor's degree and a master's degree in economics and holds the qualification certificate of certified public accountant.

Ms. Xiao Liping (肖莉萍), born in July 1956, independent non-executive Director of the fourth session of the Board of the Company. From 1987 to July 2011, she once held the positions of deputy department head of the computer center, department head of the personnel office, head of the human resources department, deputy party secretary, discipline secretary, deputy general manager and member of the party committee of Sichuan Province Xinhua Bookstore; deputy general manager and member of the party committee of Sichuan Xinhua Publishing and Distribution Group; and executive deputy general manager and party secretary of the Company. Ms. Xiao has retired since July 2011. Ms. Xiao was appointed as an independent non-executive Director of the Company in March 2015. Ms. Xiao graduated from Sichuan Radio and Television University, majoring in Electronics, completed the master course of Renmin University of China and is a senior political officer (高級政工師). Ms. Xiao has retired as an independent non-executive Director of the Company since 24 January 2022.

Profile of Directors, Supervisors, Senior Management and Employees

SUPERVISORS

Mr. Tang Xiongxing (唐雄興), born in November 1966, currently chairman of the Supervisory Committee of the Company; and the vice secretary of the party committee of Sichuan Cultural Investment Group. He previously served as a principal staff member of the spiritual civilization construction office of Sichuan Province, the director, deputy secretary-general and secretary-general of the law research office and secretary of the party committee of the propaganda department of the Sichuan provincial party committee, a member of the party committee and the director of the propaganda department of the CPC in Guang'an City, Sichuan Province. Since December 2017, he was appointed as Supervisor and chairman of the Supervisory Committee of the Company. Mr. Tang successively obtained a bachelor's degree in Political Education from Sichuan Normal University and a master's degree in History from Yunnan University.

Mr. Chao Hsun (趙洵), born in April 1988, currently Supervisor of the Company, the director, executive deputy general manager of Hua Sheng Group, chairman, general manager of Sichuan Wenhan International Trade Co., Ltd. (四川文漢國際貿易有限公司), supervisor of Chengdu Shuangliu International Airport Co., Ltd. (成都雙流國際機場股份有限公司) and director and general manager of Sichuan Wenhan Media Culture Co., Ltd. (四川文翰傳媒文化有限公司). He served as an officer and head of operations in MICON Precise Corporation, and the director of investment and operations of Hua Sheng Group. He has been Supervisor of the Company since May 2017. Mr. Chao successively obtained a bachelor's degree in social sciences from Tamkang University in Taiwan and a master's degree in public affairs from Indiana University of Pennsylvania.

Ms. Wang Yan (王焱), born in September 1978, deputy head of the financial management center of the Company and supervisor of Sichuan Wenchuan Logistics Co., Ltd. From May 2005 to October 2011, she held the positions of supervisor of reporting team, assistant to head of the financial management center of the Company and supervisor of Sichuan Xinhua Winshare Media Co., Ltd. She has served as the deputy head of the financial management center of the Company since November 2011. She served as a Supervisor of the Company from March 2015. Ms. Wang graduated from Jiangxi University of Finance and Economics, majoring in Financial Management and Economic Laws, and obtained a double degree of Bachelor in Economics and Bachelor in Laws. She is a non-practicing member of the Chinese Institute of Certified Public Accountants and also a senior accountant.

Profile of Directors, Supervisors, Senior Management and Employees



Ms. Wang Yuanyuan (王媛媛), born in September 1980, currently Supervisor and the head of the human resources department of the education service department of the Company. From November 2003 to December 2021, she served as the administrative secretary of Sichuan Xinhua Bookstore & Trading Company, Ltd. (四川新華圖貿有限公司), the administrative secretary of the textbook department of Sichuan Xinhua Publishing Group, the product research and development officer, administrative assistant, performance manager, operation specialist of the textbook distribution department of the Company, the operational manager of Sichuan Branch, the manager of operation department and the deputy manager of the human resources department of the educational equipment branch. She has been the manager of the human resources department of the education service department of the Company since December 2021. On 6 January 2022, she was elected as the Supervisor of the fifth Supervisory Committee of the Company in the meeting of the representatives of the staff and workers of the Company, with a term of office commencing from 24 January 2022. Ms. Wang graduated from Sichuan Normal University with a bachelor's degree in engineering, majoring in computer science and technology. She is also a senior publications publisher and a mid-level human resources manager.

Ms. Lan Hong (蘭紅), born in January 1967, Supervisor of the fourth session of the Supervisory Committee of the Company. She worked at Chengdu City Xinhua Bookstore. From February 2003 to January 2022, she served as section chief of the finance and audit section of the audit office of Sichuan Xinhua Publishing and Distribution Group, the deputy head of the audit department and deputy head of the board office of the Company. She has been deputy head of the board office of the Company since June 2007 and the Supervisor of the Company since June 2005. Ms. Lan graduated from Sichuan Self-study University (四川自修大學) and obtained a graduate certificate in accounting conferred jointly by Sichuan Self-study University and Southwestern University of Finance and Economics. She later completed the course of accounting in Sichuan Radio and Television University. She is a member of the International Institute of Certified Internal Auditors and also a senior accountant. Ms. Lan has retired as Supervisor of the Company since 24 January 2022.

Profile of Directors, Supervisors, Senior Management and Employees

INDEPENDENT SUPERVISORS

Mr. Feng Jian (馮建), born in January 1963, currently independent Supervisor of the Company, a professor and PhD tutor of the School of Accounting of Southwestern University of Finance and Economics, and an independent director of Sichuan Jiuzhou Electric Co., Ltd. (stock code of the SZSE: 000801), Sichuan Jiuyuan Yin Hai Software Co., Ltd. (stock code of the SZSE: 002777), Xiamen Yaxon Network Co., Ltd., and Enwei Pharmaceutical Co., Ltd., respectively, and director of Sichuan Southwestern University of Finance and Economics Asset Management Co., Ltd. (四川西南財大資產經營有限公司). Mr. Feng has been a director of the Audit Office of Southwestern University of Finance and Economics, chairman and general manager of Southwestern University of Finance and Economics Press, and an independent director of a number of companies, including Yunnan Malong Industry Group Co., Ltd., Chengdu Westone Information Industry Inc., Sichuan Expressway Company Limited, Sichuan Dikang Sci & Tech Pharmaceutical Industry Co., Ltd., Chengdu B-Ray Media Co., Ltd., Sichuan Star Cable Co., Ltd., Bank of Luoyang Co., Ltd. and Chengdu Information Technology of Chinese Academy of Sciences Co., Ltd. He was appointed as an independent Supervisor of the fifth session of the Supervisory Committee of the Company on 24 January 2022. Mr. Feng graduated from Southwestern University of Finance and Economics and successively obtained a bachelor's degree in accounting and a doctorate degree in finance.

Ms. Wang Li (王莉), born in June 1961, currently independent Supervisor of the Company and the vice chairman and secretary general of Sichuan Publishers Association (四川省出版工作者協會). From October 1978 to September 2018, she held the positions of salesperson, books and arts publicity, and the league branch secretary of Chengdu Xinhua Bookstore (成都市新華書店) on Renmin South Road, deputy director, director and the secretary of the youth league committee of the Party Committee Office and director of the Manager's Office of Chengdu Xinhua Bookstore, deputy director of the Manager's Office of Sichuan Xinhua Publishing Group, and deputy director and director of Manager's Office of the Company and retired in September 2018. She was appointed as an independent Supervisor of the fifth session of the Supervisory Committee of the Company on 24 January 2022. Ms. Wang graduated with a bachelor's degree from the Party School of Sichuan Provincial Committee of CPC for Provincial Authorities majoring in economic management, and completed the economics and management MBA master's course from Sichuan University in August 2002. Ms. Wang is a senior political engineer (高級政工師).

Mr. Li Xu (李旭), independent Supervisor of the fourth session of the Supervisory Committee of the Company. Please refer to section headed "Directors" as set out above for the biographical details of Mr. Li.

Ms. Liu Mixia (劉密霞), born in March 1958, independent Supervisor of the fourth session of the Supervisory Committee of the Company. From December 1987 to March 2013, she held the positions of deputy head of the financial department of Sichuan Province Winshare Bookstore (四川省新華書店), head of the financial department of Sichuan Province Winshare Bookstore Audio and Visual Product Company (四川省新華書店音像公司) and deputy head of the audit office of Sichuan Xinhua Publishing and Distribution Group. She also held position of head of the audit department of the Company, and retired in March 2013. She had served as independent Supervisor of the Company since March 2015. Ms. Liu graduated from the Correspondence College of the Party College of Sichuan Provincial Committee of the Communist Party of China (中國共產黨四川省委員會黨校函授學院), majoring in economics management and completed an MBA course of the School of Business Administration of Renmin University of China. She is also an accountant. Ms. Liu has retired as an independent Supervisor of the Company since 24 January 2022.

Profile of Directors, Supervisors, Senior Management and Employees



SENIOR MANAGEMENT

Mr. Li Qiang (李强), general manager of the Company. Please refer to section headed “Directors” as set out above for the biographical details of Mr. Li.

Mr. Chen Dali (陳大利), born in October 1962, currently chief editor of the Company and director of Ren Min Eastern (Beijing) Book Industry Co., Ltd., Guizhou Xinhua Winshare Book Audio-Visual Product Chainstore Co., Ltd. and Hainan Publishing House Co., Ltd., respectively. From September 2000 to January 2022, Mr. Chen served as vice president at Sichuan Bashu Book Shop, deputy general manager of Sichuan Xinhua Publishing and Distribution Group, general manager and chief editor of Sichuan Xinhua Publishing Co., Ltd., general manager and deputy general manager of the publication department of the Company and executive director of Sichuan Winshare Cloud Image Culture Innovation Technology Co., Ltd. He had also been deputy general manager of the Company since June 2005. Mr. Chen obtained his master’s degree in the history of Chinese language from Sichuan Normal University. He possesses the professional qualification as a deputy editor. Mr. Chen has retired as a deputy general manager of the Company since 24 January 2022.

Mr. Wang Huaguang (王華光), born in August 1964, currently a party committee member and deputy general manager of the Company and executive director of Sichuan Xinhua Culture Communication Co., Ltd. He worked as editor and reporter of Sichuan Culture Daily 《四川文化報》, the associate chief officer of the art department of Sichuan Provincial Department of Culture, deputy head and vice president of the youth editorial office of Sichuan People’s Publishing House, executive deputy general manager of Sichuan Publication Group Co., Ltd., executive director and general manager of Sichuan Publication Printing Co., Ltd. and chief production officer of the Company. He has been a party committee member of the Company since June 2021 and a deputy general manager of the Company since 24 January 2022. Mr. Wang graduated from Shandong University majoring in Chinese classical literature with a master of arts degree. He possesses the professional title as an editor.

Mr. Zhao Xuefeng (趙學鋒), born in April 1964, currently a party committee member and deputy general manager of the Company, executive director of Sichuan Wenchuan Logistics Co., Ltd., chairman of Sichuan Winshare BLOGIS Supply Chain Co., Ltd. and Xinhua Winshare Commercial Chain (Beijing) Co., Ltd., director of Sichuan Winshare Online, director and general manager of The Commercial Press (Chengdu) Co., Ltd. He served as manager and deputy general manager of Chengdu Xinhua wholesale bookstore (成都市新華書店批發書店), deputy manager of the Beijing publishing department of Xinhua Bookstore from October 1982 to September 2005, and general manager and chief procurement officer of the procurement center of the Company from September 2005 to June 2021. He has been a party committee member of the Company since June 2021 and a deputy general manager of the Company since 24 January 2022. Mr. Zhao graduated from Correspondence College of Party School of the Central Committee of the Communist Party of China (中共中央黨校函授學院) majoring in economics and management.

Profile of Directors, Supervisors, Senior Management and Employees

Mr. Zou Jian (鄒健), born in July 1972, currently a party committee member, general manager and head of the information center of the Company, director and general manager of Winshare Online, director of Sichuan Winshare Education Technology Co., Ltd., director of Xinhua Internet E-commerce Co., Ltd., general manager of Sichuan Moyuan Cultural Communication Co., Ltd., executive director and general manager of Sichuan Xinyaxuan Cultural Communication Co., Ltd., general manager of Sichuan Aiyuecheng Cultural Communication Co., Ltd., executive director and general manager of Sichuan Xingyueyue Cultural Communication Co., Ltd., general manager of Sichuan Tianyuge Cultural Communication Co., Ltd., and executive director and general manager of Sichuan Xuehaizhizhou Cultural Communication Co., Ltd. From July 1993 to June 2021, he worked at a computer software company in Sichuan and the computer department (電算科) of Sichuan Province Xinhua Bookstore, and served as head of computer center (計算機中心) of Sichuan Xinhua Winshare Chainstore Co., Ltd. (四川文軒連鎖有限公司) and deputy head assistant to general manager of the information center of the Company. He has been head of the information center of the Company since July 2006, a party committee member of the Company since June 2021 and a deputy general manager of the Company since 24 January 2022. Mr. Zou graduated from Sichuan University majoring in computer science and applications with a bachelor of engineering degree. He possesses the professional title as an engineer.

Mr. Hu Bo (胡勃), born in September 1973, currently a party committee member, deputy general manager and head of human resources development department of the Company. He worked at human resources development department of Sichuan Xinhua Publishing Group Co., Ltd., and served as deputy head of human resources development department and assistant to general manager of the Company. He has been head of human resources development department of the Company since September 2006, a party committee member of the Company since June 2021 and a deputy general manager of the Company since 24 January 2022. Mr. Hu graduated from the University of Electronic Science and Technology of China majoring in computer science and applications. He possesses the professional title as a senior economist.

Mr. Hu Wei (胡巍), born in March 1972, currently a party committee member, deputy general manager and head of operation center of the Company. From July 1994 to June 2007, he worked as head of transportation department of Sichuan Xinhua Bookstore Storage and Transportation Company (四川新華書店儲運公司), deputy manager of Sichuan Xinhua Publishing Group Distribution Company (四川新華發行集團配送公司), deputy general manager of logistics development department of Sichuan Xinhua Winshare Chain Co., Ltd., and deputy head of operation center and assistant to general manager of the Company. He has been head of operation center of the Company since June 2007, a party committee member of the Company since June 2021 and a deputy general manager of the Company since 24 January 2022. Mr. Hu graduated from Chongqing Normal University majoring in geography education with a bachelor of science degree. He is a mid-level political engineer.

Mr. Ma Xiaofeng (馬曉峰), born in September 1973, currently deputy general manager of the Company. From July 1996 to January 2022, he served as head of editorial office of Minzu House, vice president of Sichuan Pictorial Co., Ltd., president of Sichuan Fine Arts Publishing House, deputy director and second-class researcher of the publication department of the propaganda department of the Sichuan provincial party committee (四川省委宣傳部出版處), and assistant to general manager of Sichuan Xinhua Publishing and Distribution Group Co., Ltd. He has been a deputy general manager of the Company since 24 January 2022. Mr. Ma graduated from Sichuan Fine Arts Institute majoring in fine arts education. He possesses the professional title as an editor.

Profile of Directors, Supervisors, Senior Management and Employees



Ms. Yang Miao (楊淼), born in March 1981, currently the secretary to the Board, the joint company secretary and head of the office of the Board of the Company. From June 2005 to January 2022, she served as a staff member of the Board of the Company, a designated staff member of the listing office, an investor relations management officer, an assistant to the head and the deputy director of the office of the Board and the securities affairs representative of the Company. She has been the head of the office of the Board of the Company since August 2020 and the secretary to the Board of the Company since 24 January 2022. Ms. Yang Miao graduated from Southwest Jiaotong University, majoring in industrial economics, and obtained a master's degree in economics.

Mr. You Zugang (游祖剛), born in October 1962, currently assistant to the Chairman of the Company, director of Bank of Chengdu Co., Ltd. and Hainan Phoenix Xinhua Publishing and Distribution Co., Ltd. From February 1989 to January 2022, Mr. You served as deputy head of the finance department of Sichuan Province Xinhua Bookstore, deputy general manager of Guangyuan City Xinhua Bookstore, person-in-charge of Sichuan Audiovisual Products Wholesale Market Operations Office (四川圖書音像批發市場辦公室), deputy head of the planning and finance department and head of the audit office of Sichuan Province Xinhua Bookstore; deputy head of the financial management department, head of the audit office, and head of the manager's office of Sichuan Xinhua Publishing and Distribution Group; head of Guangyuan City Management Centre; and chief administrative officer and secretary to the Board of the Company. Mr. You had served as the secretary to the Board of the Company since June 2005 and retired in January 2022. He completed the master's degree program in business administration from Renmin University of China and is a fellow of The Hong Kong Chartered Governance Institute and a fellow of The Institute of Chartered Secretaries and Administrators. He is also a member of the Institute of International Internal Auditors, an accountant and a senior political engineer.

Mr. Zhu Zaixiang (朱在祥), born in March 1961, currently vice president of Accounting Society of Sichuan, a director of Winshare Investment and Sichuan Xinhua Shang Paper Co., Ltd. and chairman of the financial and management working committee of China Xinhua Bookstore Association. From 1982 to January 2022, he successively served as deputy section chief of the audit section, section chief of the planning and finance section and head of the planning and finance department of Sichuan Province Xinhua Bookstore; head of the financial management department and chief accountant of Sichuan Xinhua Publishing and Distribution Group; and chief financial officer of the Company. Mr. Zhu had served as the chief financial officer of the Company since June 2005 and retired in January 2022. Mr. Zhu graduated from Southwestern University of Finance and Economics and completed an MBA course of Renmin University of China. He is a senior qualified accountant.

JOINT COMPANY SECRETARIES

Ms. Yang Miao (楊淼), joint company secretary of the Company. Please refer to section headed "Senior Management" as set out above for the biographical details of Ms. Yang.

Ms. Wong Wai Ling (黃慧玲), currently the joint company secretary of the Company, the president of SWCS Corporate Services Group (Hong Kong) Limited. She was appointed as the joint company secretary of the Company on 24 January 2022. She has over 15 years of experience in providing company secretarial services. She is an associate of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Profile of Directors, Supervisors, Senior Management and Employees

IV. PARTICULARS OF EMPLOYEES

1. Particulars of Employees

As at 31 December 2021, the Group has a total of 7,481 (31 December 2020: 7,633) employees. Details of the employees are set out in the “Environmental, Social and Governance Report” in this annual report.

2. Employee Remuneration and Benefits Protection Policies

The Group endeavors to improve and optimize the remuneration policies and remuneration management system for its employees and has built a results performance-based incentive mechanism for the co-development of the enterprise and employees. The standard remuneration benefits of the Group include basic salary, performance-based bonus and benefits. In addition, the Group offers pension, medical, unemployment, work injury, maternity insurance benefits as well as housing provident fund and annuity.

For the year ended 31 December 2021, the total contributions made by the Group for its employees pursuant to the pension plan and annuity plan amounted to RMB175.92 million (2020: RMB107.48 million). For details of these plans, please refer to Note (VI) 27 to the consolidated financial statements of this annual report.

3. Employee Training

The Group attaches great importance to and cares about the growth and development of employees. The Group has built a multi-layer and multi-format training system and constantly optimizes the contents and types of training. It follows the principle of “standardized management and hierarchical organizational implementation” to conduct training for employees in order to help them enhance their professional skills and thinking awareness as well as expand their areas of expertise. Based on the objectives and requirements of personnel training that are in line with the corporate strategies, the Group plans to build a reserve cadre echelon and strengthen the capacity building of the talent team starting from key positions, helping management cadres improve their operation and management level through different ways while building a compound management team. At the same time, based on the business development requirements of capabilities and qualities of employees at different levels, the Group implements professional post competence training in order to improve the professional knowledge and skills of employees. It also organizes general training to improve the general skills and comprehensive quality of employees, with a view to driving business development with employee capabilities and qualities.

During the Year, with the normalization of COVID-19 prevention and control and on the premise of pandemic prevention and control by the Group, it innovated the training model and deepened the training results through online training and organic combination of online and offline training. Throughout the Year, more than 70 training sessions were organized with an attendance exceeding 17,000 employees. Details of training are set out in the “Environmental, Social and Governance Report” in this annual report.

4. Employee Relations

Upholding a “people-oriented” human resource principle, the Group endeavors to improve the human resources management system in line with the growth and development of its employees. The Group maintains sound communication with employees, thus building a harmonious labor relationship.

Report of the Supervisory Committee



In 2021, to safeguard and protect the legitimate interests of the Company and its Shareholders, the Supervisory Committee effectively supervised the lawful operation, financial position, significant investments of the Company and the performance of duties by the Directors and senior management, and earnestly performed its duties in strictly compliance with the authorities and duties conferred by the Company Law, the Listing Rules, the Articles of Association and other relevant laws and regulations.

1. MEETINGS HELD BY THE SUPERVISORY COMMITTEE

During the Year, the Company convened five meetings of the Supervisory Committee. Prior to convening the meetings, the Company was in strict compliance with the requirements of relevant laws and regulations, and sent the meeting notices and materials to the members of the Supervisory Committee within the prescribed time limit. The procedures convening the meetings of the Supervisory Committee and the quorum of the meetings of the Supervisory Committee were in compliance with the relevant requirements of the Company Law and the Articles of Association. During the Year, the Supervisory Committee considered and approved a number of resolutions, including the Report of the Supervisory Committee, the Consolidated Financial Report, the Social Responsibility Report, the Profit Distribution Proposal, the Special Report on the Deposit and Actual Use of Proceeds, the Internal Control Evaluation and Risk Assessment Report, the Internal Control Audit Report, the regular reports, the Nomination of Candidates of Supervisors not Representing Employees of the Fifth Session of the Supervisory Committee and the Proposed Remuneration Standard of Supervisors not Representing Employees of the Fifth Session of the Supervisory Committee. At the meetings of the Supervisory Committee, the Supervisors prudently and objectively reviewed and discussed the relevant resolutions, effectively exercising the supervisory function of the Supervisory Committee.

At the meeting of the Supervisory Committee held on 1 December 2021, Mr. Tang Xiongxing, Mr. Chao Hsun, Mr. Feng Jian and Ms. Wang Li were elected as the candidates for Supervisors of the fifth session of the Supervisory Committee, and were approved at the extraordinary general meeting of the Company held on 24 January 2022. They formed the fifth session of the Supervisory Committee together with Ms. Wang Yan and Ms. Wang Yuanyuan, the Supervisors representing the staff and workers of the Company elected by the Company at the meeting of the representatives of the staff and workers of the Company held on 6 January 2022. At the first meeting of the fifth session of the Supervisory Committee in 2022, Mr. Tang Xiongxing was elected as the chairman of the fifth session of the Supervisory Committee of the Company.

2. SUPERVISION AND INSPECTION CONDUCTED BY THE SUPERVISORY COMMITTEE

During the Year, the Supervisory Committee earnestly performed its supervisory duties in the interests of the Company and the Shareholders. The Supervisory Committee supervised the legality and compliance of the Company's major decision-making matters, decision-making procedures and the performance of duties by the Directors and senior management through attending the Board meetings and general meetings of the Company during the Year. Through communication with the Company's management, reviewing the operation and management information provided by the Company on a regular basis, verifying the Company's financial reports, the Supervisory Committee supervised the Company's operation and management, internal control risks, financial conditions, investment and business operations. Through on-site investigation and inspection, the Company grasped the status of the completed projected. The Supervisory Committee is of the view that the Directors and senior management of the Company performed their duties diligently during the Year. The decision-making procedures of the Board and the general meetings were lawful, and the Board earnestly implemented the resolutions of the general meetings. No violation of the Articles of Association and other laws and regulations or damage to the Company's interests and infringement of Shareholders' interests was found in the course of performance of duties by the Directors and senior management of the Company.

Report of the Supervisory Committee

3. INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE ON CERTAIN MATTERS

(1) Operation of the Company in accordance with the Laws

During the Year, the Supervisory Committee, through supervision and inspection, was of the view that the Board and the management were able to operate and regulate its management in accordance with the relevant laws and regulations of the PRC and the Articles of Association; the operating results were objective and true; and the internal control was effective. The Directors and senior management of the Company were diligent and innovative in making major business decisions, business operation and management. No act of the Directors and senior management of the Company in violation of laws and regulations or detrimental to the interests of the Company and the Shareholders as a whole in performing their duties was identified.

(2) Financial position of the Company

During the Year, the Supervisory Committee considered and reviewed regular reports including the quarterly, half-yearly and annual financial reports. The consolidated financial report for 2021 of the Company was audited by Deloitte Touche Tohmatsu CPA, its auditor for the Year, and the audited report with an unqualified opinion was issued. After duly inspecting and auditing the financial position and operating results of the Group for the year 2021, the Supervisory Committee is of the view that the preparation of the financial report of the Company was in compliance with the relevant requirements of the Accounting Standards for Business Enterprises and truly, objectively and accurately reflected the financial position and operating results of the Group for the Year.

(3) Connected transactions of the Company

The Supervisory Committee attended the meetings of the Board and general meetings to consider the Company's connected transactions, and monitored the deliberation procedures, abstention, disclosure and implementation of the Board meetings and general meetings. The Supervisory Committee confirmed that, during the Year, upon approving the connected transactions by the Board and the general meeting, the connected Directors and connected Shareholders had abstained from voting according to the rules and the approval procedures were legitimate. No connected transactions that were not conducted at fair prices and were against the interests of the Company and minority Shareholders was identified.

(4) Internal control and risk management of the Company

The Supervisory Committee considered and reviewed the Internal Control Evaluation Report for 2021 and Risk Assessment Report for 2021 of the Company, and Deloitte Touche Tohmatsu CPA expressed an unqualified opinion on the Internal Control Audit Report for 2021 upon audit of the Company's internal control for 2021. The Supervisory Committee is of the view that the Company has established a relatively comprehensive internal control and risk management system in accordance with the requirements of relevant laws and regulations, which can be effectively implemented. The Internal Control Audit Report for 2021 truly and objectively reflected the establishment and operation of the internal control system of the Company.

Report of the Supervisory Committee



(5) Actual use of proceeds of the Company

The Supervisory Committee reviewed the placement and use of proceeds of the Company, and confirmed that the placement and actual use of proceeds of the Company were in compliance with the relevant requirements of CSRC and SSE on special deposit and use of proceeds and the actual use of proceeds in projects was in line with the intended use in the projects. During the Year, there was no actual change to the investment projects and no violation regarding the use of proceeds identified by the Company.

In 2022, the Supervisory Committee will continue to strengthen its supervisory functions, supervise the daily performance of duties by the Directors and senior management according to laws and regulations. While strengthening the supervision and inspection of the Company's financial and internal control and risk management, the Supervisory Committee will promote the Company's lawful operation, regulated operation and sustainable development to effectively safeguard the interests of the Company and the Shareholders.

By order of the Supervisory Committee

Tang Xiongxing

Chairman

29 March 2022



Auditor's Report

De Shi Bao (Shen) Zi (22) No. P02351

Deloitte.

德勤

To the Shareholders of Xinhua Winshare Publishing and Media Co., Ltd.

1. OPINION

We have audited the financial statements of Xinhua Winshare Publishing and Media Co., Ltd. (hereinafter referred to as "**Xinhua Winshare**"), which comprise the consolidated and parent's balance sheets as at 31 December 2021, the consolidated and parent's income statements, the consolidated and parent's cash flow statements and the consolidated and parent's statements of changes in shareholders' equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements of Xinhua Winshare is prepared and present fairly, in all material respects, the consolidated and parent's financial position as of 31 December 2021, and the consolidated and parent's results of operations and consolidated and parent's cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

2. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing ("**CSA**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Xinhua Winshare in accordance with the Code of Ethics for Chinese Certified Public Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We hereby determine that the following are key audit matters to be communicated in the auditor's report.

3. KEY AUDIT MATTERS *(Continued)*

Recognition for the revenue generated from the sales of textbooks and supplementary materials

As shown in the Note (VI) 38 to the Note (XVI) 24 to the financial statements, the revenue generated from the distribution and sales of textbooks and supplementary materials by Xinhua Winshare for the current year was RMB5,366,021,200, accounting for a proportion of 51% and 82% of the consolidated and the parent's operating income respectively. Considering that the proportion of the revenue generated from the distribution and sales of textbooks and supplementary materials is significant and the main source of net profit Xinhua Winshare, which affects its key performance indicators, and such sales transactions are frequently occurred and involved with many branches, the inherent risk of misstatement is high. Accordingly, we take into account the recognition for the revenue generated from the distribution and sales of textbooks and supplementary materials as a key audit matter in the audit of the consolidated and the parent's financial statements.

With respect to the key audit matter above, our main audit procedures include:

- (1) Test the effectiveness of the key internal control relating to the recognition for the revenue generated from the sales of textbooks and supplementary materials.
- (2) Perform fluctuation analysis of sales revenue, and identify and investigate abnormal fluctuations by considering industry characteristics.
- (3) Take advantage of internal data analysis experts to check the consistency of financial system revenue records with order information and shipping records in business system, and identify and investigate abnormal transaction records.
- (4) On a sample basis, conduct sampling test by selecting samples from the sales revenue records to check supporting documents, such as goods delivery notes.



Auditor's Report

De Shi Bao (Shen) Zi (22) No. P02351

4. OTHER INFORMATION

The management of Xinhua Winshare is responsible for other information. The other information comprises the information included in the annual report 2021 of Xinhua Winshare, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

5. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management of Xinhua Winshare is responsible for the preparation of the financial statements that give a fair view in accordance with Accounting Standards for Business Enterprises, and designing, implementing and maintaining the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing Xinhua Winshare's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intend to liquidate Xinhua Winshare or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Xinhua Winshare's financial reporting process.

6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are usually considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with China Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Xinhua Winshare's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Xinhua Winshare to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Xinhua Winshare to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



Auditor's Report

De Shi Bao (Shen) Zi (22) No. P02351

6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Touche Tohmatsu LLP
Shanghai, China

Chinese Certified Public Accountant
Jiang Jian
(Engagement Partner)

Chinese Certified Public Accountant
Ouyang Qianli
29 March 2022

Consolidated Balance Sheet

At 31 December 2021

RMB

ITEM	Notes	Balance at the end of the current year	Balance at the end of the prior year
Current Assets:			
Cash and bank balances	(VI) 1	6,040,029,278.72	5,785,974,800.85
Held-for-trading financial assets	(VI) 2	20,945.15	6,510,463.20
Notes receivable	(VI) 3	10,545,962.27	4,344,936.39
Accounts receivable	(VI) 4	1,555,884,147.93	1,586,906,258.90
Financing receivables	(VI) 5	5,132,438.00	6,201,191.14
Prepayments	(VI) 6	79,323,179.35	77,465,227.71
Other receivables	(VI) 7	101,641,043.44	103,776,291.44
Inventories	(VI) 8	2,742,158,426.84	2,130,621,634.21
Contract assets	(VI) 9	34,660,471.53	–
Non-current assets due within one year	(VI) 11	172,294,518.11	181,722,570.04
Other current assets	(VI) 10	502,276,759.44	86,231,460.17
Total Current Assets		11,243,967,170.78	9,969,754,834.05
Non-current Assets:			
Long-term receivables	(VI) 11	143,479,125.91	313,418,082.51
Long-term equity investments	(VI) 12	754,803,876.08	717,889,546.28
Other equity instrument investments	(VI) 13	1,608,071,463.87	1,446,798,951.64
Other non-current financial assets	(VI) 14	723,047,595.79	680,880,618.26
Investment properties	(VI) 15	82,653,580.43	86,104,385.12
Fixed assets	(VI) 16	2,014,782,433.12	2,009,270,646.85
Construction in progress	(VI) 17	144,794,764.90	37,670,169.58
Right-of-use assets	(VI) 18	345,014,851.31	447,482,542.47
Intangible assets	(VI) 19	379,475,191.25	355,813,424.01
Development cost		2,561,158.72	18,870,289.43
Goodwill	(VI) 20	500,571,581.14	500,571,581.14
Long-term prepaid expenses	(VI) 21	15,260,900.36	12,194,296.86
Deferred tax assets	(VI) 22	23,931,737.96	21,183,296.95
Other non-current assets	(VI) 23	791,530,359.26	350,933,345.43
Total Non-current Assets		7,529,978,620.10	6,999,081,176.53
TOTAL ASSETS		18,773,945,790.88	16,968,836,010.58
Current Liabilities:			
Notes payable	(VI) 24	45,285,599.60	45,838,225.28
Accounts payable	(VI) 25	5,406,581,179.99	4,550,158,695.76
Contract liabilities	(VI) 26	542,086,414.16	442,825,006.30
Employee benefits payable	(VI) 27	594,173,428.34	472,779,571.05
Taxes payable	(VI) 28	62,425,209.54	64,081,630.88
Other payables	(VI) 29	386,886,795.47	655,979,050.64
Non-current liabilities due within one year	(VI) 31	101,706,168.70	103,865,186.60
Other current liabilities	(VI) 30	201,498,906.04	176,472,136.88



Consolidated Balance Sheet

At 31 December 2021

RMB

ITEM	Notes	Balance at the end of the current year	Balance at the end of the prior year
Total Current Liabilities		7,340,643,701.84	6,511,999,503.39
Non-current Liabilities:			
Lease liabilities	(VI) 31	259,594,365.23	357,266,005.19
Deferred income	(VI) 32	31,146,881.78	45,644,566.05
Deferred tax liabilities	(VI) 22	32,872,282.61	25,775,918.61
Total Non-current Liabilities		323,613,529.62	428,686,489.85
TOTAL LIABILITIES		7,664,257,231.46	6,940,685,993.24
Shareholders' Equity:			
Share capital	(VI) 33	1,233,841,000.00	1,233,841,000.00
Capital reserve	(VI) 34	2,572,524,766.32	2,572,524,766.32
Other comprehensive income	(VI) 35	1,178,842,757.57	1,016,266,307.50
Surplus reserve	(VI) 36	1,009,210,479.29	897,647,684.81
Retained profits	(VI) 37	5,227,141,020.57	4,416,564,721.94
Total Shareholder's Equity Attributable to Equity Holders of the Parent		11,221,560,023.75	10,136,844,480.57
Non-controlling Interests		(111,871,464.33)	(108,694,463.23)
TOTAL SHAREHOLDERS' EQUITY		11,109,688,559.42	10,028,150,017.34
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		18,773,945,790.88	16,968,836,010.58

The accompanying notes form part of the financial statements.

The financial statements on pages 125 to 137 were signed by the following:

Luo Yong
Legal Representative

Ma Xiaofeng
Chief Accountant

Wu Sufang
Person in Charge of the Accounting Body

The Parent's Balance Sheet

At 31 December 2021

RMB

ITEM	Notes	Balance at the end of the current year	Balance at the end of the prior year
Current Assets:			
Cash and bank balances	(XVI) 1	4,820,615,701.63	4,242,822,636.99
Held-for-trading financial assets		20,945.15	10,463.20
Accounts receivable	(XVI) 2	789,852,470.51	747,625,909.48
Prepayments	(XVI) 3	12,125,972.56	32,837,225.54
Other receivables	(XVI) 4	920,535,846.37	894,926,509.15
Inventories	(XVI) 5	782,488,210.66	606,090,436.19
Non-current assets due within one year		59,313,651.82	73,255,497.75
Other current assets	(XVI) 6	75,129,097.46	55,991,778.32
Total Current Assets		7,460,081,896.16	6,653,560,456.62
Non-current Assets:			
Long-term receivables		24,011,262.32	37,035,834.38
Long-term equity investments	(XVI) 7	3,976,896,556.03	3,995,119,165.77
Other equity instrument investments		1,606,881,600.00	1,445,640,000.00
Other non-current financial assets		198,611,536.30	194,250,814.72
Investment properties	(XVI) 8	18,088,129.22	18,988,319.25
Fixed assets	(XVI) 9	1,635,820,321.56	1,610,059,313.35
Construction in progress		144,643,362.55	37,624,145.99
Right-of-use assets	(XVI) 10	322,577,069.81	419,981,564.62
Intangible assets	(XVI) 11	143,564,350.45	139,554,152.63
Development cost		–	5,999,999.83
Long-term prepaid expenses	(XVI) 12	7,670,045.48	3,958,856.56
Other non-current assets	(XVI) 13	1,152,980,979.59	846,577,507.43
Total Non-current Assets		9,231,745,213.31	8,754,789,674.53
TOTAL ASSETS		16,691,827,109.47	15,408,350,131.15



The Parent's Balance Sheet

At 31 December 2021

RMB

ITEM	Notes	Balance at the end of the current year	Balance at the end of the prior year
Current Liabilities:			
Accounts payable	(XVI) 14	4,409,120,230.36	4,089,235,914.59
Contract liabilities	(XVI) 15	357,008,714.02	302,958,716.24
Employee benefits payable	(XVI) 16	404,488,683.90	324,066,777.71
Taxes payable	(XVI) 17	18,907,622.47	20,890,204.76
Other payables	(XVI) 18	1,025,604,218.09	1,009,009,072.32
Non-current liabilities due within one year	(XVI) 19	93,824,087.70	93,769,873.33
Other current liabilities		69,114,268.40	49,560,392.77
Total Current Liabilities		6,378,067,824.94	5,889,490,951.72
Non-current Liabilities:			
Leased liabilities	(XVI) 19	247,654,970.93	345,311,476.37
Deferred income		3,973,820.34	5,796,044.62
Total Non-current Liabilities		251,628,791.27	351,107,520.99
TOTAL LIABILITIES		6,629,696,616.21	6,240,598,472.71
Shareholders' Equity:			
Share capital	(VI) 33	1,233,841,000.00	1,233,841,000.00
Capital reserve	(XVI) 20	2,631,057,328.10	2,631,057,328.10
Other comprehensive income	(XVI) 21	1,180,466,272.00	1,017,913,006.10
Surplus reserve	(XVI) 22	1,008,375,729.16	896,812,934.68
Retained profits	(XVI) 23	4,008,390,164.00	3,388,127,389.56
TOTAL SHAREHOLDERS' EQUITY		10,062,130,493.26	9,167,751,658.44
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		16,691,827,109.47	15,408,350,131.15

Consolidated Income Statement

For the year ended 31 December 2021

RMB

ITEM	Notes	Amount recognized in the current year	Amount recognized in the prior year
I. Operating income	(VI) 38	10,460,363,983.51	9,008,056,554.27
Less: Operating costs	(VI) 38	6,646,716,822.70	5,453,686,898.97
Taxes and levies	(VI) 39	46,699,627.72	49,186,093.62
Selling expenses	(VI) 40	1,121,009,338.73	1,184,329,784.17
Administrative expenses	(VI) 41	1,453,389,763.05	1,204,845,480.50
Research and development expenditure		3,793,741.38	3,038,699.13
Finance expenses	(VI) 42	(80,383,936.21)	(45,819,600.44)
Including: Interest expenses		19,487,842.59	22,163,954.57
Interest income		109,754,708.81	78,064,013.41
Add: Other income	(VI) 43	81,146,478.58	91,859,820.38
Investment income	(VI) 44	112,091,963.82	169,637,327.24
Including: Income from investments in associates and joint ventures		44,348,654.80	67,083,656.84
Gains from changes in fair values	(VI) 45	71,685,949.54	101,627,007.34
Gain/(loss) on credit impairment	(VI) 46	(132,054,924.22)	(144,517,397.58)
Gain/(loss) on asset impairment	(VI) 47	(48,395,369.07)	(68,594,494.90)
Gains on disposal of assets		2,015,713.48	255,029.19
II. Operating profit		1,355,628,438.27	1,309,056,489.99
Add: Non-operating income	(VI) 48	4,369,008.12	20,438,948.12
Less: Non-operating expenses	(VI) 49	51,263,372.53	78,329,940.29
III. Total profit		1,308,734,073.86	1,251,165,497.82
Less: Income tax expenses	(VI) 50	5,452,811.98	8,170,550.61
IV. Net profit		1,303,281,261.88	1,242,994,947.21
(I) Categorized by the nature of continuing operations:			
1. Profit from continuing operations		1,303,281,261.88	1,242,994,947.21
2. Profit from discontinued operations		–	–
(II) Categorized by ownership:			
1. Net profit attributable to shareholders of the parent		1,305,941,469.01	1,262,778,545.44
2. Profit or loss attributable to non- controlling interests		(2,660,207.13)	(19,783,598.23)



Consolidated Income Statement

For the year ended 31 December 2021

RMB

ITEM	Notes	Amount recognized in the current year	Amount recognized in the prior year
V. Other comprehensive income, net of tax	(VI) 35	161,264,784.17	36,968,447.67
Other comprehensive income attributable to shareholders of the parent, net of tax		161,264,784.17	36,968,447.67
(I) Other comprehensive income not reclassified to profit or loss		161,264,784.17	36,968,447.67
1. Changes in other equity instrument investment at fair value		161,264,784.17	36,968,447.67
Other comprehensive income attributable to non-controlling interests, net of tax		–	–
VI. Total comprehensive income		1,464,546,046.05	1,279,963,394.88
Total comprehensive income attributable to shareholders of the parent		1,467,206,253.18	1,299,746,993.11
Total comprehensive income attributable to non-controlling interests		(2,660,207.13)	(19,783,598.23)
VII. Earnings per share:			
(I) Basic earnings per share	(VI) 51	1.06	1.02
(II) Diluted earnings per share		N/A	N/A

The Parent's Income Statement

For the year ended 31 December 2021

RMB

ITEM	Notes	Amount recognized in the current year	Amount recognized in the prior year
I. Operating income	(XVI) 24	6,545,920,012.86	5,866,537,203.90
Less: Operating costs	(XVI) 24	3,959,625,828.82	3,455,626,187.18
Taxes and levies	(XVI) 25	24,327,597.29	28,517,556.96
Selling expenses	(XVI) 26	837,667,602.85	889,030,643.95
Administrative expenses	(XVI) 27	1,088,215,080.37	892,681,526.78
Finance expenses	(XVI) 28	(36,509,018.11)	(31,479,644.27)
Including: Interest expenses		32,533,242.40	27,799,034.03
Interest income		74,954,519.05	65,920,544.56
Add: Other income	(XVI) 29	9,695,471.55	9,468,459.58
Investment income	(XVI) 30	488,345,775.06	510,565,092.17
Including: Income from investments in associates and joint ventures		31,165,515.26	22,445,468.17
Gains from changes in fair values		16,452,495.74	82,548,995.50
Gain/(loss) on credit impairment	(XVI) 31	2,546,140.63	(85,944,434.08)
Gain/(loss) on asset impairment	(XVI) 32	(26,347,238.24)	(27,612,906.72)
Gains on disposal of assets		67,427.88	186,827.46
II. Operating profit		1,163,352,994.26	1,121,372,967.21
Add: Non-operating income	(XVI) 33	2,441,365.73	7,862,946.38
Less: Non-operating expenses	(XVI) 34	50,166,415.17	76,296,766.97
III. Total profit		1,115,627,944.82	1,052,939,146.62
Less: Income tax expenses		–	–
IV. Net profit		1,115,627,944.82	1,052,939,146.62
(I) Net profit from continuing operations		1,115,627,944.82	1,052,939,146.62
(II) Net profit from discontinued operations		–	–
V. Other comprehensive income, net of tax	(XVI) 21	161,241,600.00	37,012,800.00
(I) Other comprehensive income not reclassified to profit or loss		161,241,600.00	37,012,800.00
1. Changes in other equity instrument investment at fair value		161,241,600.00	37,012,800.00
(II) Other comprehensive income that will be reclassified to profit or loss		–	–
VI. Total comprehensive income		1,276,869,544.82	1,089,951,946.62



Consolidated Cash Flow Statement

For the year ended 31 December 2021

RMB

ITEM	Notes	Amount recognized in the current year	Amount recognized in the prior year
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		11,118,245,552.45	9,588,783,630.79
Receipts of tax refunds		27,748,888.66	36,166,173.62
Other cash receipts relating to operating activities	(VI) 52(1)	212,251,761.50	223,123,233.54
Sub-total of cash inflows from operating activities		11,358,246,202.61	9,848,073,037.95
Cash payments for goods purchased and services received		6,712,233,583.71	5,556,870,229.85
Cash payments to and on behalf of employees		1,331,002,015.79	1,169,624,684.09
Payments of various types of taxes		158,899,022.53	153,537,186.56
Other cash payments relating to operating activities	(VI) 52(2)	1,108,782,003.37	1,149,235,646.98
Sub-total of cash outflows from operating activities		9,310,916,625.40	8,029,267,747.48
Net Cash Flow from Operating Activities	(VI) 53(1)	2,047,329,577.21	1,818,805,290.47
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		350,201,840.69	3,310,783,519.96
Cash receipts from investment income		73,149,634.02	188,342,215.83
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		3,947,138.21	2,963,890.24
Other cash receipts relating to investing activities	(VI) 52(3)	-	81,760,506.83
Sub-total of cash inflows from investing activities		427,298,612.92	3,583,850,132.86
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		273,749,887.65	246,466,701.71
Cash payments to acquire investments		632,154,425.63	2,065,455,965.68
Other cash payments relating to investing activities	(VI) 52(4)	800,000,000.00	240,000,000.00
Sub-total of cash outflows from investing activities		1,705,904,313.28	2,551,922,667.39
Net Cash Flow from Investing Activities		(1,278,605,700.36)	1,031,927,465.47

Consolidated Cash Flow Statement

For the year ended 31 December 2021

RMB

ITEM	Notes	Amount recognized in the current year	Amount recognized in the prior year
III. Cash Flows from Financing Activities:			
Cash payments for distribution of dividends and profits and settlement of interest expenses		383,022,507.41	370,534,292.38
Including: Payments for distribution of dividends and profits to non-controlling shareholders of subsidiaries		516,793.97	318,070.11
Other cash payments relating to financing activities	(VI) 52(5)	128,772,750.81	133,263,621.06
Sub-total of cash outflows from financing activities		511,795,258.22	503,797,913.44
Net Cash Flow from Financing Activities		(511,795,258.22)	(503,797,913.44)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		-	-
V. Net Increase in Cash and Cash Equivalents	(VI) 53(1)	256,928,618.63	2,346,934,842.50
Add: Opening balance of Cash and Cash Equivalents	(VI) 53(2)	5,740,841,068.18	3,393,906,225.68
VI. Closing Balance of Cash and Cash Equivalents	(VI) 53(2)	5,997,769,686.81	5,740,841,068.18



The Parent's Cash Flow Statement

For the year ended 31 December 2021

RMB

ITEM	Notes	Amount recognized in the current year	Amount recognized in the prior year
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		6,683,574,683.41	5,988,749,521.64
Receipts of tax refunds		564,660.16	-
Other cash receipts relating to operating activities	(XVI) 35(1)	58,643,736.34	196,294,620.92
Sub-total of cash inflows from operating activities		6,742,783,079.91	6,185,044,142.56
Cash payments for goods purchased and services received		3,417,661,838.90	3,145,344,317.76
Cash payments to and on behalf of employees		907,610,175.72	788,376,932.64
Payments of various types of taxes		38,185,845.05	26,844,348.53
Other cash payments relating to operating activities	(XVI) 35(2)	909,566,546.78	889,432,639.47
Sub-total of cash outflows from operating activities		5,273,024,406.45	4,849,998,238.40
Net Cash Flow from Operating Activities	(XVI) 36(1)	1,469,758,673.46	1,335,045,904.16
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		12,452,383.69	2,073,562,426.22
Cash receipts from investment income		63,779,344.05	90,029,335.67
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		499,114.20	1,220,692.77
Net cash receipts from disposals of subsidiaries and other business units		3,527,640.75	4,143,331.54
Other cash receipts relating to investing activities		96,671,542.99	324,410,115.86
Sub-total of cash inflows from investing activities		176,930,025.68	2,493,365,902.06
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		222,893,144.96	218,455,812.20
Cash payments to acquire investments		334,332,166.48	1,143,380,830.22
Other cash payments relating to investing activities		332,000,000.00	360,000,000.00
Sub-total of cash outflows from investing activities		889,225,311.44	1,721,836,642.42
Net Cash Flow from Investing Activities		(712,295,285.76)	771,529,259.64

The Parent's Cash Flow Statement

For the year ended 31 December 2021

RMB

ITEM	Notes	Amount recognized in the current year	Amount recognized in the prior year
III. Cash Flows from Financing Activities:			
Other cash receipts relating to financing activities		334,502,291.61	120,000,000.00
Sub-total of cash inflows from financing activities		334,502,291.61	120,000,000.00
Cash payments for distribution of dividends and profits and settlement of interest expenses		398,426,878.27	377,144,937.04
Other cash payments relating to financing activities		115,697,372.87	175,598,150.94
Sub-total of cash outflows from financing activities		514,124,251.14	552,743,087.98
Net Cash Flow from Financing Activities		(179,621,959.53)	(432,743,087.98)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		-	-
V. Net Increase in Cash and Cash Equivalents	(XVI) 36(1)	577,841,428.17	1,673,832,075.82
Add: Opening balance of Cash and Cash Equivalents	(XVI) 36(2)	4,235,082,239.58	2,561,250,163.76
VI. Closing Balance of Cash and Cash Equivalents	(XVI) 36(2)	4,812,923,667.75	4,235,082,239.58



Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2021

RMB

ITEM	Amount for the current year						
	Equity attributable to shareholders of the parent						
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	Non-controlling interests	Total shareholders' equity
I. 1 January 2021	1,233,841,000.00	2,572,524,766.32	1,016,266,307.50	897,647,684.81	4,416,564,721.94	(108,694,463.23)	10,028,150,017.34
II. Changes for the current year							
(I) Total comprehensive income	-	-	161,264,784.17	-	1,305,941,469.01	(2,660,207.13)	1,464,546,046.05
(II) Profit distribution							
1. Transfer to surplus reserve	-	-	-	111,562,794.48	(111,562,794.48)	-	-
2. Distributions to shareholders	-	-	-	-	(382,490,710.00)	(516,793.97)	(383,007,503.97)
(III) Internal carry-over within equity							
1. Transfer other comprehensive income into retained earnings	-	-	1,311,665.90	-	(1,311,665.90)	-	-
III. 31 December 2021	1,233,841,000.00	2,572,524,766.32	1,178,842,757.57	1,009,210,479.29	5,227,141,020.57	(111,871,464.33)	11,109,688,559.42

RMB

ITEM	Amount for the prior year						
	Equity attributable to shareholders of the parent						
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	Non-controlling interests	Total shareholders' equity
I. 1 January 2020	1,233,841,000.00	2,572,524,766.32	979,297,859.83	792,353,770.15	3,629,232,391.16	(87,283,461.24)	9,119,966,326.22
II. Changes for the current year							
(I) Total comprehensive income	-	-	36,968,447.67	-	1,262,778,545.44	(19,783,598.23)	1,279,963,394.88
(II) Shareholders' contributions and reduction in capital							
1. Others	-	-	-	-	-	(1,309,333.65)	(1,309,333.65)
(III) Profit distribution							
1. Transfer to surplus reserve	-	-	-	105,293,914.66	(105,293,914.66)	-	-
2. Distributions to shareholders	-	-	-	-	(370,152,300.00)	(318,070.11)	(370,470,370.11)
III. 31 December 2020	1,233,841,000.00	2,572,524,766.32	1,016,266,307.50	897,647,684.81	4,416,564,721.94	(108,694,463.23)	10,028,150,017.34

The Parent's Statement of Changes in Shareholders' Equity

For the year ended 31 December 2021

RMB

Item	Amount for the current year					Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	
I. 1 January 2021	1,233,841,000.00	2,631,057,328.10	1,017,913,006.10	896,812,934.68	3,388,127,389.56	9,167,751,658.44
II. Changes for the current year						
(I) Total comprehensive income	-	-	161,241,600.00	-	1,115,627,944.82	1,276,869,544.82
(II) Profit distribution						
1. Transfer to surplus reserve	-	-	-	111,562,794.48	(111,562,794.48)	-
2. Distributions to shareholders	-	-	-	-	(382,490,710.00)	(382,490,710.00)
(III) Internal carry-over within equity						
1. Transfer other comprehensive income into retained earnings	-	-	1,311,665.90	-	(1,311,665.90)	-
III. 31 December 2021	1,233,841,000.00	2,631,057,328.10	1,180,466,272.00	1,008,375,729.16	4,008,390,164.00	10,062,130,493.26

RMB

Item	Amount for the prior year					Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	
I. 1 January 2020	1,233,841,000.00	2,631,057,328.10	980,900,206.10	791,519,020.02	2,810,634,457.60	8,447,952,011.82
II. Changes for the current year						
(I) Total comprehensive income	-	-	37,012,800.00	-	1,052,939,146.62	1,089,951,946.62
(II) Profit distribution						
1. Transfer to surplus reserve	-	-	-	105,293,914.66	(105,293,914.66)	-
2. Distributions to shareholders	-	-	-	-	(370,152,300.00)	(370,152,300.00)
III. 31 December 2020	1,233,841,000.00	2,631,057,328.10	1,017,913,006.10	896,812,934.68	3,388,127,389.56	9,167,751,658.44



Notes to the Financial Statements

For the year ended 31 December 2021

(I) BASIC INFORMATION ABOUT THE COMPANY

1. Company Overview

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

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

On 30 May 2007, the Company publicly offered 401,761,000 shares of overseas listed foreign shares ("**H Shares**") (including overallotment) in Hong Kong and was listed on the Stock Exchange.

As approved by Reply on Approval of IPO of Xinhua Winshare Publishing and Media Co., Ltd. (Zheng Jian Xu Ke [2016] No.1544) issued by China Securities Regulatory Commission, the Company publicly offered 98,710,000 shares of RMB ordinary share ("**A Shares**") to the public on 8 August 2016 and was listed on the Shanghai Stock Exchange.

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

Notes to the Financial Statements

For the year ended 31 December 2021

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

1. **Company Overview** *(Continued)*

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

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

2. **Scope of Consolidation of Financial Statements**

The Company’s consolidated financial statements and the parent’s financial statements were approved by the Board of the Company on 29 March 2022.

Details of the scope of the consolidation of financial statements for the current year are set out in Note (VIII) “INTERESTS IN OTHER ENTITIES”. Details of the change in the scope of the consolidation of financial statements for the current year are set out in Note (VII) “CHANGE IN SCOPE OF CONSOLIDATION”.



Notes to the Financial Statements

For the year ended 31 December 2021

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

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

Going concern

The Group assessed its ability to continue as a going concern for the 12 months commencing from 31 December 2021, and found no events or circumstances that may cast significant doubts upon it. Hence the financial statements have been prepared on going concern basis.

Basis of accounting and principle of measurement

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

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2021

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

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

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

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance with the ASBE

The financial statements are prepared by the Company in accordance with ASBE, and present truly and completely, the Company's consolidated financial position and the parent's financial position as at 31 December 2021, and the Company's consolidated results of operations and the parent's results and operations, the Company's consolidated changes in shareholders' equity and the parent's changes in shareholders' equity and the Company's consolidated cash flows and the parent's cash flows for the year 2021.

2. Accounting period

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

3. Operation cycle

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

4. Functional currency

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



Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

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

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

5.1 Business combinations involving enterprises under common control

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

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

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

5.2 Business combinations not involving enterprises under common control and goodwill

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

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

Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

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

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

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria shall be measured at fair value at the acquisition date.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognized as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognizes the remaining difference immediately in profit or loss for the current period.

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

6. Preparation of consolidated financial statements

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

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

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

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



Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

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

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

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

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

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

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

7. Classification of joint arrangements

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

The Group's joint arrangements are joint ventures. The Group accounts for investments in joint ventures using equity method. Refer to Note (III) 14.3.2 "Long-term equity investments accounted for using the equity method" for details.

8. Recognition criteria of cash and cash equivalents

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

9. Transactions denominated in foreign currencies

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

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

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



Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments

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

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

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

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

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

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



Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

10.1 Classification, recognition and measurement of financial assets

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

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

The contract terms of financial assets stipulate that cash flows generated on a specified date are only payments of principal and interest based on the amount of outstanding principal and the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. The financial assets that meet the above conditions are classified as at FVTOCI. Such financial assets with a maturity of more than one year since acquisition are presented as other debt investments, and those with a maturity of one year or less since the balance sheet date are presented as non-current assets due within one year. The accounts receivable and notes receivable classified at FVTOCI at the time of acquisition are presented as financing receivables, and other items with a maturity of one year or less at the time of acquisition are presented as other current assets.



Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

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

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

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

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

The financial assets at fair value through profit or loss includes the financial assets classified as at fair value through profit or loss and financial assets designated as at fair value through profit or loss:

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

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

Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

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

10.1.1 Financial assets classified as at amortized cost

The financial assets measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from derecognition, or impairment incurred is recognized in profit or loss.

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

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



Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

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

10.1.2 Financial assets classified as at fair value through other comprehensive income (FVTOCI)

Except that impairment losses or gains relating to financial assets classified as at FVTOCI and interest income calculated using the effective interest method are included in profit or loss for the period, fair value changes in the above financial assets are included in other comprehensive income. The amount of the financial assets included into profit or loss of each period shall be regarded as equal as the amount measured at amortized cost through profit or loss over each period. Upon derecognition of the financial assets, cumulative gains or losses previously recognized in other comprehensive income are transferred and reclassified into profit or loss for the period.

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

10.1.3 Financial assets at fair value through profit or loss (FVTPL)

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

Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

10.2 Impairment of financial assets

The Group carries out impairment testing of and recognizes the loss allowance for financial assets measured at amortized cost, lease receivables and financial assets at fair value through other comprehensive income based on expected credit loss (“ECL”).

The Group measures loss allowance for all contract assets, notes receivable and accounts receivable arising from transactions regulated by the Revenue Standard and operating lease receivables arising from transactions regulated by the Accounting Standards for Business Enterprises No. 21 – Lease based on the amount of full lifetime ECL.

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

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



Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

10.2 Impairment of financial assets *(Continued)*

10.2.1 Significant increase in credit risk

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

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

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

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



Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

10.2 Impairment of financial assets *(Continued)*

10.2.2 Credit-impaired financial assets

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

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

10.2.3 Recognition of ECL

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



Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

10.2 Impairment of financial assets *(Continued)*

10.2.3 Recognition of ECL *(Continued)*

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

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

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

10.2.4 Reduction in financial assets

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

Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

10.3 Transfer of financial assets

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

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

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

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



Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

10.3 Transfer of financial assets *(Continued)*

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

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

10.4 Classification of financial liabilities and equity instruments

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

10.4.1 Classification, recognition and measurement of financial liabilities

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

10.4.1.1 Other financial liabilities

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

Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

10.4 Classification of financial liabilities and equity instruments *(Continued)*

10.4.2 Derecognition of financial liabilities

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

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

10.4.3 Equity instruments

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

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

10.5 Offsetting financial assets and financial liabilities

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



Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financing receivables

Notes receivable classified at FVTOCI are presented as financing receivables. See Note (III) 10 for the relevant accounting policies.

12. Inventories

12.1 Categories of inventories

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

12.2 Valuation method of inventories upon delivery

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

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

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

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

12. Inventories *(Continued)*

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

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

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

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

12.4 Inventory count system

The perpetual inventory system is maintained for stock system.

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

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

13. Contract assets

13.1 Recognition methods and criteria for contract assets

Contract assets refer to the rights to receive consideration for the transfer of goods or services by the Group to its customers, and that right depends on factors other than the passage of time. The Group's unconditional right (only the passage of time is required) to consideration from customer is presented separately as receivables.

13.2 The determination method and accounting treatment for expected credit loss of contract assets

Please refer to Note (III) 10.2 "Impairment of financial assets" for details of the determination method and accounting treatment for expected credit loss of contract assets.



Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

14. Long-term equity investments

14.1 Judgement criteria for joint control and significant influence

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

14.2 Determination of initial investment cost

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

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

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

14.3 Subsequent measurement and recognition of profit or loss

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

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

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

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

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence. A joint venture is a joint arrangement whereby only the Group has rights to the net assets of such arrangement.

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



Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

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

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

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

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income of the investee for the period as investment income and other comprehensive income for the period. Meanwhile, carrying amount of long-term equity investment is adjusted: the carrying amount of long-term equity investment is decreased in accordance with its share of the investee's declared profit or cash dividends. Other changes in owners' equity of the investee other than net profit or loss and other comprehensive income and profit allocation are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized in the capital reserve. The Group recognizes its share of the investee's net profit or loss based on the fair value of the investee's individual identifiable assets, etc. at the acquisition date after making appropriate adjustments. Where the accounting policies and accounting period adopted by the investee are not consistent with those of the Company, the Company shall adjust the financial statements of the investee to conform to the Company's accounting policies and accounting period, and recognize investment income and other comprehensive income based on the adjusted financial statements. For the Group's transactions with its associates and joint ventures where assets contributed or sold does not constitute a business, unrealized intra-group profits or losses are recognized as investment income or loss to the extent that those attributable to the Group's proportionate share of interest are eliminated. However, unrealized losses resulting from the Group's internal transactions with its investees which represent impairment losses on the transferred assets are not eliminated.

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

14.4 Disposal of long-term equity investments

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

Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

15. Investment property

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

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

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

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

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

16. Fixed assets

16.1 Recognition criteria

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

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



Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

16. Fixed assets *(Continued)*

16.2 Depreciation

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

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

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

16.3 Other explanations

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

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

17. Construction in progress

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

Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

18. Intangible assets

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

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

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

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

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

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



Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

18. Intangible assets *(Continued)*

18.2 Research and development expenditure

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

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

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

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



Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

19. Impairment of long-term assets

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

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

If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognized in profit or loss for the period.

In determining the impairment loss of assets related to contract costs, the Group first determines the impairment loss of other assets related to the contract recognized in accordance with other relevant Accounting Standards for Business Enterprises. Secondly, for assets related to contract costs, the excess is provided for impairment and recognized as asset impairment loss if the carrying amount of the assets is higher than the difference between the followings: (1) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the assets relate; and (2) the estimated costs to be incurred for the transfer of the relevant goods or services.

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

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

20. Long-term prepaid expenses

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

21. Contract liabilities

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



Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

22. Employee benefits

22.1 Accounting treatment for short-term employee benefits

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

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

22.2 Accounting treatment of post-employment benefits

The entire post-employment benefits are defined contribution plan, which are primarily the payments for basic pensions and unemployment insurance related to government mandated social welfare programs, as well as the annuity scheme established. The Group makes contributions to the annuity scheme at a certain percentage of the employees' basic salaries for the previous year. If the employees left the enterprise annuity plan prior to vesting fully in the contributions, they are required to return part of their equity interests to the Group. The returned contributions shall not be used by the Group to reduce the existing level of contributions of the annuity scheme. The use of the returned contributions will be determined in the future.

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

22.3 Accounting treatment of termination benefits

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

Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

23. Provisions

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

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

24. Revenue

Revenue of the Group is primarily from following business categories:

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



Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

24. Revenue *(Continued)*

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

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

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

24. Revenue *(Continued)*

Variable consideration

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

Additional purchase option

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

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

Sales with sales return terms attached

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



Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

24. Revenue *(Continued)*

Significant financing component

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

Sales with quality assurance terms attached

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

Principal and agent

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

Contract liabilities

For receipt in advance from customers for the provision of goods or services, the amount shall initially be recognized as liability, and transferred into revenue when relevant performance obligations are satisfied. When it is unnecessary for the Group to return the receipt in advance and the customer may forfeit all or part of his/her contractual rights, and that the Group is entitled to the amount in respect of the contractual rights forfeited by the customer, such amount shall be recognized as revenue in proportion to the pattern of contractual rights exercised by the customer. Otherwise, the Group only recognizes such balance of the above liability as revenue when it becomes highly unlikely that the customer would demand the fulfilling of the remaining performance obligation.

Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

25. Contract costs

25.1 Cost of contract acquisition

If the incremental cost incurred by the Group in order to obtain a contract (i.e. costs that would not occur without a contract) is expected to be recoverable, such cost is recognized as an asset. The above asset is amortized on the same basis as that used for the recognition of revenue from the goods or services relating to such asset, and is recognized in profit or loss for the period. Other expenditures incurred by the Group in order to obtain the contract shall be included in the profit or loss for the period when incurred, except those clearly to be borne by the customer.

25.2 Cost of performance of contract

If the cost incurred by the Group for the performance of the contract does not fall within the scope of other Accounting Standards for Business Enterprises other than the standard on revenue and meets the following conditions at the same time, it is recognized as an asset: (1) the cost is directly related to a current or expected contract; (2) the cost increases the resources that the Group will use to perform its obligations in the future; (3) the cost is expected to be recovered. The above asset is amortized on the same basis as that used for the recognition of revenue from the goods or services relating to such asset, and is recognized in profit or loss for the period.



Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

26. Type and accounting treatment of government grants

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

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

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

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

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

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

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

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

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



Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

27. Deferred tax assets/deferred tax liabilities

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

27.1 Current income tax

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

27.2 Deferred tax assets and deferred tax liabilities

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

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

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

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



Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

27. Deferred tax assets/deferred tax liabilities *(Continued)*

27.2 Deferred tax assets and deferred tax liabilities *(Continued)*

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

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

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

27.3 Elimination of income tax

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

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



Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

28. Lease

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

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

28.1 The Group as lessee

28.1.1 Right-of-use assets

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

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

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

The Group determines whether a right-of-use asset has been impaired in accordance with the Accounting Standards for Business Enterprises No. 8 – Asset Impairment and applies accounting treatment on the impairment loss identified accordingly.



Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

28. Lease *(Continued)*

28.1 The Group as lessee *(Continued)*

28.1.2 Lease liabilities

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

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

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

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

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



Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

28. Lease *(Continued)*

28.1 The Group as lessee *(Continued)*

28.1.2 Lease liabilities *(Continued)*

In the following circumstances after the commencement date of lease term, the Group shall remeasure lease liabilities and adjust the right-of-use assets correspondingly. The Group shall recognize such difference in the profit or loss for the period where the carrying amount of the right-of-use assets is adjusted to zero but the lease liabilities need further downward adjustment:

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

28.1.3 Short-term leases

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

28.1.4 Lease modification

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

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



Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

28. Lease *(Continued)*

28.1 The Group as lessee *(Continued)*

28.1.4 Lease modification *(Continued)*

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

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

28.2 The Group as lessor

28.2.1 Classification of leases

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

28.2.2 The Group as lessor accounting for operating lease business

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

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



Notes to the Financial Statements

For the year ended 31 December 2021

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

29. Changes in significant accounting policies

29.1 Accounting Standards for Business Enterprises Interpretation No.14

On 26 January 2021, the MoF issued the ASBE Interpretation No. 14 (“**Interpretation No. 14**”) as the document Cai Kuai [2021] No. 1. Interpretation No. 14 standardizes the accounting treatment of social capital parties for public-private partnership (PPP) project contracts and the accounting treatment for changes to the basis for determining the underlying contractual cash flows resulting from the reform of benchmark rate. None of these developments has had a material effect on the Group’s and the Company’s financial statements for the year 2021.

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

On 26 May 2021, the MoF issued the “Notification on the Adjustments of Applicable Scope to the ‘Provisions on the Accounting Treatment of COVID-19 Related Rent Concessions’” as the document Cai Kuai [2021] No. 9 (“**Circular No. 9**”), which adjusts the applicable scope of the document Cai Kuai [2020] No. 10 “Provisions on the Accounting Treatment of COVID-19 Related Rent Concessions” issued by the MoF on 19 June 2020. None of these developments has had a material effect on the Group’s and the Company’s financial statements for the year 2021.

29.3 Accounting Standards for Business Enterprises Interpretation No.15

On 30 December 2021, the MoF issued the ASBE Interpretation No. 15 (“**Interpretation No. 15**”) as the document Cai Kuai [2021] No. 35. Interpretation No. 15 regulates the presentation of centralized fund management, with effect from the date of issuance. The Group’s presentation of centralized fund management before 30 December 2021 is consistent with the provisions of Interpretation No. 15. Accordingly, the Group is of the view that the adoption of such provisions has no material effect on the Group’s and the Company’s financial statements.



Notes to the Financial Statements

For the year ended 31 December 2021

(IV) CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES

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

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

Key assumptions and uncertainties in accounting estimates

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

Credit loss provision

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

Provisions for impairment of inventories

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

Impairment loss of goodwill

The Group tests at least annually whether goodwill has suffered any impairment, and when there is any indication that goodwill may be impaired, the Group shall also perform impairment test. When performing the impairment test, goodwill shall be allocated to the corresponding asset group or asset groups, and the future cash flow generated by the asset group or asset groups shall be estimated, and an appropriate discount rate shall be selected to determine the present value of the future cash flow.

Notes to the Financial Statements

For the year ended 31 December 2021

(V) TAXES

1. Major categories of taxes and tax rates

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

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

2. Tax incentives and official approvals

Enterprise income tax

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

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

Value-added tax

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



Notes to the Financial Statements

For the year ended 31 December 2021

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Item	Balance at the end of the current year			Balance at the end of the prior year		
	Amounts of the original currencies	Exchange rate	Amount in RMB	Amounts of the original currencies	Exchange rate	Amount in RMB
Cash on hand:						
RMB	1,482,033.90	1.0000	1,482,033.90	2,033,235.17	1.0000	2,033,235.17
Bank balances:						
RMB (Note 1)	5,994,827,856.42	1.0000	5,994,827,856.42	5,737,135,430.61	1.0000	5,737,135,430.61
USD	18,348.27	6.3757	116,983.07	18,346.38	6.5249	119,708.29
EUR	85.27	7.2197	615.62	85.27	8.0250	684.29
HKD	95,946.49	0.8176	78,445.85	35,578.73	0.8416	29,943.06
Other currency funds:						
RMB (Note 2)	43,523,343.86	1.0000	43,523,343.86	46,655,799.43	1.0000	46,655,799.43
Total			6,040,029,278.72			5,785,974,800.85

Note 1: At the end of the current year, the bank balances include 3-month above term deposits amounting to RMB2,390,000,000.00 (31 December 2020: RMB1,678,331,780.82) with an interest rate ranging from 2.05% to 3.85%. During the current year, the management held the term deposit with the intention of flexible arrangement of funds and withdrew funds at any time depending on the capital needs.

Note 2: At the end of the current year, other cash and bank balances include the balances with Alipay App account and WeChat App account of RMB1,263,751.95 (31 December 2020: RMB1,522,066.76), and the rest are restricted currency funds. Restricted currency funds are set out in Note (VI) 54.

Notes to the Financial Statements

For the year ended 31 December 2021

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

2. Held-for-trading financial assets

Item	<i>RMB</i>	
	Balance at the end of the current year Carrying amount	Balance at the end of the prior year Carrying amount
Financial assets at FVTPL (Note)	20,945.15	6,510,463.20
Including: Bank wealth management products	–	6,500,000.00
Investment in A-share listed companies	20,945.15	10,463.20
Total	20,945.15	6,510,463.20

Note: The Group's classification of financial instruments at FVTPL is mainly composed of purchased bank wealth management products with a maturity period within one year and investment in A-share listed companies. The fair value of bank wealth management products is determined using the method of discounted cash flow. The details of measurement of fair value are set out in Note (X) 1.

3. Notes receivable

Categories of notes receivable

Category	<i>RMB</i>	
	Balance at the end of the current year	Balance at the end of the prior year
Commercial acceptance bills	10,545,962.27	4,344,936.39



Notes to the Financial Statements

For the year ended 31 December 2021

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

4. Accounts receivable

(1) Disclosure by aging

Aging	Balance at the end of the current year				Balance at the end of the prior year				RMB
	Amount	Percentage	Credit loss provision	Carrying amount	Amount	Percentage	Credit loss provision	Carrying amount	
		(%)				(%)			
Within 1 year	1,623,399,614.62	76.27	198,507,069.96	1,424,892,544.66	1,692,271,225.55	81.12	201,121,723.66	1,491,149,501.89	
More than 1 year but not exceeding 2 years	249,522,673.55	11.72	118,531,070.28	130,991,603.27	233,683,796.55	11.20	137,927,039.54	95,756,757.01	
More than 2 years but not exceeding 3 years	127,972,595.20	6.01	127,972,595.20	-	63,142,430.17	3.03	63,142,430.17	-	
More than 3 years	127,489,256.90	6.00	127,489,256.90	-	97,111,418.39	4.65	97,111,418.39	-	
Total	2,128,384,140.27	100.00	572,499,992.34	1,555,884,147.93	2,086,208,870.66	100.00	499,302,611.76	1,586,906,258.90	

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

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

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

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

See Note (IX) for the accounts receivable actually written off for the current year.

Notes to the Financial Statements

For the year ended 31 December 2021

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

4. Accounts receivable (Continued)

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

<i>RMB</i>					
Name of entity	Relationship with the Company	Balance at the end of the current year	Aging	As a percentage of the total accounts receivable (%)	Closing balance of credit loss provision of the current year
Customer A	Third party	122,035,301.16	Within 1 year, 1-2 years, 2-3 years, more than 3 years	5.73	58,522,636.72
Customer B	Third party	93,877,894.74	Within 1 year	4.41	2,816,336.84
Customer C	Third party	57,570,633.22	Within 1 year, 1-2 years, 2-3 years	2.70	13,960,710.50
Customer D	Third party	54,155,974.84	Within 1 year, 1-2 years	2.54	6,245,993.45
Customer E	Third party	40,786,417.00	1-2 years, 2-3 years	1.92	26,248,703.17
Total		368,426,220.96		17.30	107,794,380.68

5. Financing receivables

(1) Classification of financing receivables

<i>RMB</i>		
Item	Balance at the end of the current year	Balance at the end of the prior year
Bank acceptance bills measured at fair value (Note 1)	5,132,438.00	6,201,191.14

Notes to the Financial Statements

For the year ended 31 December 2021

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

5. Financing receivables (Continued)

(2) Financing receivables endorsed by the Group at the end of year and not yet due as at 31 December 2021

<i>RMB</i>		
Item	Amounts derecognized at the end of year	Amounts not yet derecognized at the end of year
Bank acceptance bills measured at fair value (Note 2)	13,333,989.22	–

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

During the current year, the Group did not make provision for credit impairment loss with respect to its financing receivables.

Note 2: As at 31 December 2021, the Group had bank acceptance bills endorsed and not yet due of RMB13,333,989.22 (31 December 2020: RMB26,888,870.21). As for the derecognition of bank acceptance bills endorsed by the Group and not yet due as at the balance sheet date, please refer to Note (IX) 2 for details.

6. Prepayments

(1) Aging analysis of prepayments is as follows:

<i>RMB</i>				
Aging	Balance at the end of the current year		Balance at the end of the prior year	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	54,008,181.32	68.09	57,519,390.33	74.25
More than 1 year but not exceeding 2 years	11,260,612.54	14.20	9,609,190.99	12.40
More than 2 years but not exceeding 3 years	5,789,810.75	7.30	4,328,156.67	5.59
More than 3 years	8,264,574.74	10.41	6,008,489.72	7.76
Total	79,323,179.35	100.00	77,465,227.71	100.00

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

Notes to the Financial Statements

For the year ended 31 December 2021

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

6. Prepayments (Continued)

(2) Top five entities with the largest balances of prepayments at the end of the year by subjects of prepayment

RMB

Name of entity	Relationship with the Company	Balance at the end of the current year	Aging	Proportion to total prepayments (%)	Reasons for unsettlement
Walt Disney Company (Hong Kong) Limited	Third party	4,437,350.08	Within 1 year, 1-2 years	5.59	Royalties not yet offset
Beijing Xindao Culture Communication Co., Ltd.	Third party	3,565,698.00	Within 1 year	4.50	Royalties not yet offset
Echo Publishing Co., Ltd.	Third party	3,492,504.03	2-3 years, more than 3 years	4.40	Royalties not yet offset
Beijing Tong Jian Talent Intelligence System Engineering Technology Company Limited	Third party	3,303,023.68	Within 1 year	4.16	Goods not yet received
Shanghai Yining Cultural Media Center	Third party	3,246,560.00	1-2 years, 2-3 years	4.09	Royalties not yet offset
Total		18,045,135.79		22.74	

7. Other receivables

7.1 Summary of other receivables

RMB

Item	Balance at the end of the current year	Balance at the end of the prior year
Dividend receivables	1,600,000.00	72,000.00
Other receivables	100,041,043.44	103,704,291.44
Total	101,641,043.44	103,776,291.44

Notes to the Financial Statements

For the year ended 31 December 2021

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

7. Other receivables (Continued)

7.2 Dividend receivables

RMB		
Item	Balance at the end of the current year	Balance at the end of the prior year
Ren Min Eastern (Beijing) Book Industry Co., Ltd. ("Ren Min Eastern")	1,600,000.00	–
Sichuan Education and Science Forum Magazine Press Co., Ltd. ("Education and Science Forum")	–	72,000.00
Total	1,600,000.00	72,000.00

7.3 Other receivables

(1) Other receivables by aging

RMB								
Aging	Balance at the end of the current year				Balance at the end of the prior year			
	Amount	Proportion	Credit loss provision	Carrying amount	Amount	Proportion	Credit loss provision	Carrying amount
		(%)				(%)		
Within 1 year	52,074,473.42	43.43	926,848.46	51,147,624.96	73,890,005.62	60.68	4,086,964.45	69,803,041.17
More than 1 year but not exceeding 2 years	26,453,427.25	22.06	223,865.01	26,229,562.24	19,951,966.23	16.39	2,812,153.78	17,139,812.45
More than 2 years but not exceeding 3 years	15,253,394.48	12.72	3,607,662.93	11,645,731.55	8,649,833.07	7.10	741,670.67	7,908,162.40
More than 3 years	26,128,373.92	21.79	15,110,249.23	11,018,124.69	19,272,074.04	15.83	10,418,798.62	8,853,275.42
Total	119,909,669.07	100.00	19,868,625.63	100,041,043.44	121,763,878.96	100.00	18,059,587.52	103,704,291.44

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

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

(3) Other receivables actually written off for the current year

See Note (IX) for other receivables actually written off for the current year.

Notes to the Financial Statements

For the year ended 31 December 2021

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

7. Other receivables (Continued)

7.3 Other receivables (Continued)

(4) Other receivables presented by nature

RMB		
Nature of other receivables	Balance at the end of the current year	Balance at the end of the prior year
Amount due from related parties	578,150.22	340,863.42
Deposit/security deposit	77,070,736.26	65,308,232.88
Petty cash	879,838.15	1,236,805.77
Others	41,380,944.44	54,877,976.89
Total	119,909,669.07	121,763,878.96

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

RMB					
Name of entity	Nature	Balance at the end of the current year	Aging	As a percentage of the total other receivables (%)	Closing balance of credit loss provision of the current year
Higher Education Press Co., Ltd.	Deposit/guarantee deposit	14,323,229.31	Within 1 year	11.95	-
Education Department of Tibet Autonomous Region	Deposit/guarantee deposit	5,230,000.00	1-2 years, 2-3 years	4.36	-
Anhui Sihe Digital Technology Development Co., Ltd.	Others	5,107,996.00	More than 3 years	4.26	5,107,996.00
Education and Science and Technology Intellectual Property Bureau of Xide County	Deposit/guarantee deposit	3,419,198.45	1-2 years	2.85	-
Dazhou Peiwen Senior High School	Deposit/guarantee deposit	3,158,938.20	1-2 years	2.63	-
Total		31,239,361.96		26.05	5,107,996.00

Notes to the Financial Statements

For the year ended 31 December 2021

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

8. Inventories

(1) Categories of inventories

Item	Balance at the end of the current year			Balance at the end of the prior year		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
	Goods on hand	2,742,623,091.17	257,113,472.93	2,485,509,618.24	2,180,053,344.97	240,104,806.50
Work-in-progress	202,673,827.36	-	202,673,827.36	140,412,358.95	-	140,412,358.95
Raw materials	57,312,377.30	3,337,396.06	53,974,981.24	53,532,538.00	3,271,801.21	50,260,736.79
Total	3,002,609,295.83	260,450,868.99	2,742,158,426.84	2,373,998,241.92	243,376,607.71	2,130,621,634.21

(2) Provision for impairment of inventories

Categories of inventories	1 January 2021	Provision for the current year	Decrease in the current year Write-off/reversal	31 December 2021
Goods on hand	240,104,806.50	48,329,774.22	31,321,107.79	257,113,472.93
Raw materials	3,271,801.21	65,594.85	-	3,337,396.06
Total	243,376,607.71	48,395,369.07	31,321,107.79	260,450,868.99

Note: A provision for impairment of inventories amounting to RMB48,395,369.07 (2020: RMB61,388,572.04) was made in the current year. The provision for impairment of inventories written off due to retirement of inventories during the current year amounted to RMB17,001,545.61 (2020: RMB12,442,528.67). A reversal of provision for impairment of inventories amounting to RMB14,319,562.18 (2020: RMB17,902,018.43) was made since the goods where provision for impairment of inventories was made were sold. The provision totalled RMB31,321,107.79 (2020: RMB30,344,547.10).

Notes to the Financial Statements

For the year ended 31 December 2021

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

9. Contract assets

(1) Details of contract assets

Item	Balance at the end of the current year			Balance at the end of the prior year		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
	Contract assets arising from contracts with customers	34,660,471.53	-	34,660,471.53	-	-
Total	34,660,471.53	-	34,660,471.53	-	-	-

(2) As at 31 December 2021, the Group had no contract assets aged over 1 year.

(3) Qualitative and quantitative analysis of contract assets

Contract assets refer to the rights to receive consideration for the transfer of goods by the Group to its customers, and that right depends on factors other than the passage of time. The Group's unconditional right (only the passage of time is required) to consideration from customer is presented separately as receivables. The Group expects to transfer contract assets into accounts receivable within one year.

10. Other current assets

Item	Balance at the end of the current year	Balance at the end of the prior year
	Refund costs receivable	89,691,547.73
VAT input tax to be deducted (Note 1)	11,355,211.82	24,798,095.63
Term deposits (Note 2)	401,229,999.89	-
Total	502,276,759.44	86,231,460.17

Note 1: VAT input tax to be deducted is the amount of VAT input tax to be deducted by the Group within one year in the future.

Note 2: Term deposits are fixed deposits and accrued interests that are held for more than three months and due within one year and the Group does not intend to withdraw in advance, the rate of which is 2.05% (31 December 2020: nil).



Notes to the Financial Statements

For the year ended 31 December 2021

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

11. Long-term receivables

(1) Details of long-term receivables

Item	Balance at the end of the current year			Balance at the end of the prior year			Range of discount rate
	Book balance	Bad debts provision	Carrying amount	Book balance	Bad debts provision	Carrying amount	
Goods sold by installments (Note)	372,822,149.55	57,048,505.53	315,773,644.02	495,140,652.55	-	495,140,652.55	4.75%-5%
Less: Long-term receivables included in non-current assets due within one year	202,851,573.83	30,557,055.72	172,294,518.11	181,722,570.04	-	181,722,570.04	4.75%-5%
Net	169,970,575.72	26,491,449.81	143,479,125.91	313,418,082.51	-	313,418,082.51	

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

(2) Details of provisions of bad debts

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

12. Long-term equity investments

(1) Summary of long-term equity investments:

Item	Balance at the end of the current year	Balance at the end of the prior year
Book balance of long-term equity investments	761,451,221.65	724,536,891.85
Less: Provision for impairment of long-term equity investments	6,647,345.57	6,647,345.57
Carrying amount of long-term equity investments	754,803,876.08	717,889,546.28

Notes to the Financial Statements

For the year ended 31 December 2021

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

12. Long-term equity investments (Continued)

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

	1 January 2021	Changes for the current year					Closing balance of provision for impairment				
		Addition in investment	Reduction in investment	investment gain recognized under equity method	Adjustment of other comprehensive income	Changes in other equity		Distribution of cash dividends or profits declared	Provision for impairment loss	Others	31 December 2021
Investee											
Joint Ventures											
Hainan Publishing House Co., Ltd. ("Hainan Publishing House")	201,674,680.56	-	-	30,948,284.03	-	-	-	-	-	-	232,622,964.59
Sichuan Fudou Technology Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-
Sanya Xuancai Venture Capital Investment Fund Management Co., Ltd. ("Sanya Xuancai") (Note 1)	12,350,021.47	-	-	160,274.44	-	-	-	-	-	-	12,510,295.91
Liangshan Xinhua Winshare Education Technology Co., Ltd. ("Liangshan Xinhua Winshare") (Note 2)	20,013,293.32	-	-	35,682.16	-	-	-	-	-	-	20,048,975.48
Subtotal	234,037,995.35	-	-	31,144,240.63	-	-	-	-	-	-	265,182,235.98
Associates											
Sichuan Winshare BLOGIS Supply Chain Co., Ltd. ("Winshare BLOGIS") (Note 3)	45,894,372.58	-	-	340,183.08	-	-	-	-	-	-	46,234,555.66

RMB

Notes to the Financial Statements

For the year ended 31 December 2021

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

12. Long-term equity investments (Continued)

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

Investee	1 January 2021	Changes for the current year						Closing balance of provision for impairment
		Addition in investment	Reduction in investment	investment gain recognized under equity method	Adjustment of other comprehensive income	Changes in other equity	Distribution of cash dividends or profits declared	
								31 December 2021
The Commercial Press (Chengdu) Co., Ltd. ("The Commercial Press")	3,290,451.36	-	-	429,724.22	-	-	-	3,720,175.58
Ren Min Eastern	11,260,393.34	-	-	70,630.55	-	(1,600,000.00)	-	9,731,023.89
Guizhou Xinhua Winshare Book Audio-Visual Product Chainstore Co., Ltd. ("Guizhou Winshare")	-	-	-	-	-	-	-	-
Ming Bo Education Technology Holdings Co., Ltd. ("Ming Bo Education")	30,511,387.57	-	-	(2,261,848.20)	-	-	-	28,249,539.37
Shanghai Jingjie Information Technology Co., Ltd. ("Shanghai Jingjie")	-	-	-	-	-	-	-	-
Sichuan Winshare Preschool Educational Management Co., Ltd. ("Winshare Preschool")	5,622,359.24	-	-	(248,720.84)	-	-	-	5,373,638.40
Chengdu Winshare Venture Capital Investment Fund Management Co., Ltd. ("Winshare Venture Capital Investment Fund")	36,632,411.19	-	-	12,012,243.10	-	-	-	48,644,654.29
Education Forum	787,195.45	-	-	113,190.96	-	(8,000.00)	-	892,386.41
Fuzhou Winshare Technology Partnership (Limited Partnership) ("Fuzhou Winshare") (Note 4)	6,617,923.97	-	-	49,658.77	-	-	-	6,667,582.74
Sichuan Jiaoyang Shuo Film Co., Ltd.	127,233.36	-	-	(1,381.24)	-	-	-	125,852.12

RMB

Notes to the Financial Statements

For the year ended 31 December 2021

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

12. Long-term equity investments (Continued)

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

Investee	1 January 2021	Changes for the current year						Closing balance of provision for impairment			
		Addition in investment	Reduction in investment	investment gain recognized under equity method	Adjustment of other comprehensive income	Changes in other equity	Distribution of cash dividends or profits declared		Provision for impairment loss	Others	31 December 2021
Xinhua Yingxuan (Beijing) Screen Culture Co., Ltd. ("Xinhua Yingxuan")	5,824,727.43	-	-	(4,869,363.64)	-	-	-	-	-	955,363.79	(5,042,726.27)
Tianjin Tianxi Zhongda Cultural Development Co., Ltd. ("Tianxi Zhongda") (Note 5)	20,035,328.55	-	-	508,970.43	-	-	-	-	-	20,544,298.98	-
Winshare Yinshi (Beijing) Cultural Communication Co., Ltd. ("Winshare Yinshi") (Note 6)	186,691.89	-	-	92,058.43	-	-	-	-	-	278,750.32	-
Hainan Phoenix Xinhua Publishing and Distribution Co., Ltd. ("Hainan Phoenix") (Note 7)	317,061,075.00	-	-	7,236,587.71	-	-	(6,726,325.00)	-	-	317,571,337.71	-
Sichuan Cuiya Education Technology Co., Ltd. ("Cuiya Education") (Note 8)	-	900,000.00	-	(267,519.16)	-	-	-	-	-	632,480.84	-
Subtotal	483,851,550.93	900,000.00	-	13,204,414.17	-	-	(8,334,325.00)	-	-	489,621,640.10	(6,647,345.57)
Total	717,889,546.28	900,000.00	-	44,348,654.80	-	-	(8,334,325.00)	-	-	754,803,876.08	(6,647,345.57)

RMB



Notes to the Financial Statements

For the year ended 31 December 2021

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

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

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

Note 1: According to the articles of association of Sanya Xuancai, Winshare Investment Co., Ltd. ("**Winshare Investment**"), a subsidiary of the Company, has 40% of the voting rights in the shareholders' meeting and the other two shareholders will enjoy 30% of the voting rights respectively. Resolutions of annual financial budget plans, final accounting plan, profit distribution and make up losses plans made by the shareholders' meeting of Sanya Xuancai shall be approved by over 75% of the votes from the shareholders. Therefore, Winshare Investment and the other two shareholders have joint control over Sanya Xuancai which is a joint venture of the Group.

Note 2: In March 2017, the Company and Xichang Xinhua Bookstore entered into an investment agreement, jointly establishing Liangshan Xinhua Winshare, with a shareholding proportion of 49% and 51% respectively. According to the articles of association, the resolution of Liangshan Xinhua Winshare on the events such as annual financial budget plan, final accounting plan, profit distribution and making up losses plans etc. must be approved by the shareholders representing more than two-thirds of the voting power. Therefore, the Company and Xichang Xinhua Bookstore have common control over Liangshan Xinhua Winshare. Therefore, Liangshan Xinhua Winshare is a joint venture of the Group.

Note 3: In June 2017, Sichuan Wenchuan Logistics Co., Ltd., ("**Wenchuan Logistics**") a subsidiary of the Company, entered into the Investment Agreement with BLOGIS Holdings Limited and Chengdu Longchuang Investment Management Center (Limited Partnership) to jointly establish Winshare BLOGIS with a shareholding proportion of 45%, 40% and 15%, respectively. According to the articles of association, the resolutions of Winshare BLOGIS on the events such as annual financial budget plan, final accounting plan, profit distribution and making up losses plans etc. must be approved by the shareholders representing more than 50% of the voting power at the general meeting of Winshare BLOGIS. Therefore, Winshare BLOGIS is an associate of the Group.

Note 4: As a limited partner, Winshare Investment, a subsidiary of the Company, contributed 56.34% of the total subscribed capital to Fuzhou Winshare. According to the partnership agreement of Fuzhou Winshare, the Investment Decision-making Committee is responsible for the decision of fund projects. Winshare Investment holds 25% of the voting rights in the Investment Decision-making Committee, by which it can exert significant influence on Fuzhou Winshare. Therefore, Fuzhou Winshare is an associate of the Group.

Note 5: In July 2019, Sichuan Tiandi Publishing House Co., Ltd. ("**Tiandi Publishing House**"), a subsidiary of the Company, and Shanghai Ximalaya Network Technology Co., Ltd. ("**Shanghai Ximalaya**") entered into an investment agreement, jointly establishing Tianxi Zhongda, with a shareholding proportion of 40% and 60% respectively. In 2020, Shanghai Ximalaya transferred 5% of the equity interests of Tianxi Zhongda it held to Huang Wenhua, and in June 2021, Shanghai Ximalaya transferred 55% of the equity interests of Tianxi Zhongda it held to Shanghai Xizhao Network Technology Co., Ltd. According to the latest articles of association of Tianxi Zhongda, the resolutions of Tianxi Zhongda on the events such as annual financial budget plan, final accounting plan, profit distribution and making up losses plans etc. must be approved by the shareholders representing more than 50% of the voting power. Therefore, Tianxi Zhongda is an associate of the Group.

Notes to the Financial Statements

For the year ended 31 December 2021

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

12. Long-term equity investments (Continued)

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

Note 6: In August 2019, the Company entered into an investment agreement with Beijing Guoling Smart Health and Elderly Care Industry Development Centre and Fenglinhong (Beijing) Cultural Communication Co., Ltd., jointly establishing Winshare Yinshi, with a shareholding proportion of 40%, 30% and 30% respectively. According to the articles of association, the resolutions of Winshare Yinshi on the events such as annual financial budget plan, final accounting plan, profit distribution and making up losses plans etc. must be approved by the shareholders representing more than 50% of the voting power. Therefore, Winshare Yinshi is an associate of the Group.

Note 7: On 30 December 2020, Hainan Xinhua Bookstore Group Co., Ltd. transferred 25% equity interests in Hainan Phoenix to the Company by way of transfer under an agreement. According to the articles of association of Hainan Phoenix, the Company has appointed two directors to Hainan Phoenix and is able to exercise significant influence over Hainan Phoenix. Therefore, Hainan Phoenix is an associate of the Group.

Note 8: On 14 July 2021, the Company entered into an investment agreement with Sichuan Magic Cloud Technology Co., Ltd., Sichuan Daily Newspaper Network Media Development Company Limited, Sichuan Lianxiang Future Technology Partnership (Limited Partnership), Sichuan Cable Radio and Television Network Co., Ltd. and Sichuan Rennixue Education Technology Co., Ltd., jointly establishing Cuiya Education, with a shareholding proportion of 18%, 34%, 18%, 15%, 11% and 4% respectively. According to the articles of association of Cuiya Education, the Company has appointed one director to Cuiya Education. The chairman of the board of directors shall be recommended by the Company and elected and removed by more than half of the directors of the board of directors. As the Company is able to exercise significant influence over Cuiya Education, Cuiya Education is an associate of the Group.

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

Item	RMB			
	Balance at the end of the current year		Balance at the end of the prior year	
	Unrecognized investment losses for the current year	Accumulated unrecognized investment losses	Unrecognized investment losses for the prior year	Accumulated unrecognized investment losses
Guizhou Winshare	–	5,557,990.70	–	5,557,990.70
Sichuan Fudou Technology Co., Ltd.	324,454.42	2,889,700.24	1,728,044.32	2,565,245.82
Total	324,454.42	8,447,690.94	1,728,044.32	8,123,236.52

Notes to the Financial Statements

For the year ended 31 December 2021

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

13. Other equity instrument investments

(1) Details of other equity instruments investments

Other equity instrument investments designated at FVTOCI

RMB		
Item	Balance at the end of the current year	Balance at the end of the prior year
Anhui Xinhua Media Co., Ltd. ("Wan Xin Media")	646,881,600.00	592,040,000.00
Jiangsu Hagong Intelligent Robot Co., Ltd. ("HGZN")	814,470.06	783,557.83
Bank of Chengdu Co., Ltd. ("Bank of Chengdu")	960,000,000.00	853,600,000.00
Others	375,393.81	375,393.81
Total	1,608,071,463.87	1,446,798,951.64

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

RMB					
Item	Dividend income recognized for the current year	Accumulated profits (losses)	Amount transferred from other comprehensive income to retained earnings during the current year	Reasons for equity instruments investments not held for trading designated at FVTOCI	Reasons for transfer from other comprehensive income to retained earnings for the current year
Wan Xin Media	19,942,400.00	460,466,272.00	-	The investment is not held for the purpose of selling it in the near term for short-term gains.	N/A
HGZN	-	23,184.92	-		N/A
Bank of Chengdu	36,800,000.00	720,000,000.00	-		N/A
Others	-	(2,958,365.25)	(1,311,665.90)		Deregistration of an investee company
Total	56,742,400.00	1,177,531,091.67	(1,311,665.90)		

Notes to the Financial Statements

For the year ended 31 December 2021

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

14. Other non-current financial assets

Item	<i>RMB</i>	
	Balance at the end of the current year	Balance at the end of the prior year
Citic Buyout Investment Fund (Shenzhen) Partnership (Limited Partnership) (Note 1)	195,611,536.30	191,250,814.72
Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership (Limited Partnership) (Note 2)	266,629,597.40	233,637,441.71
Qingdao Goldstone Zhixin Investment Center (Limited Partnership) (Note 3)	106,766,123.51	111,676,675.26
Ningbo Meishan Free Trade Port Winshare Dingsheng Equity Investment Partnership (Limited Partnership) (Note 4)	151,040,338.58	141,315,686.57
Xinhua Internet E-commerce Co., Ltd. (“Xinhua Internet”) (Note 5)	3,000,000.00	3,000,000.00
Total	723,047,595.79	680,880,618.26

Note 1: Gains from changes in fair values for the current year were RMB16,449,851.92, and the recovery of the exit money due to liquidation of investment project totaled RMB12,089,130.34.

Note 2: Gains from changes in fair values for the current year were RMB64,241,612.69, and the recovery of the exit money due to liquidation of investment project totaled RMB31,249,457.00.

Note 3: Losses from changes in fair values for the current year were RMB4,910,551.75, and dividends of RMB6,914,198.77 were received from Qingdao Goldstone Zhixin Investment Center (Limited Partnership), which were included in investment income.

Note 4: During the current year, new investment cost amounted to RMB13,822,259.15, and losses from changes in fair values were RMB4,097,607.14.

Note 5: In November 2020, the Company entered into an investment agreement with Xinhua Bookstore Headquarters Co., Ltd. and Wan Xin Media to make an investment of RMB3,000,000.00 in Xinhua Internet. The shareholding of the Company was 1.6585%.

Please refer to Notes (X) for details of the fair value measurement of the other non-current financial assets above.



Notes to the Financial Statements

For the year ended 31 December 2021

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

15. Investment properties

(1) Investment properties measured at cost

Item	Buildings	<i>RMB</i>
I. Cost		
1. 1 January 2021	120,576,261.75	
2. Increase in the current year	11,404.14	
(1) Addition	11,404.14	
3. Decrease in the current year	57,600.00	
(1) Disposal	57,600.00	
4. 31 December 2021	120,530,065.89	
II. Accumulated depreciation		
1. 1 January 2021	34,471,876.63	
2. Increase in the current year	3,462,208.83	
(1) Provision	3,462,208.83	
3. Decrease in the current year	57,600.00	
(1) Disposal	57,600.00	
4. 31 December 2021	37,876,485.46	
III. Carrying amount		
1. 31 December 2021	82,653,580.43	
2. 1 January 2021	86,104,385.12	

(2) Investment properties of which certificates of title that have not been obtained at the end of the current year

Item	Net carrying amount	Reasons why certificates of title have not been obtained	<i>RMB</i>
Low-rise shops under "Renbei Shop Relocation" (人北遷返商舖)	35,240,073.71	In process	

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

Notes to the Financial Statements

For the year ended 31 December 2021

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

16. Fixed assets

(1) Fixed assets

Item	RMB				Total
	Buildings	Machinery and equipment	Electronic equipment and others	Transportation vehicles	
I. Cost					
1. 1 January 2021	2,402,615,618.26	338,320,051.47	173,278,320.62	91,251,940.43	3,005,465,930.78
2. Increase in the current year	89,764,122.86	(8,626,469.24)	26,882,779.43	36,368,526.26	144,388,959.31
(1) Acquisition	33,731,144.26	2,546,536.70	15,709,773.49	36,368,526.26	88,355,980.71
(2) Transfer from construction in progress	56,032,978.60	-	-	-	56,032,978.60
(3) Others	-	(11,173,005.94)	11,173,005.94	-	-
3. Decrease in the current year	4,739,495.14	280,292.31	7,805,504.96	14,556,386.84	27,381,679.25
(1) Disposal	4,739,495.14	280,292.31	7,805,504.96	14,556,386.84	27,381,679.25
4. 31 December 2021	2,487,640,245.98	329,413,289.92	192,355,595.09	113,064,079.85	3,122,473,210.84
II. Accumulated depreciation					
1. 1 January 2021	554,421,359.42	231,096,216.69	135,712,607.01	74,406,523.52	995,636,706.64
2. Increase in the current year	92,230,867.50	21,413,033.79	16,199,139.32	7,011,915.78	136,854,956.39
(1) Provision	92,230,867.50	21,413,033.79	16,199,139.32	7,011,915.78	136,854,956.39
3. Decrease in the current year	3,135,513.63	270,853.54	7,274,822.91	14,119,695.23	24,800,885.31
(1) Disposal	3,135,513.63	270,853.54	7,274,822.91	14,119,695.23	24,800,885.31
4. 31 December 2021	643,516,713.29	252,238,396.94	144,636,923.42	67,298,744.07	1,107,690,777.72
III. Provision for impairment of fixed assets					
1. 1 January 2021	558,577.29	-	-	-	558,577.29
2. Decrease in the current year	558,577.29	-	-	-	558,577.29
(1) Disposal	558,577.29	-	-	-	558,577.29
3. 31 December 2021	-	-	-	-	-
IV. Carrying amount					
1. 31 December 2021	1,844,123,532.69	77,174,892.98	47,718,671.67	45,765,335.78	2,014,782,433.12
2. 1 January 2021	1,847,635,681.55	107,223,834.78	37,565,713.61	16,845,416.91	2,009,270,646.85

Notes to the Financial Statements

For the year ended 31 December 2021

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

16. Fixed assets (Continued)

(2) Fixed assets of which certificates of title have not been obtained at the end of the year

<i>RMB</i>		
Item	Net carrying amount	Reasons why certificates of title have not been obtained
Office building (Beijing Branch)	57,053,151.95	In process
Warehouse and office building (Sichuan Nanchong)	13,666,835.71	In process
Warehouse and office building (Sichuan Longquan)	7,462,647.14	In process
Warehouse and office building (Sichuan Peng'an)	4,547,575.51	In process
Warehouse and office building (Sichuan Guang'an)	8,300,971.96	In process
Warehouse and office building (Bazhong)	14,907,836.52	In process
Warehouse and office building (Ziyang)	40,126,749.86	In process
Warehouse and office building (Suining)	23,071,231.48	In process
Total	169,137,000.13	

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

(3) At the end of the current year, there were no temporary idle fixed assets included in the Group's major operational fixed assets.

17. Construction in progress

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

<i>RMB</i>							
Item	Balance at the end of the current year			Balance at the end of the prior year			
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount	
Publishing and Media Creativity Centre secondary installation project	143,391,674.06	-	143,391,674.06	4,135,850.40	-	4,135,850.40	
Neijiang City Company Operation Headquarters and Teaching Material Logistics Distribution Center	1,248,831.02	-	1,248,831.02	-	-	-	
Ziyang textbooks transfer station project	-	-	-	32,988,295.59	-	32,988,295.59	
Others	154,259.82	-	154,259.82	546,023.59	-	546,023.59	
Total	144,794,764.90	-	144,794,764.90	37,670,169.58	-	37,670,169.58	

Notes to the Financial Statements

For the year ended 31 December 2021

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

17. Construction in progress (Continued)

(2) Changes in construction in progress for the current year

RMB

Name of item	Budget amount	1 January 2021	Increase in the current year	Transfer to fixed assets for the current year	Transfer to others	31 December 2021	Amount injected as a proportion of budget amount (%)	Construction progress (%)	Amount of accumulated capitalized interest for the current year	Including: capitalized interest for the current year	Interest Capitalization rate for the year (%)	Source of funds
Publishing and Media Creativity Centre secondary installation project	249,000,000.00	4,133,850.40	154,909,682.90	15,653,859.24	-	143,391,674.06	63.87	63.87	-	-	-	self-financing
Neijiang City Company Operation Headquarters and Teaching Material Logistics Distribution Center	31,000,000.00	-	1,248,831.02	-	-	1,248,831.02	4.03	4.03	-	-	-	self-financing
Ziyang textbooks transfer station project	43,730,000.00	32,988,295.59	7,390,823.77	40,379,119.36	-	-	92.34	100.00	-	-	-	self-financing
Others		546,023.59	108,236.23	-	500,000.00	154,259.82	-	-	-	-	-	self-financing
Total		37,670,169.58	163,657,573.92	56,032,978.60	500,000.00	144,794,764.90						



Notes to the Financial Statements

For the year ended 31 December 2021

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

18. Right-of-use assets

(1) Details of right-of-use assets

Item	<i>RMB</i> Buildings
I. Cost	
1. 1 January 2021	628,899,853.13
2. Increase in the current year	33,631,077.32
3. Decrease in the current year	57,660,121.15
4. 31 December 2021	604,870,809.30
II. Accumulated depreciation	
1. 1 January 2021	181,417,310.66
2. Increase in the current year	116,133,678.26
(1) Provision	116,133,678.26
3. Decrease in the current year	37,695,030.93
4. 31 December 2021	259,855,957.99
III. Carrying amount	
1. 31 December 2021	345,014,851.31
2. 1 January 2021	447,482,542.47

The lease term of buildings of the Group mainly ranged from 1 to 15 years.

Notes to the Financial Statements

For the year ended 31 December 2021

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

18. Right-of-use assets *(Continued)*

(2) Amount recognized in the profit or loss

	<i>RMB</i>
Building	Amount recognized in the current year
Depreciation expense for right-of-use assets (Note 1)	116,133,678.26
Rent reduction qualified under regulations	26,893.34
Interest expense on lease liabilities (Note 2)	19,472,839.15
Short-term lease expenses	14,689,493.65
Lease expense for low-value assets	–
Variable lease payments not included in the measurement of lease liabilities	1,007,056.71
Income from sublease of right-of-use assets	–

Note 1: In 2021, there was no depreciation expense for right-of-use assets capitalized.

Note 2: In 2021, there was no interest expense on lease liabilities capitalized.

(3) The total cash outflow for leases in the current year was RMB144,469,301.17.



Notes to the Financial Statements

For the year ended 31 December 2021

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

19. Intangible assets

(1) Intangible assets

RMB

Item	Land use rights	Patent	Software	Distribution channel	Others	Total
I. Cost						
1. 1 January 2021	355,471,193.19	9,144,350.27	204,986,061.53	44,944,000.00	8,658,545.14	623,204,150.13
2. Increase in the current year	1,594,307.50	1,480,700.33	54,685,358.70	-	-	57,760,366.53
(1) Acquisition	1,594,307.50	1,480,700.33	11,227,954.77	-	-	14,302,962.60
(2) Transfer from development cost	-	-	43,457,403.93	-	-	43,457,403.93
3. Decrease in the current year	140,752.40	-	165,216.30	-	1,002,400.00	1,308,368.70
(1) Disposal	140,752.40	-	165,216.30	-	1,002,400.00	1,308,368.70
4. 31 December 2021	356,924,748.29	10,625,050.60	259,506,203.93	44,944,000.00	7,656,145.14	679,656,147.96
II. Accumulated amortization						
1. 1 January 2021	100,635,947.04	5,884,756.04	111,602,754.89	32,944,000.00	4,323,268.15	255,390,726.12
2. Increase in the current year	8,419,089.65	1,313,694.22	23,771,324.26	-	493,886.16	33,997,994.29
(1) Provision	8,419,089.65	1,313,694.22	23,771,324.26	-	493,886.16	33,997,994.29
3. Decrease in the current year	40,147.40	-	165,216.30	-	1,002,400.00	1,207,763.70
(1) Disposal	40,147.40	-	165,216.30	-	1,002,400.00	1,207,763.70
4. 31 December 2021	109,014,889.29	7,198,450.26	135,208,862.85	32,944,000.00	3,814,754.31	288,180,956.71
III. Provision for impairment						
1. 1 January 2021	-	-	-	12,000,000.00	-	12,000,000.00
2. 31 December 2021	-	-	-	12,000,000.00	-	12,000,000.00
IV. Carrying amount						
1. 31 December 2021	247,909,859.00	3,426,600.34	124,297,341.08	-	3,841,390.83	379,475,191.25
2. 1 January 2021	254,835,246.15	3,259,594.23	93,383,306.64	-	4,335,276.99	355,813,424.01

At the end of the year, the proportion of intangible assets developed as a result of internal research and development to the balance of intangible assets was 19.89% (31 December 2020: 17.61%).

Notes to the Financial Statements

For the year ended 31 December 2021

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

20. Goodwill

(1) Original carrying amount of goodwill

<i>RMB</i>				
Name of the investee and item resulting in goodwill	1 January 2021	Increase in the current year	Decrease in the current year	31 December 2021
Acquisitions of 15 publishing companies (Note)	500,571,581.14	–	–	500,571,581.14
Others	3,851,606.53	–	–	3,851,606.53
Total	504,423,187.67	–	–	504,423,187.67

Note: Goodwill of RMB500,571,581.14 was generated from the Group's acquisition of 15 publishing companies on 31 August 2010, which has been distributed to related asset groups, including 3 of the 15 publishing companies of the publication segment.

The recoverable amount of these asset groups is determined based on the present value of its expected future cash flows. The future cash flows are determined based on the financial budget approved by the management for the five-year period. All budget gross profits during the budget period is determined based on the average gross profit achieved in the five years before the historical year (2017 to 2021). The revenue growth rate of operating income after 5 years is from nil to 2% (31 December 2020: nil to 2%). Discount rate of 14%-15% (31 December 2020: 14%-15%) is proposed according to the specific risk of publishing business.

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

(2) Provision for impairment loss of goodwill

<i>RMB</i>				
Name of the investee and item resulting in goodwill	1 January 2021	Increase in the current year	Decrease in the current year	31 December 2021
Others	3,851,606.53	–	–	3,851,606.53



Notes to the Financial Statements

For the year ended 31 December 2021

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

21. Long-term prepaid expenses

<i>RMB</i>					
Item	1 January 2021	Increase in the current year	Amortization for the year	Other decrease	31 December 2021
Leasehold improvement	12,173,654.73	15,045,557.82	12,667,928.94	-	14,551,283.61
Others	20,642.13	985,336.74	296,362.12	-	709,616.75
Total	12,194,296.86	16,030,894.56	12,964,291.06	-	15,260,900.36

22. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets

<i>RMB</i>				
Item	Balance at the end of the current year		Balance at the end of the prior year	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment losses of assets	142,647,470.87	23,931,737.96	81,305,598.23	20,326,399.55
Employee benefits payable	-	-	3,427,589.58	856,897.40
Total	142,647,470.87	23,931,737.96	84,733,187.81	21,183,296.95

Notes to the Financial Statements

For the year ended 31 December 2021

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

22. Deferred tax assets/deferred tax liabilities *(Continued)*

(2) Deferred tax liabilities

Item	Balance at the end of the current year		Balance at the end of the prior year	
	Deductible temporary differences	Deferred tax liabilities	Deductible temporary differences	Deferred tax liabilities
Differences between carrying amount and fair value in the acquisition of subsidiary	27,572,359.44	6,893,089.86	30,583,115.80	7,645,778.95
Changes in the fair value of other equity instrument investments	515,202.75	128,800.69	484,290.52	121,072.63
Changes in the fair value of other non-current financial assets	103,351,909.48	25,837,977.37	72,036,268.13	18,009,067.03
Investment in associates accounted for using the equity method	49,658.76	12,414.69	–	–
Total	131,489,130.43	32,872,282.61	103,103,674.45	25,775,918.61

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



Notes to the Financial Statements

For the year ended 31 December 2021

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

22. Deferred tax assets/deferred tax liabilities *(Continued)*

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

<i>RMB</i>		
Item	Balance at the end of the current year	Balance at the end of the prior year
Deductible temporary differences	131,238,120.19	165,431,836.73
Deductible taxable losses	190,984,430.98	162,818,978.89
Total	322,222,551.17	328,250,815.62

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

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

<i>RMB</i>		
Year	Balance at the end of the current year	Balance at the end of the prior year
2021	–	22,437,281.03
2022	17,568,348.72	31,705,074.32
2023	22,660,076.82	28,984,175.26
2024	33,808,179.18	39,194,524.69
2025	36,405,925.03	40,497,923.59
2026	80,541,901.23	–
Total	190,984,430.98	162,818,978.89

Notes to the Financial Statements

For the year ended 31 December 2021

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

23. Other non-current assets

<i>RMB</i>		
Item	Balance at the end of the current year	Balance at the end of the prior year
Prepaid land funds	35,355,838.00	35,355,838.00
VAT input tax to be deducted (Note 1)	68,477,191.12	60,228,693.74
Prepaid purchase price for property	29,043,520.00	13,904,800.00
Term deposits (Note 2)	658,653,810.14	241,444,013.69
Total	791,530,359.26	350,933,345.43

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

Note 2: Term deposits are fixed deposits and interests that the Group cannot withdraw in advance or does not intend to withdraw in advance within one year, with interest rates ranging 3.50% to 4.07%.

24. Notes payable

<i>RMB</i>		
Item	Balance at the end of the current year	Balance at the end of the prior year
Commercial acceptance bills	30,772,300.00	11,927,902.85
Bank acceptance bills	14,513,299.60	33,910,322.43
Total	45,285,599.60	45,838,225.28

At the end of the current year, the Group's deposit for the above-mentioned bank acceptance bills was RMB4,487,927.88 (31 December 2020: RMB10,926,115.05).

At the end of the current year, the Group's bank acceptance bills were due within 6 months.



Notes to the Financial Statements

For the year ended 31 December 2021

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

25. Accounts payable

Details of aging analysis of accounts payable are as follows:

		<i>RMB</i>
Item	Balance at the end of the current year	Balance at the end of the prior year
Within 1 year	4,137,818,371.49	3,597,085,730.79
More than 1 year but not exceeding 2 years	815,849,243.13	611,824,665.46
More than 2 years but not exceeding 3 years	254,492,255.24	166,494,831.79
More than 3 years	198,421,310.13	174,753,467.72
Total	5,406,581,179.99	4,550,158,695.76

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

26. Contract liabilities

(1) Presentation of contract liabilities

		<i>RMB</i>
Item	Balance at the end of the current year	Balance at the end of the prior year
Advanced receipts for sold goods	539,851,504.56	440,976,479.36
Membership card points	2,234,909.60	1,848,526.94
Total	542,086,414.16	442,825,006.30

(2) During the current year, the Group recognized revenue of RMB442,825,006.30 which was within the carrying amount of contract liabilities at the beginning of the year, including contract liabilities of RMB440,976,479.36 arising from advanced receipts for sold goods, and contract liabilities of RMB1,848,526.94 arising from membership card points. It is expected that carrying amount of advanced receipts for sold goods at the end of the year will be recognized as revenue in 2022.

Notes to the Financial Statements

For the year ended 31 December 2021

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

26. Contract liabilities (Continued)

(3) Analysis on related contract liabilities

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

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

27. Employee benefits payable

(1) Employee benefits payable

<i>RMB</i>				
Item	1 January 2021	Increase in the current year	Decrease in the current year	31 December 2021
I. Short-term benefits	468,528,771.37	1,271,131,281.95	1,149,340,853.70	590,319,199.62
II. Post-employment benefits – defined contribution plan	4,250,799.68	180,327,855.37	180,724,426.33	3,854,228.72
III. Termination benefits	–	936,735.76	936,735.76	–
Total	472,779,571.05	1,452,395,873.08	1,331,002,015.79	594,173,428.34



Notes to the Financial Statements

For the year ended 31 December 2021

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

27. Employee benefits payable *(Continued)*

(2) Short-term benefits

RMB

Item	1 January 2021	Increase in the current year	Decrease in the current year	31 December 2021
I. Wages or salaries, bonuses, allowances and subsidies	392,005,289.32	1,068,766,536.34	960,568,937.53	500,202,888.13
II. Staff welfare	4,300.00	14,712,577.50	14,716,877.50	-
III. Social security contributions	133,711.40	62,834,774.94	62,748,746.31	219,740.03
Including: Medical insurance	43,246.55	56,809,959.56	56,686,975.01	166,231.10
Work injury insurance	28,072.79	2,363,917.22	2,359,416.65	32,573.36
Maternity insurance	14,002.18	3,637,495.45	3,637,180.45	14,317.18
Other insurances	48,389.88	23,402.71	65,174.20	6,618.39
IV. Housing funds	861,772.92	85,839,915.82	85,743,116.77	958,571.97
V. Union running costs and employee education costs	75,430,346.24	37,006,652.03	23,592,350.31	88,844,647.96
VI. Others	93,351.49	1,970,825.32	1,970,825.28	93,351.53
Total	468,528,771.37	1,271,131,281.95	1,149,340,853.70	590,319,199.62

Notes to the Financial Statements

For the year ended 31 December 2021

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

27. Employee benefits payable *(Continued)*

(3) Defined contribution plan

<i>RMB</i>				
Item	1 January 2021	Increase in the current year	Decrease in the current year	31 December 2021
I. Basic pension insurance	69,790.99	116,046,263.85	115,827,801.73	288,253.11
II. Unemployment insurance expense	41,290.41	4,410,826.19	4,410,078.44	42,038.16
III. Enterprise annuity	4,139,718.28	59,870,765.33	60,486,546.16	3,523,937.45
Total	4,250,799.68	180,327,855.37	180,724,426.33	3,854,228.72

The Company participates in pension insurance and unemployment insurance plans established by government in accordance with the relevant requirements. According to the plans, the Group makes a monthly contribution equivalent to 16% and 0.6% of the employee's monthly basic wage and performance-linked compensation to the plans (31 December 2020: 16%-19% and 0.6%). Save as the monthly contribution above, the Group no longer undertakes further payment obligation. The corresponding expenses are included in the profit or loss for the period or the cost of the relevant asset when incurred.

During the current year, the Group's contributions payable amounted to RMB116,046,263.85 and RMB4,410,826.19 (2020: RMB51,455,921.02 and RMB1,911,871.89) to the pension insurance and unemployment insurance plans respectively. As at 31 December 2021, the outstanding contributions payable of RMB288,253.11 and RMB42,038.16 (31 December 2020: RMB69,790.99 and RMB41,290.41) of the Group are contributions due during the reporting period and yet to be paid to the pension insurance and unemployment insurance plans. Such contributions payable were settled after the reporting period.



Notes to the Financial Statements

For the year ended 31 December 2021

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

28. Taxes payable

Item	<i>RMB</i>	
	Balance at the end of the current year	Balance at the end of the prior year
Income tax	7,857,518.66	19,669,009.58
Value added tax	31,184,440.76	18,402,837.69
City construction and maintenance tax	630,660.15	411,311.53
Education surcharges	461,823.21	295,876.08
Individual income tax	4,348,165.13	4,020,540.48
Others	17,942,601.63	21,282,055.52
Total	62,425,209.54	64,081,630.88

29. Other Payables

Item	<i>RMB</i>	
	Balance at the end of the current year	Balance at the end of the prior year
Amounts due to related parties	15,993,430.45	48,205,419.86
Security deposit/deposit/quality warranty/ performance security	73,913,820.63	55,047,287.60
Construction and infrastructure construction expenses	72,072,547.92	21,121,626.42
Amounts due to/from other entities	13,967,874.80	46,607,276.02
Investment payables (Note)	–	317,061,075.00
Others	210,939,121.67	167,936,365.74
Total	386,886,795.47	655,979,050.64

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

Note: On 30 December 2020, Hainan Xinhua Bookstore Group Co., Ltd. transferred its 25% equity interests in Hainan Phoenix to the Company by way of agreement transfer at a consideration of RMB317,061,075.00. The Group settled such payment on 6 January 2021.

Notes to the Financial Statements

For the year ended 31 December 2021

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

30. Other current liabilities

<i>RMB</i>		
Item	Balance at the end of the current year	Balance at the end of the prior year
Government grants (Note 1)	96,896,634.17	97,012,083.80
Expected sales returns (Note 2)	100,371,095.77	73,793,586.53
Output tax to be transferred	4,231,176.10	5,666,466.55
Total	201,498,906.04	176,472,136.88

Note 1: Items involving with government grants:

<i>RMB</i>					
Item	1 January 2021	New grants for the current year	Credited into other income for the current year	31 December 2021	Related to an asset/related to income
Books subsidies (Note)	97,012,083.80	30,643,516.95	30,758,966.58	96,896,634.17	Related to an income

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

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



Notes to the Financial Statements

For the year ended 31 December 2021

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

31. Lease liabilities

		<i>RMB</i>
	Balance at the end of the current year	Balance at the end of the prior year
Rents	361,300,533.93	461,131,191.79
Less: Lease liabilities included in non-current liabilities due within one year	101,706,168.70	103,865,186.60
Net	259,594,365.23	357,266,005.19

32. Deferred income

		<i>RMB</i>
Item	Balance at the end of the current year	Balance at the end of the prior year
Government grants	31,146,881.78	45,644,566.05

Notes to the Financial Statements

For the year ended 31 December 2021

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

32. Deferred income (Continued)

Items involving government grants:

		RMB				
Item	1 January 2021	New grants for the current year	Credited to other income for the current year	Other decreases for the current year	31 December 2021	Related to an asset/related to income
Copyright protection of audio and video cloud application system	918,207.39	-	148,898.50	-	769,308.89	related to an asset
Western Culture Logistics and Distribution Base	932,389.41	-	256,049.93	-	676,339.48	related to an asset
Special funds for technological transformation R&D and industrialization project of rich media	7,221,415.70	-	3,357,559.91	-	3,863,855.79	related to an asset
digital resources online edit system	2,319,973.92	-	637,410.93	-	1,682,562.99	related to an asset
Wisdom Bookstore Project	2,139,186.48	-	1,009,840.19	-	1,129,346.29	related to an asset
Special fund for Stackway	2,483,795.81	-	430,261.56	-	2,053,534.25	related to an asset
Network Construction of Bookish Tianfu, Wisdom Xinhua Physical Bookstore	937,736.03	-	201,437.92	-	736,298.11	related to an asset
Digital Media Education Service System Construction	592,824.24	-	161,679.36	-	431,144.88	related to an asset
Digital Evaluation Platform	2,012,351.29	-	326,327.23	-	1,686,024.06	related to an asset
Establishment of Big data based Math Analysis Model which is published on demand and Key Technology Research Project	3,092,906.62	-	631,558.51	-	2,461,348.11	related to an asset
Model project of semantics-based content resources linking technology and education compound application system R&D and application	468,321.66	-	145,378.50	-	322,943.16	related to an asset
Tianfu Book Fair	-	6,927,387.11	6,927,387.11	-	-	related to income
Education and media convergence projects	500,000.00	-	155,687.60	-	344,312.40	related to an asset
Unified content-based media distribution service platform for culture and education	1,000,000.00	-	133,676.00	-	866,324.00	related to an asset
Research and development and industrial application of key technologies of digital education public service platform	593,306.95	-	164,690.61	-	428,616.34	related to an asset
Marketing promotion of Winshare overseas branches in 2014	2,233,872.68	-	-	2,233,872.68	-	related to income
The Winshare "One Belt, One Road" service and trade platform in 2016	3,459,415.48	-	-	3,459,415.48	-	related to income
Provincial special funds (Tibetan, Qiang and Yi cultural corridor)	4,467,349.41	-	32,057.64	-	4,435,291.77	related to an asset
Sichuan Provincial Literary Fund – excellent themed publication reading season project of "Centenary Bookish Tianfu"	-	3,000,000.00	3,000,000.00	-	-	related to income
Others	10,271,512.98	912,783.70	1,924,665.42	-	9,259,631.26	related to an asset
Total	45,644,566.05	10,840,170.81	19,644,566.92	5,693,288.16	31,146,881.78	



Notes to the Financial Statements

For the year ended 31 December 2021

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

33. Share capital

RMB

Item	1 January 2021	Changes for the current year				Subtotal	31 December 2021
		Issue of new shares	Bonus issue	Capitalization of surplus reserve	Others		
Total number of shares	1,233,841,000.00	-	-	-	-	-	1,233,841,000.00

RMB

Item	1 January 2020	Changes for the current year				Subtotal	31 December 2020
		Issue of new shares	Bonus issue	Capitalization of surplus reserve	Others		
Total number of shares	1,233,841,000.00	-	-	-	-	-	1,233,841,000.00

Notes to the Financial Statements

For the year ended 31 December 2021

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

34. Capital reserve

<i>RMB</i>				
Item	1 January 2021	Increase in the current year	Decrease in the current year	31 December 2021
Share capital premium	2,540,421,521.70	-	-	2,540,421,521.70
Including: Capital contributed by investors	2,623,214,037.85	-	-	2,623,214,037.85
Differences arising from business combination involving enterprises under common control	(24,511,900.00)	-	-	(24,511,900.00)
Difference arising from acquisition or disposal of non-controlling shareholders	(58,280,616.15)	-	-	(58,280,616.15)
Other capital reserve	32,103,244.62	-	-	32,103,244.62
Including: Transfer from capital reserve under the previous accounting system	23,281,007.10	-	-	23,281,007.10
Treasury shares	(998,378.51)	-	-	(998,378.51)
Others	9,820,616.03	-	-	9,820,616.03
Total	2,572,524,766.32	-	-	2,572,524,766.32

<i>RMB</i>				
Item	1 January 2020	Increase in the current year	Decrease in the current year	31 December 2020
Share capital premium	2,540,421,521.70	-	-	2,540,421,521.70
Including: Capital contributed by investors	2,623,214,037.85	-	-	2,623,214,037.85
Differences arising from business combination involving enterprises under common control	(24,511,900.00)	-	-	(24,511,900.00)
Difference arising from acquisition or disposal of non-controlling shareholders	(58,280,616.15)	-	-	(58,280,616.15)
Other capital reserve	32,103,244.62	-	-	32,103,244.62
Including: Transfer from capital reserve under the previous accounting system	23,281,007.10	-	-	23,281,007.10
Treasury shares	(998,378.51)	-	-	(998,378.51)
Others	9,820,616.03	-	-	9,820,616.03
Total	2,572,524,766.32	-	-	2,572,524,766.32



Notes to the Financial Statements

For the year ended 31 December 2021

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

35. Other comprehensive income

RMB

Item	Changes for the current year						31 December 2021
	1 January 2021	Amount before income tax for the current period	Less: Income tax expenses	Post-tax amount attributable to the owner of the parent	Post-tax amount attributable to the non-controlling shareholders	Less: Other comprehensive income that is transferred to retained earnings	
Other comprehensive income that cannot be reclassified into profit or loss	1,016,266,307.50	161,272,512.23	7,728.06	161,264,784.17	-	(1,311,665.90)	1,178,842,757.57
Changes in fair value of other equity instrument investments	1,016,266,307.50	161,272,512.23	7,728.06	161,264,784.17	-	(1,311,665.90)	1,178,842,757.57

RMB

Item	Changes for the current year						31 December 2020
	1 January 2020	Amount before income tax for the current period	Less: Income tax expense	Post-tax amount attributable to the owner of the parent	Post-tax amount attributable to the non-controlling shareholders	Less: Other comprehensive income that is transferred to retained earnings	
Other comprehensive income that cannot be reclassified into profit or loss	979,297,859.83	36,953,663.56	(14,784.11)	36,968,447.67	-	-	1,016,266,307.50
Changes in fair value of other equity instrument investments	979,297,859.83	36,953,663.56	(14,784.11)	36,968,447.67	-	-	1,016,266,307.50

Notes to the Financial Statements

For the year ended 31 December 2021

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

36. Surplus reserve

<i>RMB</i>				
Item	1 January 2021	Increase in the current year	Decrease in the current year	31 December 2021
Statutory surplus reserve	897,647,684.81	111,562,794.48	–	1,009,210,479.29

<i>RMB</i>				
Item	1 January 2020	Increase in the current year	Decrease in the current year	31 December 2020
Statutory surplus reserve	792,353,770.15	105,293,914.66	–	897,647,684.81

37. Retained profits

<i>RMB</i>			
Item	Current year	Prior year	Proportion of appropriation or distribution
Retained profits at the beginning of the year	4,416,564,721.94	3,629,232,391.16	
Add: Net profit attributable to shareholders of the parent for the current year	1,305,941,469.01	1,262,778,545.44	
Less: Appropriation to statutory surplus reserve	111,562,794.48	105,293,914.66	(1)
Distribution of dividends on ordinary shares	382,490,710.00	370,152,300.00	(2)
Internal carry-over within equity	1,311,665.90	–	(3)
Retained profits at the end of the year	5,227,141,020.57	4,416,564,721.94	



Notes to the Financial Statements

For the year ended 31 December 2021

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

37. Retained profits *(Continued)*

(1) Appropriation to statutory surplus reserve

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

(2) Cash dividends approved at shareholders' meeting

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

(3) Internal carry-over within equity

Due to the deregistration of an investee company, during the current year, the Company derecognized the non-trading equity instrument investment designated as at FVTOCI, and transferred the total accumulated loss of RMB1,311,665.90 of prior year from other comprehensive income to retained earnings.

(4) Appropriation to surplus reserve by subsidiaries

At the end of the current year, the balance of the Group's retained profits includes the surplus reserve of RMB173,988,205.30 (31 December 2020: RMB163,620,261.97) appropriated to subsidiaries.

Notes to the Financial Statements

For the year ended 31 December 2021

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

38. Operating income and operating costs

(1) Operating income and operating costs

<i>RMB</i>		
Item	Amount recognized in the current year	Amount recognized in the prior year
Principal operating income	10,293,803,203.30	8,873,374,924.36
Other operating income (Note 1)	166,560,780.21	134,681,629.91
Total income	10,460,363,983.51	9,008,056,554.27
Operating costs (Note 2)	6,646,716,822.70	5,453,686,898.97

Note 1: Included in other operating income was commissions from concessionaire sales of RMB38,718,193.60. Among which, gross revenue from concessionaire sales was RMB254,726,964.79 and gross cost from concessionaire sales was RMB216,008,771.19 (2020: commissions from concessionaire sales of RMB39,135,568.21. Among which, gross revenue from concessionaire sales was RMB277,165,035.13 and gross cost from concessionaire sales was RMB238,029,466.92).

Note 2: During the current year, the Group has analyzed and sorted out the expenses related to contract performance costs in accordance with the revenue standard, and the transportation fees and logistics fees arising from the performance of contract obligations were included in the operating cost accounting as contract performance costs.

Notes to the Financial Statements

For the year ended 31 December 2021

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

38. Operating income and operating costs (Continued)

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

RMB

Item	Operating income		Operating costs	
	Amount recognized in the current year	Amount recognized in the prior year	Amount recognized in the current year	Amount recognized in the prior year
Publication segment				
Textbooks and supplementary materials	1,615,686,656.08	1,441,306,485.11	905,225,178.17	813,140,144.13
General books	809,571,981.81	677,624,735.81	611,125,128.44	473,711,913.12
Printing and supplies	336,496,494.70	266,244,949.59	301,538,341.08	237,648,319.21
Newspapers and journals	48,164,073.79	35,957,382.82	26,714,236.17	18,485,622.62
Others	47,648,259.86	41,918,353.79	20,088,224.85	16,953,471.60
Subtotal	2,857,567,466.24	2,463,051,907.12	1,864,691,108.71	1,559,939,470.68
Distribution segment				
Education services	5,848,264,093.41	5,386,014,599.89	3,651,769,918.31	3,311,627,315.62
Including: Textbooks and supplementary materials	5,366,021,188.96	4,771,902,213.75	3,250,109,964.70	2,789,297,332.30
Education informatized and equipment business	374,373,194.47	555,158,358.25	311,572,893.69	479,971,492.60
Online sales	2,301,018,988.11	1,671,227,992.84	2,022,753,037.45	1,409,378,272.69
Retailing	771,945,479.86	630,614,254.64	491,027,321.10	391,406,109.28
Others	230,272,606.16	224,440,913.83	162,433,229.83	195,996,946.44
Subtotal	9,151,501,167.54	7,912,297,761.20	6,327,983,506.69	5,308,408,644.03
Others	470,301,480.19	409,067,036.90	422,140,451.47	362,920,869.25
Less: Inter-segment elimination	2,019,006,130.46	1,776,360,150.95	1,968,098,244.17	1,777,582,084.99
Total	10,460,363,983.51	9,008,056,554.27	6,646,716,822.70	5,453,686,898.97

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

Notes to the Financial Statements

For the year ended 31 December 2021

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

39. Taxes and levies

<i>RMB</i>		
Item	Amount recognized in the current year	Amount recognized in the prior year
City construction and maintenance tax	6,194,768.80	4,861,803.14
Education surcharges	4,425,042.75	3,478,449.86
Property tax	22,698,517.65	24,589,967.88
Urban land use tax	3,577,920.27	2,241,120.18
Stamp duty	3,758,418.03	8,700,289.00
Vessel and vehicle tax	271,146.51	254,257.77
Disabled person security fund	5,735,207.24	4,567,109.22
Others	38,606.47	493,096.57
Total	46,699,627.72	49,186,093.62

40. Selling expenses

<i>RMB</i>		
Item	Amount recognized in the current year	Amount recognized in the prior year
Wages and other human costs	556,807,248.38	483,663,543.20
Transportation costs (Note)	50,412,618.31	245,392,011.80
Entrusted logistics fees (Note)	128,173,628.74	124,673,900.17
Business conference fees	58,080,926.00	48,567,751.92
Vehicle fees	19,684,401.52	18,170,264.10
Travel expenses	19,798,963.54	18,856,323.51
Advertising and promotion fees	193,329,419.49	129,792,157.37
Packing expenses	29,496,827.27	15,678,460.98
Others	65,225,305.48	99,535,371.12
Total	1,121,009,338.73	1,184,329,784.17

Note: During the current year, the Company has analyzed and sorted out the expenses related to contract performance costs in accordance with the revenue standard, and the transportation fees and logistics fees arising from the performance of contract obligations were included in the operating cost accounting as contract performance costs while the transportation fees and logistics fees not arising from the performance of contract obligations were included in the selling expenses accounting.



Notes to the Financial Statements

For the year ended 31 December 2021

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

41. Administrative expenses

Item	RMB	
	Amount recognized in the current year	Amount recognized in the prior year
Wages and other human costs	814,668,882.92	663,146,426.47
Business entertainment fees	136,071,388.92	125,449,914.41
Lease payments	15,014,527.05	12,154,626.95
Depreciation and amortization expenses	261,553,887.42	210,647,953.66
Conference fees	18,957,343.10	18,784,401.58
Property management fees	44,538,790.54	40,816,939.12
Travelling expenses	9,362,315.71	6,822,499.53
Energy costs	18,075,623.51	17,025,691.28
Office expenses	7,877,919.05	7,599,650.94
Repair charges	19,952,698.09	15,461,748.71
Audit and other non-audit service fees	3,367,924.53	3,367,924.53
Others	103,948,462.21	83,567,703.32
Total	1,453,389,763.05	1,204,845,480.50

42. Finance expenses

Item	RMB	
	Amount recognized in the current year	Amount recognized in the prior year
Interest expense	15,003.44	63,922.27
Interest expense on lease liabilities	19,472,839.15	22,100,032.30
Less: Interest income	96,496,222.42	64,984,348.52
Less: Interest income of long-term receivables	13,258,486.39	13,079,664.89
Exchange gains or losses and others	9,882,930.01	10,080,458.40
Total	(80,383,936.21)	(45,819,600.44)

Notes to the Financial Statements

For the year ended 31 December 2021

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

43. Other income

<i>RMB</i>		
Item	Amount recognized in the current year	Amount recognized in the prior year
Book publishing subsidies	30,758,966.58	28,500,217.97
Income from VAT first levied then returned	27,748,888.66	36,166,173.62
Other financial subsidies	22,638,623.34	27,193,428.79
Total	81,146,478.58	91,859,820.38

44. Investment income

<i>RMB</i>		
Item	Amount recognized in the current year	Amount recognized in the prior year
Income from long-term equity investments under equity method	44,348,654.80	67,083,656.84
Investment income from disposal of long-term equity investments	–	(247,308.93)
Investment income obtained during the holding of other non-current financial assets	6,914,198.77	2,044,245.43
Dividend income obtained during the holding of other equity instrument investments	56,742,400.00	53,544,416.02
Investment income from disposal of held-for-trading financial assets	2,676,364.26	47,212,317.88
Others	1,410,345.99	–
Total	112,091,963.82	169,637,327.24



Notes to the Financial Statements

For the year ended 31 December 2021

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

45. Gains from fair value change

<i>RMB</i>		
Source of gains from fair value change	Amount recognized in the current year	Amount recognized in the prior year
Financial assets at FVTPL	71,685,949.54	101,627,007.34
Including: Other non-current financial assets	71,683,305.72	101,623,609.80
Held-for-trading financial assets	2,643.82	3,397.54
Total	71,685,949.54	101,627,007.34

46. Gain (loss) on credit impairment

<i>RMB</i>		
Item	Amount recognized in the current year	Amount recognized in the prior year
Gain (loss) on credit impairment of accounts receivable	(73,197,380.58)	(142,249,916.80)
Gain (loss) on credit impairment of other receivables	(1,809,038.11)	(2,267,480.78)
Gain (loss) on credit impairment of long-term receivables (including those expected to be recovered within one year)	(57,048,505.53)	–
Total	(132,054,924.22)	(144,517,397.58)

47. Gain (loss) on asset impairment

<i>RMB</i>		
Item	Amount recognized in the current year	Amount recognized in the prior year
Gain (loss) on impairment of inventories	(48,395,369.07)	(61,388,572.04)
Gain (loss) on impairment of fixed assets	–	(558,577.29)
Gain (loss) on impairment of long-term equity investments	–	(6,647,345.57)
Total	(48,395,369.07)	(68,594,494.90)

Notes to the Financial Statements

For the year ended 31 December 2021

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

48. Non-operating income

<i>RMB</i>			
Item	Amount recognized in the current year	Amount recognized in the prior year	Amount included in non-recurring profit or loss for the current year
Others	4,369,008.12	20,438,948.12	4,369,008.12

49. Non-operating expenses

<i>RMB</i>			
Item	Amount recognized in the current year	Amount recognized in the prior year	Amount included in non-recurring profit and loss for the current year
Donations	49,632,832.99	74,602,560.79	49,632,832.99
Penalty cost	164,292.87	21,008.26	164,292.87
Others	1,466,246.67	3,706,371.24	1,466,246.67
Total	51,263,372.53	78,329,940.29	51,263,372.53



Notes to the Financial Statements

For the year ended 31 December 2021

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

50. Income tax expenses

Item	<i>RMB</i>	
	Amount recognized in the current year	Amount recognized in the prior year
Current tax calculated according to tax laws and relevant requirements	1,112,617.05	42,322,578.72
Deferred income tax expenses	4,340,194.93	(34,152,028.11)
Total	5,452,811.98	8,170,550.61

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

Item	<i>RMB</i>	
	Amount recognized in the current year	Amount recognized in the prior year
Accounting profit	1,308,734,073.86	1,251,165,497.82
Income tax expenses calculated at 25%	327,183,518.47	312,791,374.49
Tax concessions	(348,327,878.16)	(319,139,430.75)
Effect of non-deductible expenses	35,696,693.77	33,659,426.99
Effect of non-assessable income	(14,307,562.64)	(13,386,104.01)
Effect of utilization of deductible losses for which no deferred income tax asset was recognized in the prior period	(6,417,555.62)	(8,612,514.64)
Effect of utilization of deductible temporary differences for which no deferred income tax asset was recognized in the prior period	(15,057,981.83)	(9,652,406.87)
Effect of deductible temporary differences or deductible losses for which no deferred income tax asset was recognized during the current period	26,683,577.99	12,510,205.40
Total	5,452,811.98	8,170,550.61

Notes to the Financial Statements

For the year ended 31 December 2021

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

51. Calculation process of basic earnings per share

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

	<i>RMB</i>	
	Amount recognized in the current year	Amount recognized in the prior year
Net profit for the current period attributable to ordinary shareholders	1,305,941,469.01	1,262,778,545.44
Including: Net profit from continuing operations	1,305,941,469.01	1,262,778,545.44

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

	<i>Shares</i>	
	Current year	Prior year
Number of ordinary shares outstanding at the beginning of year	1,233,841,000	1,233,841,000
Number of ordinary shares outstanding at the end of year	1,233,841,000	1,233,841,000

Earnings per share:

	<i>RMB</i>	
	Current year	Prior year
Number of ordinary shares outstanding at the end of year divided by net profit for the current period attributable to ordinary shareholders	1.06	1.02
Number of ordinary shares outstanding at the end of year divided by net profit for the current period attributable to ordinary shareholders and attributable to continuing operation	1.06	1.02

The Company has no dilutive potential ordinary shares.



Notes to the Financial Statements

For the year ended 31 December 2021

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

52. Notes to items in the cash flow statement

(1) Other cash receipts relating to operating activities

<i>RMB</i>		
Item	Amount recognized in the current year	Amount recognized in the prior year
Interest income	78,056,426.08	63,540,334.83
Government grants	44,477,744.18	40,245,827.74
Others	89,717,591.24	119,337,070.97
Total	212,251,761.50	223,123,233.54

(2) Other cash payments relating to operating activities

<i>RMB</i>		
Item	Amount recognized in the current year	Amount recognized in the prior year
Selling expenses	563,894,090.46	700,666,240.97
Of which: Transportation costs	50,412,618.31	245,392,011.80
Entrusted logistics fees	128,173,628.74	124,673,900.17
Advertising and promotion fees	193,329,419.49	129,792,157.37
Business conference fees	58,080,926.00	48,567,751.92
Travel expenses	19,798,963.54	18,856,323.51
Vehicle fees	19,684,401.52	18,170,264.10
Administrative expenses	375,266,992.71	305,305,869.74
Of which: Lease payment	15,014,527.05	12,154,626.95
Business entertainment fees	136,071,388.92	125,449,914.41
Property management fees	44,538,790.54	40,816,939.12
Conference fees	18,957,343.10	18,784,401.58
Energy costs	18,075,623.51	17,025,691.28
Repair charges	19,952,698.09	15,461,748.71
Others	169,620,920.20	143,263,536.27
Total	1,108,782,003.37	1,149,235,646.98

Notes to the Financial Statements

For the year ended 31 December 2021

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

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

(3) Other cash receipts relating to investing activities

<i>RMB</i>		
Item	Amount recognized in the current year	Amount recognized in the prior year
Receipt of term deposit over 3 months	–	77,000,000.00
Recovery of interest from term deposit	–	4,760,506.83
Total	–	81,760,506.83

(4) Other cash payments relating to investing activities

<i>RMB</i>		
Item	Amount recognized in the current year	Amount recognized in the prior year
Increase in term deposit over 3 months	800,000,000.00	240,000,000.00

(5) Other cash payments relating to financing activities

<i>RMB</i>		
Item	Amount recognized in the current year	Amount recognized in the prior year
Payment for lease payments	128,772,750.81	132,241,521.44
Payment for capital reduction by non-controlling shareholders of Sichuan People's Education Times Xinhua Audio and Video Co., Ltd. ("People's Education Times")	–	1,022,099.62
Total	128,772,750.81	133,263,621.06



Notes to the Financial Statements

For the year ended 31 December 2021

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

53. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

	<i>RMB</i>	
Supplementary information	Amount recognized in the current year	Amount recognized in the prior year
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	1,303,281,261.88	1,242,994,947.21
Add: Impairment losses of assets	48,395,369.07	68,594,494.90
Loss on credit impairment	132,054,924.22	144,517,397.58
Depreciation of fixed assets	136,854,956.39	84,709,981.77
Depreciation of right-of-use assets	116,106,784.92	116,756,669.88
Depreciation of investment properties	3,462,208.83	3,031,739.72
Amortization of intangible assets	33,997,994.29	31,538,523.19
Amortization of long-term prepaid expenses	12,964,291.06	21,061,146.71
Loss (gain) on disposal of assets	(2,015,713.48)	(255,029.19)
Loss (gain) from changes in fair value	(71,685,949.54)	(101,627,007.34)
Finance expenses	1,048,046.25	22,163,954.57
Investment income	(112,091,963.82)	(169,637,327.24)
Decrease (increase) in deferred tax assets	(2,748,441.01)	(5,059,129.51)
Increase (decrease) in deferred tax liabilities	7,088,635.94	(29,092,898.60)
Decrease (increase) in inventories	(659,932,161.70)	(34,561,872.01)
Decrease (increase) in receivables from operating activities	46,548,250.41	(38,090,987.38)
Increase in payables from operating activities	1,054,001,083.50	461,760,686.21
Net cash flow from operating activities	2,047,329,577.21	1,818,805,290.47
2. Material investment and financing activities not involving cash receipts and payments:		
Right-of-use assets recognized on lease on fixed assets	33,631,077.32	131,259,003.82
3. Net changes in cash and cash equivalents:		
Closing balance of cash	5,997,769,686.81	5,740,841,068.18
Less: Opening balance of cash	5,740,841,068.18	3,393,906,225.68
Net increase in cash and cash equivalents	256,928,618.63	2,346,934,842.50

Notes to the Financial Statements

For the year ended 31 December 2021

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

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

(2) Cash and cash equivalents

		<i>RMB</i>	
Item	Balance at the end of the current year	Balance at the end of the prior year	
Cash	5,997,769,686.81	5,740,841,068.18	
Including: Cash on hand	1,482,033.90	2,033,235.17	
Bank deposits readily available for payment	5,995,023,900.96	5,737,285,766.25	
Other cash and bank balances readily available for payment	1,263,751.95	1,522,066.76	
Balance of cash and cash equivalents	5,997,769,686.81	5,740,841,068.18	

54. Assets with restricted ownership

		<i>RMB</i>	
Assets with restricted ownership	Balance at the end of the current year	Balance at the end of the prior year	
Cash and bank balances (Note)	42,259,591.91	45,133,732.67	

Note: At the end of the current year, of the Group's cash and bank balances with restricted ownership, there were:

- (1) security deposit for the issuance of bank acceptance bills of RMB4,487,927.88 (31 December 2020: RMB10,926,115.05);
- (2) security deposit placed in bank for the issuance of guarantee letter of RMB8,087,289.68 (31 December 2020: RMB8,527,574.17);
- (3) security deposit for travel service quality of Sichuan Winshare Xingzhi Study Tour Travel Agency Co., Ltd. ("**Xingzhi Study Tour Travel Agency**"), a subsidiary of the Group, of RMB1,100,000.00 (31 December 2020: nil);
- (4) special fund for housing reform and housing repair of RMB24,770,900.35 (31 December 2020: RMB24,727,430.45);
- (5) bank deposits frozen as a result of the litigation of Sichuan Xinhua Printing Co., Ltd. ("**Sichuan Xinhua Printing**"), a subsidiary of the Group, of RMB3,813,474.00 (31 December 2020: nil);
- (6) no bank deposits frozen as a result of the completion of litigation of Beijing Aerospace Cloud, a subsidiary of the Group (31 December 2020: RMB952,613.00).



Notes to the Financial Statements

For the year ended 31 December 2021

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

55. Net current assets

	<i>RMB</i>	
Item	Balance at the end of the current year	Balance at the end of the prior year
Current assets	11,243,967,170.78	9,969,754,834.05
Less: Current liabilities	7,340,643,701.84	6,511,999,503.39
Net current assets	3,903,323,468.94	3,457,755,330.66

56. Total assets less current liabilities

	<i>RMB</i>	
Item	Balance at the end of the current year	Balance at the end of the prior year
Total assets	18,773,945,790.88	16,968,836,010.58
Less: Current liabilities	7,340,643,701.84	6,511,999,503.39
Total assets less current liabilities	11,433,302,089.04	10,456,836,507.19

(VII) CHANGES IN SCOPE OF CONSOLIDATION

1. Change of scope of consolidation due to other reasons

During the Year, the deregistration procedures of the Company's subsidiaries Sichuan Winshare Cloud Image Culture Innovation Technology Co., Ltd. ("**Winshare Cloud Image**") and Sichuan Winshare Music Culture Communication Co., Ltd. ("**Winshare Music**") completed.

Notes to the Financial Statements

For the year ended 31 December 2021

(VIII) INTERESTS IN OTHER ENTITIES

1. Subsidiaries

(1) Subsidiaries incorporated by investments

RMB

Full name of subsidiary	Type of the subsidiary	Principal place of business and place of incorporation		Registered capital	Business scope	Proportion of ownership interests (%)	Proportion of voting power (%)	Consolidated statements or not
			Nature of business					
Sichuan Xinhua Winshare Media Co., Ltd. ("Winshare Media")	LLC	Chengdu	Journals	3,990,000.00	Sales of books and journals, etc.	100.00	100.00	Y
Winshare Education Technology	LLC	Chengdu	Technical services	330,000,000.00	Software development and sales of electronic equipment	100.00	100.00	Y
Wenchuan Logistics	LLC	Chengdu	Storage and distribution	350,000,000.00	Storage and distribution of goods	100.00	100.00	Y
Xinhua Winshare Commercial Chain (Beijing) Co., Ltd. ("Beijing Winshare Commercial")	LLC	Beijing	Sales of publications	180,000,000.00	Sales of books, newspapers and journals	51.00	51.00	Y
Sichuan Winshare Arts Investment and Management Co., Ltd. ("Arts Investment")	LLC	Chengdu	Exhibition of artwork	20,000,000.00	Project investment and management, exhibition of artwork	100.00	100.00	Y
Sichuan Winshare Online E-commerce Co., Ltd. ("Winshare Online")	LLC	Chengdu	Sales of publications	60,000,000.00	Online sales of various products	75.00	75.00	Y
Sichuan Watch Panda Magazine Co., Ltd. ("Watch Panda")	LLC	Chengdu	Journals	2,000,000.00	Sales of journals	100.00	100.00	Y
Winshare Investment	LLC	Chengdu	Investment	300,000,000.00	Venture investment, business investment	100.00	100.00	Y



Notes to the Financial Statements

For the year ended 31 December 2021

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

1. Subsidiaries *(Continued)*

(1) Subsidiaries incorporated by investments *(Continued)*

RMB

Full name of subsidiary	Type of the subsidiary	Principal place of business and place of incorporation		Nature of business	Registered		Proportion of ownership interests (%)	Proportion of voting power (%)	Consolidated statements or not
					capital	Business scope			
Winshare International Cultural Communication Co., Ltd. ("Winshare International")	LLC	Chengdu		Business advisory services	50,000,000.00	Organization and planning cultural and art exchange activities, business consulting, conference and exhibition services	100.00	100.00	Y
Xingzhi Study Tour Travel Agency	LLC	Chengdu		Business services	5,000,000.00	Travel agency and related services, study tour event planning, conference, exhibition and related services	100.00	100.00	Y
Winshare Quan Media (Beijing) Culture Communication Co., Ltd. ("Winshare Quan Media")	LLC	Beijing		Business advisory services	10,000,000.00	Organisation of cultural and art exchange activities	100.00	100.00	Y
Beijing Aerospace Cloud	LLC	Beijing		Technical Services	41,783,300.00	Computer software development and system services	70.00	70.00	Y
Beijing Huaxia Shengxuan Book Co., Ltd. ("Huaxia Shengxuan")	LLC	Beijing		Sales of publications	15,000,000.00	Sales of publications, etc.	100.00	100.00	Y
Sichuan Winshare Xuankehui Cultural Development Co., Ltd. ("Stackway")	LLC	Chengdu		Wholesale and retail	50,000,000.00	Wholesale and retail of books	100.00	100.00	Y

Notes to the Financial Statements

For the year ended 31 December 2021

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

1. Subsidiaries *(Continued)*

(1) Subsidiaries incorporated by investments *(Continued)*

RMB

Full name of subsidiary	Type of the subsidiary	Principal place of business and place of incorporation		Registered capital	Business scope	Proportion of ownership interests (%)	Proportion of voting power (%)	Consolidated statements or not
			Nature of business					
Chengdu Cangqiong Online Technology Co., Ltd.	LLC	Chengdu	Technical services	30,000.00	Computer system services, production and agency, etc.	100.00	100.00	Y
Sichuan Moyuan Cultural Communication Co., Ltd.	LLC	Chengdu	Sales	1,000,000.00	Sales of books	75.00	75.00	Y
Sichuan Xinyaxuan Cultural Communication Co., Ltd.	LLC	Chengdu	Sales	1,000,000.00	Sales of books	75.00	75.00	Y
Sichuan Aiyuecheng Cultural Communication Co., Ltd.	LLC	Chengdu	Sales	1,000,000.00	Sales of publications	75.00	75.00	Y
Sichuan Xingyueyue Cultural Communication Co., Ltd.	LLC	Chengdu	Sales	1,000,000.00	Sales of publications	75.00	75.00	Y
Sichuan Tianyuge Cultural Communication Co., Ltd.	LLC	Chengdu	Sales	1,000,000.00	Sales of publications	75.00	75.00	Y
Sichuan Xuehaizhizhou Cultural Communication Co., Ltd.	LLC	Chengdu	Sales	1,000,000.00	Sales of publications	75.00	75.00	Y

Notes to the Financial Statements

For the year ended 31 December 2021

(VIII) INTERESTS IN OTHER ENTITIES (Continued)

1. Subsidiaries (Continued)

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

RMB

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

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

RMB

Full name of subsidiary	Type of the subsidiary	Principal place of business and place of incorporation	Nature of business	Registered capital	Business scope	Proportion of ownership interests (%)	Proportion of voting power (%)	Consolidated statements or not
Sichuan Xinhua Shang Paper Co., Ltd. ("Xinhua Shang")	LLC	Chengdu	Sales of paper	15,000,000.00	Sales of pulp, paper and paper products	51.00	51.00	Y
Winshare Sports Cultural Development Co., Ltd. ("Winshare Sports")	LLC	Chengdu	Venue leasing	100,000,000.00	Provision of venue management service, advertising and leasing of self-owned properties	100.00	100.00	Y
Sichuan People's Publishing House Co., Ltd. ("People's Publishing House")	LLC	Chengdu	Publication	34,000,000.00	Publication of books	100.00	100.00	Y
Sichuan Publication Printing Co., Ltd. ("Publication Printing")	LLC	Chengdu	Publication	50,000,000.00	Plate-leased printing and supply of textbooks	100.00	100.00	Y

Notes to the Financial Statements

For the year ended 31 December 2021

(VIII) INTERESTS IN OTHER ENTITIES (Continued)

1. Subsidiaries (Continued)

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

RMB

Full name of subsidiary	Type of the subsidiary	Principal place of business and place of incorporation	Nature of business	Registered capital	Business scope	Proportion of ownership interests (%)	Proportion of voting power (%)	Consolidated statements or not
Sichuan Education Publishing House Co., Ltd ("Education Publishing House")	LLC	Chengdu	Publication	10,000,000.00	Publication and distribution of books	100.00	100.00	Y
Youth and Children's Publishing House	LLC	Chengdu	Publication	110,000,000.00	Publication of books and journals	100.00	100.00	Y
Sichuan Science & Technology Publishing House Co., Ltd. ("Science & Technology Publishing House")	LLC	Chengdu	Publication	4,000,000.00	Publication of books	100.00	100.00	Y
Sichuan Discovery of Nature Magazine Press Co., Ltd.	LLC	Chengdu	Publication	300,000.00	Publication of journals	100.00	100.00	Y
Sichuan Fine Arts Publishing House Co., Ltd. ("Fine Arts Publishing House")	LLC	Chengdu	Publication	16,250,000.00	Sales of arts and crafts and publication of books	100.00	100.00	Y
Sichuan Lexicographical Publishing House Co., Ltd. ("Lexicographical Publishing House")	LLC	Chengdu	Publication	20,000,000.00	Publication of books	100.00	100.00	Y
Sichuan Literature & Art Publishing House Co., Ltd. ("Literature & Art Publishing House")	LLC	Chengdu	Publication	45,000,000.00	Publication of books	100.00	100.00	Y
Tiandi Publishing House	LLC	Chengdu	Publication	230,634,700.00	Publication of books	100.00	100.00	Y

Notes to the Financial Statements

For the year ended 31 December 2021

(VIII) INTERESTS IN OTHER ENTITIES (Continued)

1. Subsidiaries (Continued)

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

RMB

Full name of subsidiary	Type of the subsidiary	Principal place of business and place of incorporation	Nature of business	Registered capital	Business scope	Proportion of ownership interests (%)	Proportion of voting power (%)	Consolidated statements or not
Sichuan Times English Cultural Communication Co., Ltd.	LLC	Chengdu	Publication	600,000.00	Publication of domestic books, newspapers and journals	51.00	51.00	Y
Sichuan Bashu Publishing House Co., Ltd. ("Bashu Publishing House")	LLC	Chengdu	Publication	42,000,000.00	Publication of books	100.00	100.00	Y
Sichuan Printing Materials Co., Ltd. ("Printing Materials")	LLC	Chengdu	Retail and wholesale	30,000,000.00	Wholesale and retail of goods	100.00	100.00	Y
Sichuan Digital Publishing & Media Co., Ltd. ("Digital Publishing")	LLC	Chengdu	Publication	10,000,000.00	Publication of audio and video product, Internet publishing	100.00	100.00	Y
Sichuan Reader's Journal Press Co., Ltd. ("Reader's Journal Press")	LLC	Chengdu	Publication	1,500,000.00	Publication of Reader's Journal Press, advertising, commodity wholesale and retail, provision of software and information technology service	100.00	100.00	Y
Sichuan Pictorial Co., Ltd. ("Pictorial")	LLC	Chengdu	Publication	1,500,000.00	Publication of journals	100.00	100.00	Y
Sichuan Xinhua Printing	LLC	Chengdu	Publication	100,160,000.00	Printing of publications	100.00	100.00	Y
Sichuan Yunhan Internet and Media Co., Ltd. ("Sichuan Yunhan")	LLC	Chengdu	Wholesale	50,000,000.00	Wholesale of publications	75.00	75.00	Y

(VIII) INTERESTS IN OTHER ENTITIES (Continued)

Notes to the Financial Statements

For the year ended 31 December 2021

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

RMB

Full name of subsidiary	Proportion of ownership interests held by non-controlling shareholders (%)	Proportion of voting power held by non-controlling shareholders (%)	Profit/loss attributable to non-controlling shareholders		Non-controlling interests	
			Amount recognized in the current year	Amount recognized in the prior year	Balance at the end of the current year	Balance at the end of the prior year
Beijing Winshare Commercial	49.00	49.00	(2,779,358.96)	(14,732,668.73)	(88,827,753.36)	(86,048,394.40)
Winshare Online	25.00	25.00	844,406.57	88,166.81	(22,820,124.57)	(23,664,531.14)

a. Beijing Winshare Commercial

RMB

	Balance at the end of the current year	Balance at the end of the prior year
Current assets	65,510,672.02	75,395,366.02
Non-current assets	658,105.95	1,415,330.35
Current liabilities	194,680,519.53	199,620,385.84
Non-current liabilities	–	29,890.94

RMB

	Amount recognized in the current year	Amount recognized in the prior year
Operating income	77,077,538.95	77,524,414.73
Operating costs and expenses	82,749,700.10	107,591,085.61
Total profit (loss), net profit (loss)	(5,672,161.15)	(30,066,670.88)
Net cash flow from operating activities	799,572.88	(6,413,932.87)
Net cash flow from investing activities	22,357.53	19,677.67
Net cash flow from financing activities	(162,882.08)	(500,422.16)

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



Notes to the Financial Statements

For the year ended 31 December 2021

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

b. Winshare Online

	<i>RMB</i>	
	Balance at the end of the current year	Balance at the end of the prior year
Current assets	2,687,818,854.97	2,233,317,121.33
Non-current assets	209,106,038.25	5,877,029.65
Current liabilities	2,987,476,391.47	2,333,223,275.52
Non-current liabilities	729,000.00	629,000.00

	<i>RMB</i>	
	Amount recognized in the current year	Amount recognized in the prior year
Operating income	2,899,512,250.13	2,130,978,100.31
Operating costs and expenses	2,896,134,623.84	2,130,625,433.06
Total profit, net profit	3,377,626.29	352,667.25
Net cash flow from operating activities	296,631,928.13	289,060,509.79
Net cash flow from investing activities	(592,708,512.53)	153,942,906.32
Net cash flow from financing activities	-	-

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

Notes to the Financial Statements

For the year ended 31 December 2021

3. Interests in joint ventures or associates

(1) Significant joint venture or associates

Name of joint venture or associates	Principle place of operation and incorporation	Nature of business	Proportion of ownership interests in investee (%)	Accounting method used in investments in joint venture or associates
Joint venture				
Hainan Publishing House	Haikou	Publication	50	Equity method
Associates				
Ren Min Eastern	Beijing	Wholesale of books, journals, newspapers and electronic publications	20	Equity method
Ming Bo Education	Beijing	Publication of internet education	20.4	Equity method
Winshare BLOGIS	Chengdu	Logistics transportation	45	Equity method

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



Notes to the Financial Statements

For the year ended 31 December 2021

3. Interests in joint ventures or associates (Continued)

(2) Key financial information of significant joint venture

a. Hainan Publishing House

	Balance at the end of the current year/ Amount recognized in the current year	<i>RMB</i> Balance at the end of the prior year/ Amount recognized in the prior year
Current assets	495,265,503.43	472,386,697.85
Including: Cash and cash equivalents	21,197,517.06	81,273,980.90
Non-current assets	158,337,086.51	145,262,234.96
Total assets	653,602,589.94	617,648,932.81
Current liabilities	228,961,671.25	249,015,496.97
Non-current liabilities	20,230,000.00	19,900,000.00
Total liabilities	249,191,671.25	268,915,496.97
Equity attributable to the parent's shareholders	403,774,867.22	341,878,299.15
Non-controlling interests	636,051.47	6,855,136.69
Net assets calculated on pro-rata basis of shareholding	201,887,433.61	170,939,149.58
Goodwill	30,735,530.98	30,735,530.98
Carrying amount of equity investments in joint ventures	232,622,964.59	201,674,680.56
Operating income	239,286,243.85	235,164,460.41
Net profit and total comprehensive income	55,677,482.85	78,995,918.13
Profit or loss attributable to non-controlling shareholders	(6,219,085.22)	5,861,013.77
Interest income	688,129.68	123,096.21
Income tax	6,165.15	10,925.51

(VIII) INTERESTS IN OTHER ENTITIES (Continued)

Notes to the Financial Statements

For the year ended 31 December 2021

3. Interests in joint ventures or associates (Continued)

(3) Key financial information of significant associates

a. Ren Min Eastern

	Balance at the end of the current year/ Amount recognized in the current year	<i>RMB</i> Balance at the end of the prior year/ Amount recognized in the prior year
Current assets	93,160,635.12	104,226,134.07
Non-current assets	6,791,628.72	6,198,847.80
Total assets	99,952,263.84	110,424,981.87
Current liabilities	51,267,032.86	54,123,015.16
Non-current liabilities	30,111.54	–
Total liabilities	51,297,144.40	54,123,015.16
Share of net assets calculated based on proportion of shareholding	9,731,023.89	11,260,393.34
Carrying amount of equity investments in associates	9,731,023.89	11,260,393.34
Operating income	104,586,409.00	72,468,137.45
Net profit and total comprehensive income	353,152.73	6,984,871.81
Dividends receipts or declared but not yet received by the Group for the current year	1,600,000.00	1,200,000.00

(VIII) INTERESTS IN OTHER ENTITIES (Continued)



Notes to the Financial Statements

For the year ended 31 December 2021

3. Interests in joint ventures or associates (Continued)

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

b. Ming Bo Education

	Balance at the end of the current year/ Amount recognized in the current year	<i>RMB</i> Balance at the end of the prior year/ Amount recognized in the prior year
Current assets	137,756,640.15	195,863,567.27
Non-current assets	36,861,370.20	35,634,973.18
Total assets	174,618,010.35	231,498,540.45
Current liabilities	34,052,602.67	75,380,489.65
Non-current liabilities	2,091,565.42	6,552,230.87
Total liabilities	36,144,168.09	81,932,720.52
Equity attributable to the parent's shareholders	138,478,134.19	149,565,625.32
Non-controlling interests	(4,291.93)	194.61
Share of net assets calculated based on proportion of shareholding	28,249,539.37	30,511,387.57
Carrying amount of equity investments in associates	28,249,539.37	30,511,387.57
Operating income	67,620,877.95	204,063,553.09
Net profit and total comprehensive income	(11,091,977.67)	(46,125,853.78)
Profit or loss attributable to non-controlling shareholders	(4,486.54)	(32,544.56)

(VIII) INTERESTS IN OTHER ENTITIES (Continued)

Notes to the Financial Statements

For the year ended 31 December 2021

3. Interests in joint ventures or associates (Continued)

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

c. Winshare BLOGIS

	Balance at the end of the current year/ Amount recognized in the current year	<i>RMB</i> Balance at the end of the prior year/ Amount recognized in the prior year
Current assets	374,641,795.91	395,778,599.02
Non-current assets	11,647,054.55	16,050,693.80
Total assets	386,288,850.46	411,829,292.82
Current liabilities	283,545,393.44	309,536,158.90
Non-current liabilities	–	279,853.59
Total liabilities	283,545,393.44	309,816,012.49
Equity attributable to the parent's shareholders	102,743,457.02	101,987,494.62
Non-controlling interests	–	25,785.71
Share of net assets calculated based on proportion of shareholding	46,234,555.66	45,894,372.58
Carrying amount of equity investment in associates	46,234,555.66	45,894,372.58
Operating income	2,314,755,537.94	822,380,697.51
Net profit and total comprehensive income	730,176.69	1,230,607.84
Profit or loss attributable to non-controlling shareholders	(25,785.71)	(2,255,687.61)

(VIII) INTERESTS IN OTHER ENTITIES (Continued)



Notes to the Financial Statements

For the year ended 31 December 2021

3. Interests in joint ventures or associates (Continued)

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

	Balance at the end of the current year/ Amount recognized in the current year	<i>RMB</i> Balance at the end of the prior year/ Amount recognized in the prior year
Insignificant joint ventures		
Total carrying amount of investments	32,559,271.39	32,363,314.79
Sum of net profit and total comprehensive income calculated based on according to proportion of investment	195,956.60	5,049,897.94
Insignificant associates		
Total carrying amount of investments	405,406,521.18	396,185,397.44
Sum of net profit and total comprehensive income calculated based on proportion of investment	15,055,448.74	31,903,534.49

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group's major financial instruments consist of financial assets measured at amortized cost, financing receivables, financial assets at FVTPL, other equity instrument investments, notes payable, accounts payable and other payables. Risk exposures associated with these financial instruments and the risk management strategy to reduce the risk is set out below. The management of the Group manages and monitors the risk exposures to ensure the risks are controlled at a certain level.

The Group adopts sensitivity analysis method to analyze the potential impact of possible appropriate change in risk variables on current profits and losses or the owners' equity. As any risk variable seldom changes alone and correlation between variables greatly accounts for the final amount influenced by change of a certain risk variable, the following content is conducted under the assumption that change of each variable is independent.

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

Notes to the Financial Statements

For the year ended 31 December 2021

1. Risk management objectives and policies

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

1.1 Market risk

1.1.1 Currency risk

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

Item	RMB	
	Balance at the end of the current year	Balance at the end of the prior year
Cash and bank balances		
USD	116,983.07	119,708.29
EUR	615.62	684.29
HKD	78,445.85	29,943.06

1.1.2 Interest rate risk

The Group had no interest-bearing borrowings at the end of the current year. As the changes in the lease liabilities and profit or loss arising from the change in interest rate were relatively small, the Group was not exposed to material interest rate risk.

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)



Notes to the Financial Statements

For the year ended 31 December 2021

1. Risk management objectives and policies (Continued)

1.1 Market risk (Continued)

1.1.3 Other price risk

The Group measured the investment in listed shares of Wan Xin Media, HGZN and Bank of Chengdu at fair value, which was exposed to the stock price risk as the fair value is determined based on the quoted prices from the active market (Note (VI) 13). The directors of the Company regularly monitor the share prices of Wan Xin Media, HGZN and Bank of Chengdu. For the current year, the direct investments in the shares of Wan Xin Media, HGZN and Bank of Chengdu recognized in other comprehensive income by the Group were RMB54,841,600.00, RMB30,912.23 and RMB106,400,000.00, respectively.

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

RMB

Item	Price fluctuation	Effect on other comprehensive income and shareholders' equity	
		Amount recognized in the current year	Amount recognized in the prior year
Other equity instrument investments			
Wan Xin Media	Stock prices rise 5%	32,344,080.00	29,602,000.00
HGZN	Stock prices rise 5%	40,723.50	39,177.89
Bank of Chengdu	Stock prices rise 5%	48,000,000.00	42,680,000.00
Other equity instrument investments			
Wan Xin Media	Stock prices fall 5%	(32,344,080.00)	(29,602,000.00)
HGZN	Stock prices fall 5%	(40,723.50)	(39,177.89)
Bank of Chengdu	Stock prices fall 5%	(48,000,000.00)	(42,680,000.00)

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

Notes to the Financial Statements

For the year ended 31 December 2021

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

1.2 Credit risk

As at 31 December 2021, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties. The Group's credit risk is mainly attributable to the carrying amounts of financial assets such as cash and bank balance, accounts receivable, notes receivable, financing receivables, other receivables, long-term receivables, other current assets (term deposits) and other non-current assets (term deposits), etc.

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

Please refer to Note (III) 10.2 for specific methods of assessing whether credit risk has increased significantly since initial recognition, the basis for determining credit impairment of financial assets, the method for assessing expected credit losses on a collective basis and the accounting policies for direct write-down of financial assets.

As the cash and bank balance, other current assets (term deposits) and other non-current assets (term deposits) of the Group are deposited with banks with high credit ratings, and that the financing receivables are acceptance bills of banks with high credit ratings, the management considers the credit risk of such financial assets is limited.

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS *(Continued)*

Notes to the Financial Statements

For the year ended 31 December 2021

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

1.2 Credit risk *(Continued)*

The following sets out the credit risk exposure of the financial assets of the Group:

		<i>RMB</i>
Item	Future 12-month/lifetime expected credit losses	Book balance 31 December 2021
Financial assets measured at amortized cost:		
Bank and cash	Future 12-month expected credit losses	6,040,029,278.72
Contract assets	Lifetime expected credit losses (not credit-impaired)	34,660,471.53
	Lifetime expected credit losses (credit-impaired)	–
Accounts receivable	Lifetime expected credit losses (not credit-impaired)	1,623,399,614.62
	Lifetime expected credit losses (credit-impaired)	504,984,525.65
Notes receivable	Lifetime expected credit losses (not credit-impaired)	10,545,962.27
	Lifetime expected credit losses (credit-impaired)	–
Other receivables	Future 12-month expected credit losses	101,992,549.69
	Lifetime expected credit losses (not credit-impaired)	–
	Lifetime expected credit losses (credit-impaired)	19,517,119.38
Long-term receivables (including those expected to be recovered within one year)	Lifetime expected credit losses (not credit-impaired)	159,867,930.27
	Lifetime expected credit losses (credit-impaired)	212,954,219.28
Other current assets (term deposits)	Future 12-month expected credit losses	401,229,999.89
Other non-current assets (term deposits)	Future 12-month expected credit losses	658,653,810.14
Financial assets at FVTOCI:		
Financing receivables	Lifetime expected credit losses (not credit-impaired)	5,132,438.00

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS *(Continued)*

Notes to the Financial Statements

For the year ended 31 December 2021

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

1.2 Credit risk *(Continued)*

Accounts receivable

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

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

Aging	Balance at the end of the current year			Balance at the end of the prior year		
	Expected average	Amount	Credit loss provision	Expected average	Amount	Credit loss provision
	loss rate			loss rate		
Within 1 year	12.23%	1,623,399,614.62	198,507,069.96	11.88%	1,692,271,225.55	201,121,723.66
1-2 years	47.50%	249,522,673.55	118,531,070.28	59.02%	233,683,796.55	137,927,039.54
2-3 years	100.00%	127,972,595.20	127,972,595.20	100.00%	63,142,430.17	63,142,430.17
More than 3 years	100.00%	127,489,256.90	127,489,256.90	100.00%	97,111,418.39	97,111,418.39
Total		2,128,384,140.27	572,499,992.34		2,086,208,870.66	499,302,611.76

The expected average rate of loss above is based on historical rate of bad debt, and takes into account of current circumstances and projections on future economic conditions. In 2021 and 2020, the Group's assessment method and significant assumptions did not change.

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS *(Continued)*



Notes to the Financial Statements

For the year ended 31 December 2021

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

1.2 Credit risk *(Continued)*

Accounts receivable (Continued)

Changes in credit loss provision for accounts receivable:

RMB

	Full lifetime expected credit loss (not credit-impaired)	Full lifetime expected credit loss (credit-impaired)	Total
Balance as at 1 January 2021	189,093,706.24	310,208,905.52	499,302,611.76
Provision for the current year			
– by combination	26,706,877.76	62,680,761.78	89,387,639.54
Provision for the current year			
– by single items	–	27,593,964.40	27,593,964.40
Reversal for the current year	(17,293,514.04)	(26,490,709.32)	(43,784,223.36)
Write-off/reversal for the current year	–	–	–
Balance as at 31 December 2021	198,507,069.96	373,992,922.38	572,499,992.34

Other receivables

Credit loss provision for other receivables:

RMB

Credit loss provision	Stage 1	Stage 2	Stage 3	Total
	Future 12-month expected credit losses	Lifetime expected credit losses (not credit- impaired)	Lifetime expected credit losses (credit-impaired)	
Balance as at 1 January 2021	4,086,964.45	–	13,972,623.07	18,059,587.52
Provision for the current year	10,325.03	–	5,500,639.05	5,510,964.08
Reversal for the current year	(3,170,441.02)	–	(531,484.95)	(3,701,925.97)
Write-off for the current year	–	–	–	–
Balance as at 31 December 2021	926,848.46	–	18,941,777.17	19,868,625.63

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS *(Continued)*

Notes to the Financial Statements

For the year ended 31 December 2021

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

1.2 Credit risk *(Continued)*

Long-term receivables (including those expected to be recovered within one year)

The long-term receivables (including those expected to be recovered within one year) of the Group refer to the receivables are all from the government authorities and schools. The management conducts risk assessment on a single customer and makes provision for credit loss. The provision for credit loss of long-term receivables is as follows:

	<i>RMB</i>		
Credit loss provision	Lifetime expected credit losses (not credit-impaired)	Lifetime expected credit losses (credit-impaired) (Note)	Total
Balance as at 1 January 2021	-	-	-
Provision for the current year			
– by single items	-	57,048,505.53	57,048,505.53
Reversal for the current year	-	-	-
Write-off for the current year	-	-	-
Balance as at 31 December 2021	-	57,048,505.53	57,048,505.53

Note: The Group adopts the method of providing credit losses on a single-asset basis for long-term receivables of the education informatized business. If the principal of the project is defaulted by the client at the point in time of the contractual payment, it indicates that the long-term receivables are credit-impaired.

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS *(Continued)*



Notes to the Financial Statements

For the year ended 31 December 2021

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

1.3 Liquidity risk

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

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

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

End of the current year

Item				<i>RMB</i>
	Within 1 year	1 to 5 years	More than 5 years	Total
Notes payables	45,285,599.60	-	-	45,285,599.60
Accounts payable	5,406,581,179.99	-	-	5,406,581,179.99
Other payables	386,886,795.47	-	-	386,886,795.47
Lease liabilities	116,688,823.47	239,712,817.85	52,352,967.92	408,754,609.24
Total	5,955,442,398.53	239,712,817.85	52,352,967.92	6,247,508,184.30

End of the prior year

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

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS *(Continued)*

Notes to the Financial Statements

For the year ended 31 December 2021

2. Transfer of financial assets

At the end of the current year, the amount of bank acceptance bills that the Group had endorsed but not yet due was RMB13,333,989.22 (31 December 2020: RMB26,888,870.21), which was the accounts payable to the suppliers. The Group believes that substantially all the risks and rewards of the endorsed notes receivable have been transferred to the suppliers. Therefore, these endorsed notes receivable were derecognized. In the event that the accepting bank fails to accept the notes due, the Group is jointly and severally liable for the notes receivable in accordance with the relevant PRC laws and regulations. The Group considers that the accepting bank is of sound reputation and the risk of non-payment by the accepting bank on due date is remote.

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

At the end of the current year, all notes receivable endorsed to suppliers will be due within twelve months from the end of the balance sheet date.

Notes to the Financial Statements

For the year ended 31 December 2021

(X) DISCLOSURE OF FAIR VALUE

1. Fair value

1.1 Financial assets measured at fair value on a recurring basis

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

Financial assets	Fair value		Fair value hierarchy	Valuation method and inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value	RMB
	Balance at the end of the current year	Balance at the end of the prior year					
Held-for-trading financial assets – shares of A share listed companies	20,945.15	10,463.20	Level 1	Quoted prices in active markets	N/A	N/A	
Other equity instrument investments – shares of A share listed company – Wan Xin Media	646,881,600.00	592,040,000.00	Level 1	Quoted prices in active markets	N/A	N/A	
Other equity instrument investments – shares of A share listed company – HGZN	814,470.06	783,557.83	Level 1	Quoted prices in active markets	N/A	N/A	
Other equity instrument investments – shares of A share listed company – Bank of Chengdu	960,000,000.00	853,600,000.00	Level 1	Quoted prices in active markets	N/A	N/A	
Held-for-trading financial assets – bank wealth management products	-	6,500,000.00	Level 2	Calculated based on a discounted cash flow model, the input values are EUR/USD spot exchange rates.	N/A	N/A	

Notes to the Financial Statements

For the year ended 31 December 2021

(X) DISCLOSURE OF FAIR VALUE (Continued)

1. Fair value (Continued)

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

Financial assets	Fair value		Fair value hierarchy	Valuation method and inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value	RMB
	Balance at the end of the current year	Balance at the end of the prior year					
Financing receivables – bank acceptance bills	-	6,201,191.14	Level 2	Calculated based on a discounted cash flow model, the input values are discount rates for bank acceptance bills in the same term.	N/A		
Financing receivables – bank acceptance bills	5,132,438.00	-	Level 3	Discounted cash flow. Future cash flow is estimated based on expected recoverable amount and discounted at the rate determined by the management based on the best estimate of expected future risk level.	<ul style="list-style-type: none"> Expected recoverable amount Discount rate in line with expected risk level 	<ul style="list-style-type: none"> The higher the expected recoverable amount, the higher the fair value; The lower the discount rate, the higher the fair value. 	
Other equity instrument investments – others	375,393.81	375,393.81	Level 3	Discounted cash flow. Future cash flow is estimated based on expected recoverable amount and discounted at the rate determined by the management based on the best estimate of expected future risk level.	<ul style="list-style-type: none"> Expected recoverable amount Discount rate in line with expected risk level 	<ul style="list-style-type: none"> The higher the expected recoverable amount, the higher the fair value; The lower the discount rate, the higher the fair value. 	

Notes to the Financial Statements

For the year ended 31 December 2021

(X) DISCLOSURE OF FAIR VALUE (Continued)

1. Fair value (Continued)

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

Financial assets	Fair value Balance at the end of the current year	Fair value hierarchy	Valuation method and inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value	RMB
Other non-current financial assets – CITIC Buyout Investment Fund (Shenzhen) (Limited Partnership)	195,611,536.30	Level 3	Market approach, method of discounted future cash flow	<ul style="list-style-type: none"> Price earnings ratio, price sales ratio, liquidity discount Discount rate in line with expected risk level 	<ul style="list-style-type: none"> The higher the price earnings ratio and price sales ratio, the higher the fair value; The lower the liquidity discount, the higher the fair value The lower the discount rate, the higher the fair value 	
Other non-current financial assets – Winshare Hengxin (Shenzhen) Equity Investment Fund (Limited Partnership)	266,629,597.40	Level 3	Adjusted quoted prices in active markets, method of discounted future cash flow	<ul style="list-style-type: none"> Liquidity discount Discount rate in line with expected risk level 	<ul style="list-style-type: none"> The lower the liquidity discount, the higher the fair value The lower the discount rate, the higher the fair value 	
Other non-current financial assets – Qingdao Goldstone Zhixin Investment Center (Limited Partnership)	106,766,123.51	Level 3	Discounted cash flow. Future cash flow is estimated based on expected recoverable amount and discounted at the rate determined by the management based on the best estimate of expected future risk level.	<ul style="list-style-type: none"> Expected recoverable amount Discount rate in line with expected risk level 	<ul style="list-style-type: none"> The higher the expected recoverable amount, the higher the fair value; The lower the discount rate, the higher the fair value 	

Notes to the Financial Statements

For the year ended 31 December 2021

(X) DISCLOSURE OF FAIR VALUE (Continued)

1. Fair value (Continued)

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

Financial assets	Fair value		Fair value hierarchy	Valuation method and inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value
	Balance at the end of the current year	Balance at the end of the prior year				
Other non-current financial assets – Ningbo Meishan Free Trade Port Winshare Dingsheng Equity Investment Partnership (Limited Partnership)	151,040,338.58	141,315,686.57	Level 3	Adjusted quoted prices in active markets, method of discounted future cash flow	<ul style="list-style-type: none"> Liquidity discount Discount rate in line with expected risk level 	<ul style="list-style-type: none"> The lower the liquidity discount, the higher the fair value The lower the discount rate, the higher the fair value
Other non-current financial assets – Xinhua Internet	3,000,000.00	3,000,000.00	Level 3	Discounted cash flow. Future cash flow is estimated based on expected recoverable amount and discounted at the rate determined by the management based on the best estimate of expected future risk level.	<ul style="list-style-type: none"> Expected recoverable amount Discount rate in line with expected risk level 	<ul style="list-style-type: none"> The higher the expected recoverable amount, the higher the fair value; The lower the discount rate, the higher the fair value



Notes to the Financial Statements

For the year ended 31 December 2021

(X) DISCLOSURE OF FAIR VALUE *(Continued)*

1. Fair value *(Continued)*

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

1.1.1 Reconciliation of Level 3 fair value measurements

	<i>RMB</i>	
	In the current year	In the prior year
1 January 2021	681,256,012.07	627,811,803.52
Included in gains or losses arising from changes in fair value in the current year	71,683,305.72	101,623,609.80
Additions in the current year	18,954,697.15	125,369,501.66
Disposals in the current year	(43,338,587.34)	(173,548,902.91)
31 December 2021	728,555,427.60	681,256,012.07

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

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

Notes to the Financial Statements

For the year ended 31 December 2021

(XI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent of the Company

RMBO'000

Name of the parent	Type of the entity	Place of incorporation	Legal representative	Nature of business	Registered capital	Proportion of the Company's ownership interest held by the parent (%)	Proportion of the Company's voting power held by the parent (%)	Ultimate controlling party of the Company	Unified social credit code
Sichuan Xinhua Publishing and Distribution Group	LLC	Chengdu	Luo Yong	Goods wholesale and retail, property lease, real estate, project investment	59,382.20	55.09 (Note)	55.09 (Note)	SASAC of Sichuan	915100007089237087

Note: Sichuan Xinhua Publishing and Distribution Group holds 592,809,525 promoter's shares of the Company, accounting for 48.05% of the total share capital of the Company. Sichuan Xinhua Publishing and Distribution Group holds 86,912,000 H shares of the Company, accounting for 7.04% of the total share capital of the Company, resulting in a total shareholding of 55.09% of the total share capital of the Company.

2. Subsidiaries of the Company

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

3. Joint ventures and associates of the Company

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

Information of joint ventures or associates which have had balances through related party transactions with the Group for the current year or for the prior year is as follows:

Name of joint ventures or associates	Relationship with the Company
The Commercial Press	Associate
Shanghai Jingjie	Associate
Winshare Venture Capital Investment Fund	Associate
Ren Min Eastern	Associate
Ming Bo Education	Associate
Xinhua Yingxuan	Associate
Tianxi Zhongda	Associate
Winshare BLOGIS	Associate
Hainan Phoenix	Associate
Winshare Yinshi	Associate
Hainan Publishing House	Joint venture
Liangshan Xinhua Winshare	Joint venture



Notes to the Financial Statements

For the year ended 31 December 2021

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

4. Other related parties

Name of other related parties	Relationship between other related parties and the Company
Sichuan Xinhua International Hotel Co., Ltd. ("Xinhua International Hotel")	Controlling shareholder's subsidiary
Sichuan Guanghan Sanxingdui Qushanyuan Cultural Ltd. ("Sanxingdui Qushanyuan Cultural")	Controlling shareholder's subsidiary
Sichuan Xinhua Cultural Property Service Co., Ltd. ("Xinhua Cultural")	Controlling shareholder's subsidiary
Sichuan Xinhua Haiyi Cultural Development Co., Ltd. ("Xinhua Haiyi")	Controlling shareholder's subsidiary
Sichuan Xinhua Haiyi Hotel Co., Ltd. ("Haiyi Hotel")	Controlling shareholder's subsidiary
Sichuan Xinhua Fanyue Culture Media Co., Ltd. ("Xinhua Fanyue")	Controlling shareholder's subsidiary
Sichuan Xinhua Lezhi Education Technology Co., Ltd. ("Xinhua Lezhi")	Controlling shareholder's subsidiary
Sichuan Xinhua Wanyun Technology Co., Ltd. ("Xinhua Wanyun")	Controlling shareholder's subsidiary
Chengdu Xinhua Chuangzhi Cultural Industry Investment Co., Ltd. ("Xinhua Chuangzhi")	Controlling shareholder's subsidiary
Sichuan Xinhua Cultural Land Group Co., Ltd.	Controlling shareholder's subsidiary
Sichuan Minzu Publishing House	Controlling shareholder's subsidiary
Sichuan Cultural Investment Group	Shareholder which exerts significant influence on the Company
Sichuan Cultural Investment Hengxi Property Management Co., Ltd. ("Hengxi Property")	Subsidiary of shareholder which exerts significant influence on the Company
Bank of Chengdu	Other enterprise over which the senior management of the Company has significant influence



Notes to the Financial Statements

For the year ended 31 December 2021

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

5. Related party transactions

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

Purchase of goods/receipt of services

					<i>RMB</i>	
Related party	Type of related party transaction	Details of related party transaction	Pricing and decision-making procedures of related party transactions	Amount incurred in the current year	Amount incurred in the prior year	
Xinhua International Hotel	Receipt of services	Receipt of hotel and conference services	Price negotiated by both parties	284,290.48	360,832.17	
Sanxingdui Qushanyuan Cultural	Receipt of services	Receipt of hotel and conference services	Price negotiated by both parties	147,205.66	179,419.25	
Xinhua Cultural	Receipt of services	Receipt of property management services	Price negotiated by both parties	13,999,486.69	12,160,809.93	
Hengxi Property	Receipt of services	Receipt of property management services	Price negotiated by both parties	3,268,365.05	3,293,889.35	
Ming Bo Education	Purchase of goods	Purchase of software and hardware	Price negotiated by both parties	22,478,156.21	16,124,315.29	
The Commercial Press	Purchase of goods	Purchase of books	Price negotiated by both parties	23,447,092.23	28,070,898.09	
Ren Min Eastern	Purchase of goods	Purchase of books	Price negotiated by both parties	2,650,840.26	3,475,388.06	
Hainan Publishing House	Purchase of goods	Purchase of books	Price negotiated by both parties	9,537,035.07	9,296,831.40	
Xinhua Haiyi	Receipt of services	Receipt of hotel and conference services	Price negotiated by both parties	176,550.45	186,513.11	
Haiyi Hotel	Receipt of services	Receipt of hotel and conference services	Price negotiated by both parties	86,976.41	225,215.09	
Winshare BLOGIS	Purchase of goods	Purchase of goods	Price negotiated by both parties	29,007.63	4,110.66	
Winshare BLOGIS	Receipt of services	Receipt of printing services	Price negotiated by both parties	3,560.00	-	
Xinhua Fanyue	Receipt of services	Receipt of services	Price negotiated by both parties	-	20,370.00	
Xinhua Wanyun	Purchase of goods	Purchase of goods	Price negotiated by both parties	1,715.66	2,869.81	
Sichuan Minzu Publishing House (Note)	Purchase of goods	Purchase of books	Price negotiated by both parties	4,963,464.09	N/A	
Sichuan Minzu Publishing House (Note)	Receipt of services	Receipt of copyright	Price negotiated by both parties	3,018.87	N/A	
Winshare Yinshi	Purchase of goods	Draft fees	Price negotiated by both parties	456,237.63	-	
Tianxi Zhongda	Purchase of goods	Purchase of books	Price negotiated by both parties	22,704,795.55	14,270,125.90	
Total				104,237,797.94	87,671,588.11	

Notes to the Financial Statements

For the year ended 31 December 2021

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

5. Related party transactions *(Continued)*

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

Sales of goods/provision of services

					<i>RMB</i>	
Related party	Type of related party transaction	Details of related party transaction	Pricing and decision-making procedures of related party transactions	Amount incurred in the current year	Amount incurred in the prior year	
Sichuan Xinhua Publishing and Distribution Group	Sales of goods	Sales of books	Price negotiated by both parties	117,464.84	736,409.39	
Sichuan Xinhua Publishing and Distribution Group	Provision of services	Provision of advertising design and production services	Price negotiated by both parties	576,839.32	-	
Haiyi Hotel	Sales of goods	Sales of books	Price negotiated by both parties	2,729.36	-	
Xinhua Wanyun	Provision of services	Provision of services	Price negotiated by both parties	2,228.77	-	
Liangshan Xinhua Winshare	Sales of goods	Sales of books	Price negotiated by both parties	78,045.09	288,723.49	
Xinhua Fanyue	Sales of goods	Sales of goods	Price negotiated by both parties	1,183.49	11,324.95	
Sichuan Xinhua Cultural Land Group Co., Ltd.	Provision of services	Provision of design services	Price negotiated by both parties	6,490.57		
Hainan Phoenix	Provision of services	Provision of services	Price negotiated by both parties	-	200,260.00	
Winshare Yinshi	Sales of goods	Sales of books	Price negotiated by both parties	866,778.28	-	
Xinhua Lezhi	Provision of services	Provision of advertising services	Price negotiated by both parties	8,867.92	-	
Sichuan Minzu Publishing House (Note)	Sales of goods	Sales of paper	Price negotiated by both parties	2,603,069.64	N/A	
Tianxi Zhongda	Sales of goods	Sales of books	Price negotiated by both parties	8,147.17	-	
Tianxi Zhongda	Provision of services	Provision of copyright	Price negotiated by both parties	1,275,820.55	-	
Total				5,547,665.00	1,236,717.83	

Note: Sichuan Minzu Publishing House became a subsidiary of Sichuan Xinhua Publishing and Distribution Group and a related party of the Group on 14 December 2021.

Notes to the Financial Statements

For the year ended 31 December 2021

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

5. Related party transactions *(Continued)*

(2) Leases with related parties

Leases where the Group is the lessor:

						<i>RMB</i>	
Name of lessor	Name of lessee	Type of leased assets	Commencement date of leases	Expiration date of leases	Basis of determining the rent	Lease income recognized in the current year	Lease income recognized in the prior year
The Company	Sichuan Xinhua Publishing and Distribution Group	Buildings	2019.1.1	2021.12.31	Contractual price negotiated by both parties	1,214,451.43	1,268,721.70
The Company	Sichuan Xinhua Publishing and Distribution Group	Buildings	2020.11.1	2023.12.31	Contractual price negotiated by both parties	1,367,611.20	227,935.20
The Company	Xinhua Yingxuan	Buildings	2019.3.1	2021.2.28	Contractual price negotiated by both parties	401,910.19	299,413.92
Total						2,983,972.82	1,796,070.82

Notes to the Financial Statements

For the year ended 31 December 2021

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

5. Related party transactions *(Continued)*

(2) Leases with related parties *(Continued)*

Leases where the Group is the lessee:

							<i>RMB</i>	
Name of lessor	Name of lessee	Type of leased assets	Commencement date of leases	Expiration date of leases	Basis of determining the rent	Lease payment recognized in the current year	Lease payment recognized in the prior year	
Sichuan Xinhua Publishing and Distribution Group (Note 1)	The Group	Buildings	2019.1.1	2024.12.31	Contractual price negotiated by both parties	40,485,310.47	40,470,374.29	
Sichuan Cultural Investment Group (Note 2)	The Group	Buildings	2020.1.1	2022.12.31	Contractual price negotiated by both parties	11,894,678.74	11,906,695.52	
Winshare Venture Capital Investment Fund (Note 3)	The Group	Buildings	2020.6.1	2023.5.31	Contractual price negotiated by both parties	817,358.40	583,827.43	
Total						53,197,347.61	52,960,897.24	

Note 1: During the current year, the Company rented buildings from Sichuan Xinhua Publishing and Distribution Group. The decrease in right-of-use assets amounting to RMB248,143.29 arising from lease modification was recognized; whereas depreciation of right-of-use assets amounting to RMB34,916,240.28 was recognized.

Note 2: During the current year, the Company rented buildings from Sichuan Cultural Investment Group. The decrease in right-of-use assets amounting to RMB18,720.55 arising from lease modification was recognized, whereas depreciation of right-of-use assets amounting to RMB11,132,486.52 was recognized.

Note 3: During the current year, the Company rented buildings from Winshare Venture Capital Investment Fund. Depreciation of right-of-use assets amounting to RMB766,420.44 was recognized during the current year.

Notes to the Financial Statements

For the year ended 31 December 2021

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

5. Related party transactions *(Continued)*

(3) Advance payments from a related party

Name of entity	Amount recognized in the current year		Amount recognized in the prior year	
	Advance payments	Interest expenses	Advance payments	Interest expenses
	Winshare BLOGIS (Note)	4,601,180.64	15,003.44	6,361,936.11

Note: The interest expenses incurred during the current year amounted to RMB15,003.44 in aggregate and represented the advance payment of Winshare BLOGIS for Beijing Commercial Supermarket of RMB4,601,180.64.

(4) Compensation for key management personnel

Item	Amount recognized in the current year	Amount recognized in the prior year
Compensation for key management personnel	8,128,294.83	8,211,089.37

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



Notes to the Financial Statements

For the year ended 31 December 2021

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

5. Related party transactions *(Continued)*

(5) Remuneration for directors and supervisors and staff of top five remunerations

Details of remunerations for directors and supervisors for the current year are as follows:

RMB'000

	Director		Supervisor	
	Amount recognized in the current year	Amount recognized in the prior year	Amount recognized in the current year	Amount recognized in the prior year
Emoluments	1,015	821	190	190
Other remunerations:				
Salaries and allowances	68	34	520	467
Performance linked bonus	–	–	479	443
Retirement benefit contribution	55	15	118	96
Subtotal	123	49	1,116	1,007
Total	1,138	870	1,307	1,196

Notes to the Financial Statements

For the year ended 31 December 2021

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

5. Related party transactions *(Continued)*

(5) Remuneration for directors and supervisors and staff of top five remunerations *(Continued)*

(a) Independent non-executive directors

Emoluments and other remunerations paid to independent non-executive directors for the current year are as follows:

	Amount recognized in the current year			Amount recognized in the prior year		
	Emolument	Salaries and allowances	Total remuneration	Emolument	Salaries and allowances	Total remuneration
Independent non-executive directors:						
Mr. Fang Bingxi	160	30	190	160	21	181
Mr. Chan Yuk Tong	280	-	280	280	-	280
Ms. Xiao Liping	-	-	-	-	-	-
Total	440	30	470	440	21	461

The remunerations for the above independent non-executive directors are remunerations paid for their services as the Company's directors.

There are no other remunerations payable to independent non-executive directors for the current year and the prior year.



Notes to the Financial Statements

For the year ended 31 December 2021

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

5. Related party transactions *(Continued)*

(5) Remuneration for directors and supervisors and staff of top five remunerations *(Continued)*

(b) Executive and non-executive directors

RMB'000

	Amount recognized in the current year				Total remuneration
	Emolument	Salaries and allowances	Performance linked bonus	Retirement benefit contribution	
Executive directors:					
Mr. He Zhiyong (Note 1)	485	29	-	55	569
Mr. Chen Yunhua (Note 2)	-	-	-	-	-
Mr. Luo Yong (Chairman) (Note 3) (Note 4)	-	-	-	-	-
Mr. Liu Longzhang (Note 3) (Note 4)	-	-	-	-	-
Subtotal	485	29	-	55	569
Non-executive directors:					
Mr. Dai Weidong (Note 2) (Note 4)	-	-	-	-	-
Mr. Luo Jun (Note 3)	-	-	-	-	-
Mr. Zhang Peng (Note 2)	-	-	-	-	-
Mr Han Xiaoming	90	9	-	-	99
Subtotal	90	9	-	-	99
Total	575	38	-	55	668

Notes to the Financial Statements

For the year ended 31 December 2021

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

5. Related party transactions *(Continued)*

(5) Remuneration for directors and supervisors and staff of top five remunerations *(Continued)*

(b) Executive and non-executive directors *(Continued)*

	<i>RMB'000</i>				
	Amount recognized in the prior year				
	Emolument	Salaries and allowances	Performance linked bonus	Retirement benefit contribution	Total remuneration
Executive directors:					
Mr. He Zhiyong (Chairman) (Note 1)	291	13	–	15	319
Mr. Chen Yunhua (Note 2)	–	–	–	–	–
Subtotal	291	13	–	15	319
Non-executive directors:					
Mr. Luo Jun (Note 3)	–	–	–	–	–
Mr. Zhang Peng (Note 2)	–	–	–	–	–
Mr. Han Xiaoming	90	–	–	–	90
Subtotal	90	–	–	–	90
Total	381	13	–	15	409

Note 1: The emoluments of this director were paid by the Company from October 2020 to May 2021, which were previously paid by Sichuan Xinhua Publishing and Distribution Group. This director resigned as chairman of the Company in May 2021.

Note 2: The emoluments of this director were paid by Sichuan Cultural Investment Group, which is wholly owned by Sichuan Development Holding Co., Ltd. ("**Sichuan Development**"). The Group did not pay any remuneration to this director during the current year and the prior year.

Note 3: The emoluments of this director were paid by Sichuan Xinhua Publishing and Distribution Group and no emoluments were paid by the Group to this director during the current year and prior year.

The remunerations for the above executive directors are mainly remunerations paid for their services provided for the management of the Company and the Group.

The remunerations for the above non-executive directors are remunerations paid for their services as the Company's directors.

Notes to the Financial Statements

For the year ended 31 December 2021

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

5. Related party transactions *(Continued)*

(5) Remuneration for directors and supervisors and staff of top five remunerations *(Continued)*

(c) Supervisors

RMB'000

	Amount recognized in the current year				Total remuneration
	Emolument	Salaries and allowances	Performance linked bonus	Retirement benefit contribution	
Supervisors					
Mr. Tang Xiongxing (Note 5)	-	-	-	-	-
Ms. Lan Hong	-	244	256	59	559
Mr. Li Xu	70	24	-	-	94
Ms. Liu Mixia	70	21	-	-	91
Ms. Wang Yan	-	216	223	59	498
Mr. Chao Hsun	50	15	-	-	65
Total	190	520	479	118	1,307

RMB'000

	Amount recognized in the prior year				Total remuneration
	Emolument	Salaries and allowances	Performance linked bonus	Retirement benefit contribution	
Supervisors:					
Mr. Tang Xiongxing (Note 5)	-	-	-	-	-
Ms. Lan Hong	-	215	252	48	515
Mr. Li Xu	70	18	-	-	88
Ms. Liu Mixia	70	18	-	-	88
Ms. Wang Yan	-	198	191	48	437
Mr. Chao Hsun	50	18	-	-	68
Total	190	467	443	96	1,196

Note 5: The emoluments of this supervisor were paid by Sichuan Cultural Investment Group. The Group did not pay any remuneration to this supervisor during the current year and the prior year.

Notes to the Financial Statements

For the year ended 31 December 2021

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

5. Related party transactions *(Continued)*

(5) Remuneration for directors and supervisors and staff of top five remunerations *(Continued)*

(c) Supervisors *(Continued)*

During the current year, the remuneration of the above directors and supervisors fell within the range of nil to HK\$500,000.00 (equivalent to RMB408,000.00), except for two supervisors and one director whose remuneration fell within the range of HK\$500,000.00 (equivalent to RMB408,000.00) to HK\$1,000,000.00 (equivalent to RMB816,100.00).

During the prior year, the remuneration of the above directors and supervisors fell within the range of nil to HK\$500,000.00 (equivalent to RMB420,800.00), except for two supervisors whose remuneration fell within the range of HK\$500,000.00 (equivalent to RMB420,800.00) to HK\$1,000,000.00 (equivalent to RMB841,600.00).

(d) Staff of top five remunerations

During the current year and the prior year, the Group's staff of top five remunerations were not directors or supervisors of the Company. The remuneration of the highest paid staff is set out as follows:

	<i>RMB'000</i>	
	Amount recognized in the current year	Amount recognized in the prior year
Salaries, allowances and benefits-in-kind	2,502	2,188
Performance linked bonus	5,654	5,369
Retirement benefit contribution	295	241
Total	8,451	7,798

During the current year, the remuneration of the above highest paid staff fell within the range of HK\$1,500,000.00 (equivalent to RMB1,224,200.00) to HK\$2,000,000.00 (equivalent to RMB1,632,300.00), except for one individual whose remuneration fell within the range of HK\$2,000,000.00 (equivalent to RMB1,632,300.00) to HK\$2,500,000.00 (equivalent to RMB2,040,400.00).

During the prior year, the remuneration of the above highest paid staff fell within the range of HK\$1,500,000.00 (equivalent to RMB1,262,400.00) to HK\$2,000,000.00 (equivalent to RMB1,683,200.00), except for one individual whose remuneration fell within the range of HK\$2,000,000.00 (equivalent to RMB1,683,200.00) to HK\$2,500,000.00 (equivalent to RMB2,104,000.00).



Notes to the Financial Statements

For the year ended 31 December 2021

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

6. Amount due to/from related parties

		<i>RMB</i>	
Item	Related party	Balance at the end of the current year	Balance at the end of the prior year
Accounts receivable	Winshare Yinshi	944,788.32	–
	Shanghai Jingjie	195,984.00	195,984.00
	Liangshan Xinhua Winshare	200,000.00	312,500.00
	Xinhua Wanyun	140,000.00	140,000.00
	Sichuan Minzu Publishing House	25,923,965.20	N/A
Total		27,404,737.52	648,484.00
Prepayments	Ming Bo Education	179,459.35	–
Total		179,459.35	–
Other receivables	Shanghai Jingjie	26,478.80	26,478.80
	Xinhua Yingxuan	351,671.42	314,384.62
	Sichuan Minzu Publishing House	200,000.00	N/A
Total		578,150.22	340,863.42

Notes to the Financial Statements

For the year ended 31 December 2021

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

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

		<i>RMB</i>	
Item	Related party	Balance at the end of the current year	Balance at the end of the prior year
Accounts payable	The Commercial Press	13,059,402.86	12,562,642.62
	Ming Bo Education	–	144,373.83
	Hainan Publishing House	156,028.16	1,783,709.54
	Liangshan Xinhua Winshare	2,038,599.35	2,038,599.50
	Ren Min Eastern	2,512,349.38	1,032,448.12
	Winshare BLOGIS	1,632.16	180.69
	Xinhua Wanyun	1,715.66	1,188.68
	Sichuan Minzu Publishing House	66,925,196.27	N/A
	Tianxi Zhongda	30,680,807.36	15,554,437.23
Total		115,375,731.20	33,117,580.21
Notes payable	Ming Bo Education	–	6,145,870.00
	Total	–	6,145,870.00
Contract liabilities	Ming Bo Education	–	–
	Sichuan Xinhua Publishing and Distribution Group	–	52,895.75
	Total	–	52,895.75
Other payables	Ming Bo Education	13,440,862.08	1,540,862.08
	Xinhua Cultural	2,549,568.37	2,282,113.71
	Xinhua Chuangzhi	–	38,696,055.85
	Winshare BLOGIS	3,000.00	4,714,542.82
	Sichuan Cultural Investment Group	–	971,845.40
Total		15,993,430.45	48,205,419.86



Notes to the Financial Statements

For the year ended 31 December 2021

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

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

		<i>RMB</i>	
Item	Related party	Balance at the end of the current year	Balance at the end of the prior year
Non-current liabilities due within one year	Sichuan Xinhua Publishing and Distribution Group	35,628,544.63	34,045,456.57
	Sichuan Cultural Investment Group	11,659,581.46	11,130,484.13
	Winshare Venture Capital Investment Fund	787,320.65	750,867.61
Total		48,075,446.74	45,926,808.31
Lease liabilities	Sichuan Xinhua Publishing and Distribution Group	76,530,128.56	112,378,231.45
	Sichuan Cultural Investment Group	–	11,670,845.13
	Winshare Venture Capital Investment Fund	202,731.47	990,052.09
Total		76,732,860.03	125,039,128.67

7. Transactions with Bank of Chengdu and closing balance

According to the regulations of the Administrative Measures for the Disclosure of Information of Listed Companies, as You Zugang, the secretary to the board of directors of the Company, also serves as the director of Bank of Chengdu, Bank of Chengdu is the related party of the Company. The Group's transactions with Bank of Chengdu within the current year and the closing balance are detailed as follows:

(1) Dividend income

		<i>RMB</i>		
	Current year		Prior year	
	Amount	Proportion (%)	Amount	Proportion (%)
	36,800,000.00	32.83	33,600,000.00	19.81

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

Notes to the Financial Statements

For the year ended 31 December 2021

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

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

(2) Interest income

Current year		Prior year	
Amount	Proportion (%)	Amount	Proportion (%)
13,824,347.95	14.33	1,476,226.42	2.27

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

(3) Amount due to/from

Item	Balance at the end of the current year	Balance at the end of the prior year
Bank balances	432,944,487.76	242,868,911.17

(XII) CONTINGENCIES

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

(XIII) COMMITMENTS

Capital and other commitments

	Balance at the end of the current year	Balance at the end of the prior year
Commitment that are contracted but not yet recognized in the financial statements for acquisition and construction of long-term assets	60,306,402.21	82,333,269.43
Subscribed capital contribution commitments to joint venture	43,028,239.19	56,850,498.34
Total	103,334,641.40	139,183,767.77



Notes to the Financial Statements

For the year ended 31 December 2021

(XIV) EVENTS AFTER THE BALANCE SHEET DATE

At the board meeting held on 29 March 2022, the resolution regarding the profit distribution for 2021 was passed where the undistributed profit at the end of 2021 was distributed at the price of RMB0.32 (tax inclusive) and the proposed dividend amounted to RMB394,829,120.00 (tax inclusive). The resolution shall take effect upon obtaining approval at the annual general meeting for 2021 to be held in May 2022.

(XV) OTHER SIGNIFICANT EVENTS

1. Capital management

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2021

(XV) OTHER SIGNIFICANT EVENTS *(Continued)*

2. Segment reporting

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

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

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

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2021

(XV) OTHER SIGNIFICANT EVENTS (Continued)

2. Segment reporting (Continued)

(1) Segment reporting information

Current year						RMB
	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
External revenue	1,009,321,662.94	9,142,824,157.93	308,218,162.64	-	-	10,460,363,983.51
Inter-segment revenue	1,848,245,803.30	8,677,009.61	162,083,317.54	-	(2,019,006,130.45)	-
Total operating income	2,857,567,466.24	9,151,501,167.54	470,301,480.18	-	(2,019,006,130.45)	10,460,363,983.51
Operating profit (loss)	707,896,689.98	581,077,345.26	72,123,927.49	28,655,677.12	(34,125,201.58)	1,355,628,438.27
Non-operating income	578,390.07	2,611,082.73	1,179,535.32	-	-	4,369,008.12
Non-operating expenses	727,588.38	50,409,516.23	126,267.92	-	-	51,263,372.53
Total profit (loss)	707,747,491.67	533,278,911.76	73,177,194.89	28,655,677.12	(34,125,201.58)	1,308,734,073.86
Total assets	8,229,020,305.12	12,447,725,388.55	1,417,517,315.88	1,834,385,054.33	(5,154,702,273.00)	18,773,945,790.88
Total liabilities	3,456,045,005.70	8,643,319,588.21	521,821,666.74	45,810,739.35	(5,002,739,768.54)	7,664,257,231.46
Supplementary information						
Depreciation	17,099,113.60	215,512,517.69	23,812,318.85	-	-	256,423,950.14
Amortization	4,287,191.48	40,063,282.98	2,611,810.89	-	-	46,962,285.35
Interest income	1,468,619.80	107,857,361.25	428,727.76	-	-	109,754,708.81
Loss on credit impairment recognized in the current period	28,975,584.73	103,622,736.58	(543,397.09)	-	-	132,054,924.22
Impairment losses of assets recognized in the current period	18,592,027.43	29,803,341.64	-	-	-	48,395,369.07
Investment income from long-term equity investment under equity method	620,780.14	31,165,515.27	12,562,359.39	-	-	44,348,654.80
Long-term equity investments under equity method	21,562,537.51	619,184,249.97	114,057,088.60	-	-	754,803,876.08
Capital expenditure	6,004,548.82	286,223,649.95	1,236,591.68	-	-	293,464,790.45
Including: Construction in progress expense	105,378.76	163,552,195.16	-	-	-	163,657,573.92
Expenditure arising from purchase of fixed assets	1,414,150.37	85,816,035.11	1,125,795.23	-	-	88,355,980.71
Expenditure arising from purchase of intangible assets	2,484,011.76	11,708,154.39	110,796.45	-	-	14,302,962.60
Development cost	2,001,007.93	25,147,265.29	-	-	-	27,148,273.22

Notes to the Financial Statements

For the year ended 31 December 2021

(XV) OTHER SIGNIFICANT EVENTS (Continued)

2. Segment reporting (Continued)

(1) Segment reporting information (Continued)

Prior year						RMB
	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
External revenue	837,043,013.24	7,903,362,375.69	267,651,165.34	-	-	9,008,056,554.27
Inter-segment revenue	1,626,008,893.88	8,935,385.51	141,415,871.56	-	(1,776,360,150.95)	-
Total operating income	2,463,051,907.12	7,912,297,761.20	409,067,036.90	-	(1,776,360,150.95)	9,008,056,554.27
Operating profit	644,015,860.41	505,089,489.57	63,168,659.41	70,826,960.07	25,955,520.53	1,309,056,489.99
Non-operating income	7,994,922.35	12,238,767.66	205,258.11	-	-	20,438,948.12
Non-operating expenses	459,715.40	77,870,023.64	201.25	-	-	78,329,940.29
Total profit	651,551,067.36	439,458,233.59	63,373,716.27	70,826,960.07	25,955,520.53	1,251,165,497.82
Total assets	7,371,667,566.98	11,186,850,518.16	1,353,835,243.58	1,661,074,111.66	(4,604,591,429.80)	16,968,836,010.58
Total liabilities	2,916,032,420.21	7,926,779,537.40	533,620,715.55	51,007,446.99	(4,486,754,126.91)	6,940,685,993.24
Supplementary information						
Depreciation	18,567,984.12	157,167,861.58	28,762,545.67	-	-	204,498,391.37
Amortization	4,780,270.46	45,174,173.42	2,645,226.02	-	-	52,599,669.90
Interest income	1,374,739.76	75,927,465.95	761,807.70	-	-	78,064,013.41
Loss on credit impairment recognized in the current period	17,972,499.80	123,643,050.79	2,901,846.99	-	-	144,517,397.58
Impairment losses of assets recognized in the current period	32,049,043.11	36,078,004.53	467,447.26	-	-	68,594,494.90
Investment gains from long-term equity investment under equity method	825,551.63	21,990,940.13	44,267,165.08	-	-	67,083,656.84
Long-term equity investments under equity method	20,949,757.36	595,445,059.71	101,494,729.21	-	-	717,889,546.28
Capital expenditure	8,523,451.78	252,914,152.65	1,940,977.24	-	-	263,378,581.67
Including: Construction in progress expense	120,205.80	21,356,636.43	-	-	-	21,476,842.23
Expenditure arising from purchase of fixed assets	3,409,610.38	211,820,665.53	1,940,977.24	-	-	217,171,253.15
Expenditure arising from purchase of intangible assets	2,931,257.33	5,302,032.10	-	-	-	8,233,289.43
Development cost	2,062,378.27	14,434,818.59	-	-	-	16,497,196.86



Notes to the Financial Statements

For the year ended 31 December 2021

(XV) OTHER SIGNIFICANT EVENTS *(Continued)*

2. Segment reporting *(Continued)*

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

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

(3) Concentration on major customers

The Group's revenue from its single largest customer for the current year is RMB1,050,094,376.09 (prior year: RMB1,011,905,166.86), which is attributable to the distribution segment. Apart from the aforesaid single largest customer, the Group has no external customer from which the revenue accounts for 10% or more of the total revenue in the current year and prior year.

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



Notes to the Financial Statements

For the year ended 31 December 2021

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

1. Cash and bank balances

Item	Balance at the end of the current year			Balance at the end of the prior year		
	Amounts of the		Amount in RMB	Amounts of the		Amount in RMB
	original currencies	Exchange rate		original currencies	Exchange rate	
Cash on hand:						
RMB	1,231,520.24	1.0000	1,231,520.24	1,699,308.10	1.0000	1,699,308.10
Bank balances:						
RMB (Note 1)	4,811,424,005.37	1.0000	4,811,424,005.37	4,233,225,124.54	1.0000	4,233,225,124.54
USD	4,500.00	6.3757	28,690.65	4,499.54	6.5249	29,359.05
HKD	95,946.49	0.8176	78,445.85	35,578.73	0.8416	29,943.06
Other cash and bank balances:						
RMB (Note 2)	7,853,039.52	1.0000	7,853,039.52	7,838,902.24	1.0000	7,838,902.24
Total			4,820,615,701.63			4,242,822,636.99

Note 1: At the end of the current year, the bank balances include 3-month above term deposits amounting to RMB2,390,000,000.00 (31 December 2020: RMB1,678,331,780.82) with an interest rate of 2.05%-3.85%. During the current year, the management held the term deposit with the intention of flexible arrangement of funds and withdrew funds at any time depending on the capital needs.

Note 2: At the end of the current year, other cash and bank balances include the balances with Alipay App account and WeChat App account of RMB161,005.64, and the remaining are restricted currency funds. Restricted currency funds are set out in Note (XVI) 37.



Notes to the Financial Statements

For the year ended 31 December 2021

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

2. Accounts receivable

(1) Disclosure of accounts receivable by aging:

RMB

Aging	Balance at the end of the current year				Balance at the end of the prior year			
	Amount	Proportion (%)	Credit loss provision	Carrying amount	Amount	Proportion (%)	Credit loss provision	Carrying amount
Within 1 year	915,177,925.12	90.62	133,880,110.32	781,297,814.80	881,457,057.87	89.14	151,173,624.37	730,283,433.50
More than 1 year but not exceeding 2 years	43,744,660.65	4.33	35,190,004.94	8,554,655.71	55,672,174.64	5.63	38,329,698.66	17,342,475.98
More than 2 years but not exceeding 3 years	8,917,953.15	0.88	8,917,953.15	-	8,811,936.05	0.89	8,811,936.05	-
More than 3 years	42,045,619.32	4.16	42,045,619.32	-	42,887,220.23	4.34	42,887,220.23	-
Total	1,009,886,158.24	100.00	220,033,687.73	789,852,470.51	988,828,388.79	100.00	241,202,479.31	747,625,909.48

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

Credit loss provision in the current year is RMB2,842,045.96, and the reversal of credit loss provision is RMB24,010,837.54.

(3) Accounts receivable written off in the current year

No accounts receivable was actually written off for the current year.

Notes to the Financial Statements

For the year ended 31 December 2021

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

2. Accounts receivable *(Continued)*

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

RMB

Name of entity	Relationship with the Company	Balance at the end of the current year	Aging	Proportion of the amount to the total accounts receivable (%)	Closing balance of credit loss provision
Customer F	Subsidiary	266,323,021.92	Within 1 year, 1-2 years, 2-3 years	26.37	–
Customer G	Subsidiary	71,059,905.92	Within 1 year	7.04	–
Customer E	Third party	40,786,417.00	1-2 years, 2-3 years	4.04	26,248,703.17
Customer H	Third party	22,000,000.00	Within 1 year, 2-3 years	2.18	767,608.59
Customer I	Third party	19,386,493.00	1-2 years, 2-3 years, more than 3 years	1.92	19,386,493.00
Total		419,555,837.84		41.55	46,402,804.76

Notes to the Financial Statements

For the year ended 31 December 2021

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

3. Prepayments

(1) Aging analysis of prepayments is as follow:

RMB

Aging	Balance at the end of the current year		Balance at the end of the prior year	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	11,580,434.81	95.50	31,474,882.47	95.86
1-2 years	13,276.25	0.11	838,302.45	2.55
2-3 years	92,161.64	0.76	50,000.00	0.15
More than 3 years	440,099.86	3.63	474,040.62	1.44
Total	12,125,972.56	100.00	32,837,225.54	100.00

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

(2) Top five entities with the largest balances of prepayments at the end of the year by subjects of prepayment

RMB

Name of entity	Relationship with the Company	Balance at the end of the current year	Aging	Proportion to total prepayments (%)	Reasons for unsettlement
Beijing Tong Jian Talent Intelligence System Engineering Technology Company Limited	Third party	3,303,023.68	Within 1 year	27.24	Goods not yet received
Howbon Construction Group Co., Ltd.	Third party	1,119,266.08	Within 1 year	9.23	Goods not yet received
Chengdu Dongjiang Printing Co., Ltd.	Third party	944,145.35	Within 1 year	7.79	Services not yet received
Sichuan Shibi Construction Engineering Co., Ltd.	Third party	688,073.40	Within 1 year	5.67	Goods not yet received
Guangdong Meika Cultural Music Video Co., Ltd.	Third party	617,620.96	Within 1 year	5.09	Goods not yet received
Total		6,672,129.47		55.02	

Notes to the Financial Statements

For the year ended 31 December 2021

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

4. Other receivables

4.1 Other receivables summary

(1) *Other receivables by categories*

<i>RMB</i>		
Item	Balance at the end of the current year	Balance at the end of the prior year
Dividends receivable	431,600,000.00	400,000,000.00
Other receivables	488,935,846.37	494,926,509.15
Total	920,535,846.37	894,926,509.15

4.2 Dividend receivables

(1) *Dividend receivables*

<i>RMB</i>		
Item	Balance at the end of the current year	Balance at the end of the prior year
Education Publishing House	350,000,000.00	300,000,000.00
Publication Printing	80,000,000.00	100,000,000.00
Ren Min Eastern	1,600,000.00	–
Total	431,600,000.00	400,000,000.00

(2) *Material dividend receivables aged over 1 year*

At the end of the current year, there were no dividend receivables aged over 1 year.



Notes to the Financial Statements

For the year ended 31 December 2021

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

4. Other receivables *(Continued)*

4.3 Other receivables

(1) Other receivables by aging:

RMB

Aging	Balance at the end of the current year				Balance at the end of the prior year			
	Amount	Proportion (%)	Credit loss provision	Carrying amount	Amount	Proportion (%)	Credit loss provision	Carrying amount
Within 1 year	349,246,172.17	70.55	114.00	349,246,058.17	329,225,563.93	65.73	207,512.04	329,018,051.89
More than 1 year but not exceeding 2 years	29,854,651.54	6.03	229,183.14	29,625,468.40	73,680,831.61	14.71	-	73,680,831.61
More than 2 years but not exceeding 3 years	72,158,788.27	14.58	-	72,158,788.27	30,628,857.78	6.12	-	30,628,857.78
More than 3 years	43,750,585.56	8.84	5,845,054.03	37,905,531.53	67,307,437.00	13.44	5,708,669.13	61,598,767.87
Total	495,010,197.54	100.00	6,074,351.17	488,935,846.37	500,842,690.32	100.00	5,916,181.17	494,926,509.15

(2) Credit loss provision for the current year

The amount of credit loss provision for the current year was RMB368,718.04, amount of credit loss provision reversed was RMB210,548.04.

(3) Other receivables actually written off in the current year

The Group had no other receivables actually written off in the current year.

Notes to the Financial Statements

For the year ended 31 December 2021

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

4. Other receivables (Continued)

4.3 Other receivables (Continued)

(4) Other receivables disclosed by their nature

RMB		
Nature of other receivables	Balance at the end of the current year	Balance at the end of the prior year
Other receivables from related parties	434,746,597.68	442,812,844.52
Deposit and security deposit	45,383,838.42	34,642,386.10
Petty cash	826,146.49	913,452.05
Others	14,053,614.95	22,474,007.65
Total	495,010,197.54	500,842,690.32

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

RMB					
Name of entity	Nature	Balance at the end of the current year	Aging	Proportion of the amount to the total other receivables (%)	Closing balance of credit loss provision
Printing Materials	Receivables from subsidiaries	179,641,625.00	Within 1 year, more than 3 years	36.29	-
Winshare Education Technology	Receivables from subsidiaries	82,405,875.02	Within 1 year, 1-2 years, 2-3 years, more than 3 years	16.65	-
Reader's Journal Press	Receivables from subsidiaries	38,385,837.89	Within 1 year, 1-2 years, 2-3 years, more than 3 years	7.75	-
Arts Investment	Receivables from subsidiaries	28,183,930.13	More than 3 years	5.69	-
Wenchuan Logistics	Receivables from subsidiaries	27,144,000.00	Within 1 year, 1-2 years, 2-3 years, more than 3 years	5.48	-
Total		355,761,268.04		71.86	-



Notes to the Financial Statements

For the year ended 31 December 2021

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

5. Inventories

(1) Categories of inventories

RMB

Item	Balance at the end of the current year			Balance at the end of the prior year		
	Book balance	Provision for impairment of inventories	Carrying amount	Book balance	Provision for impairment of inventories	Carrying amount
Goods on hand	883,700,819.18	106,926,742.54	776,774,076.64	699,119,192.80	97,581,049.90	601,538,142.90
Work-in-progress	-	-	-	858,437.29	-	858,437.29
Raw materials	5,714,134.02	-	5,714,134.02	3,693,856.00	-	3,693,856.00
Total	889,414,953.20	106,926,742.54	782,488,210.66	703,671,486.09	97,581,049.90	606,090,436.19

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

(2) Provision for impairment of inventories

RMB

Category of inventories	1 January 2021	Provision in the current year	Decrease in the current year		31 December 2021
			Reversals	Write-off	
Goods on hand	97,581,049.90	26,347,238.24	-	17,001,545.60	106,926,742.54

Notes to the Financial Statements

For the year ended 31 December 2021

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

6. Other current assets

<i>RMB</i>		
Item	Balance at the end of the current year	Balance at the end of the prior year
VAT input tax to be deducted	7,670,997.06	11,041,907.94
Receivables from cost of sales returns	67,458,100.40	44,949,870.38
Total	75,129,097.46	55,991,778.32

7. Long-term equity investments

(1) Details of long-term equity investments

<i>RMB</i>		
Item	Balance at the end of the current year	Balance at the end of the prior year
Book balance of long-term equity investments	4,033,968,588.03	4,052,191,197.77
Less: Provision for impairment of long-term equity investments	57,072,032.00	57,072,032.00
Carrying amount of long-term equity investments	3,976,896,556.03	3,995,119,165.77

(2) Classification of long-term equity investments

<i>RMB</i>		
Item	Balance at the end of the current year	Balance at the end of the prior year
Investment in subsidiaries	3,357,712,306.06	3,399,674,106.06
Investment in associates or joint ventures	619,184,249.97	595,445,059.71
Total	3,976,896,556.03	3,995,119,165.77

Notes to the Financial Statements

For the year ended 31 December 2021

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

7. Long-term equity investments (Continued)

(3) Investment in subsidiaries

RMB

Investee	1 January 2021	Change for the current year				31 December 2021	Closing balance of impairment provision
		Addition in investment	Reduction in investment	Provision for impairment	Others		
Xinhua Online	40,000,000.00	-	-	-	-	40,000,000.00	(2,072,032.00)
Winshare Media	3,990,000.00	-	-	-	-	3,990,000.00	-
Winshare Sports	124,915,135.82	-	-	-	-	124,915,135.82	-
Winshare Education Technology	333,840,776.30	-	-	-	-	333,840,776.30	-
Xinhua Shang	12,396,162.00	-	-	-	-	12,396,162.00	-
Arts Investment	20,680,000.00	-	-	-	-	20,680,000.00	-
Winshare Online	45,000,000.00	-	-	-	-	45,000,000.00	-
Beijing Winshare Commercial	36,800,000.00	-	-	-	-	36,800,000.00	(55,000,000.00)
Wenchuan Logistics	350,000,000.00	-	-	-	-	350,000,000.00	-
Watch Panda	2,000,000.00	-	-	-	-	2,000,000.00	-
Winshare Cloud Image	24,800,400.00	-	(24,800,400.00)	-	-	-	-
Publication Printing	598,185,830.79	-	-	-	-	598,185,830.79	-
Printing Materials	40,944,463.95	-	-	-	-	40,944,463.95	-
People's Publishing House	42,189,167.92	-	-	-	-	42,189,167.92	-
Education Publishing House	211,321,291.49	-	-	-	-	211,321,291.49	-
Youth and Children's Publishing House (Note)	385,039,941.53	-	-	-	(23,161,400.00)	361,878,541.53	-
Digital Publishing	5,605,427.63	-	-	-	-	5,605,427.63	-
Literature & Art Publishing House	60,731,819.65	-	-	-	-	60,731,819.65	-
Fine Arts Publishing House	17,559,756.46	-	-	-	-	17,559,756.46	-
Science & Technology Publishing House	24,294,897.94	-	-	-	-	24,294,897.94	-
Lexicographical Publishing House	27,809,021.68	-	-	-	-	27,809,021.68	-
Bashu Publishing House	45,244,860.20	-	-	-	-	45,244,860.20	-
Tiandi Publishing House	239,379,050.03	-	-	-	-	239,379,050.03	-
Reader's Journal Press	866,830.73	-	-	-	-	866,830.73	-
Pictorial	7,521,475.38	-	-	-	-	7,521,475.38	-
Winshare Investment	300,000,000.00	-	-	-	-	300,000,000.00	-

Notes to the Financial Statements

For the year ended 31 December 2021

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

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

(3) Investment in subsidiaries *(Continued)*

RMB

Investee	1 January 2021	Change for the current year				31 December 2021	Closing balance of impairment provision
		Addition in investment	Reduction in investment	Provision for impairment	Others		
Sichuan Xinhua Printing	248,599,490.28	-	-	-	-	248,599,490.28	-
Beijing Aerospace Cloud	29,248,300.00	-	-	-	-	29,248,300.00	-
Winshare International	20,000,000.00	16,000,000.00	-	-	-	36,000,000.00	-
Winshare Quan Media	10,000,000.00	-	-	-	-	10,000,000.00	-
Winshare Music	10,000,000.00	-	(10,000,000.00)	-	-	-	-
Sichuan Cultural Communication	30,710,006.28	-	-	-	-	30,710,006.28	-
Stackway	50,000,000.00	-	-	-	-	50,000,000.00	-
Total	3,399,674,106.06	16,000,000.00	(34,800,400.00)	-	(23,161,400.00)	3,357,712,306.06	(57,072,032.00)

Note: Other decreases were the early investment funds that the Company was not required to pay, and the original value of long-term equity investments and related payables were adjusted accordingly.

Notes to the Financial Statements

For the year ended 31 December 2021

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

7. Long-term equity investments (Continued)

(4) Investment in joint ventures or associates

RMB

Investee	1 January 2021	Change for the year							31 December 2021	Closing balance of impairment provision	
		Addition in investment	Reduction in investment	Investment profit or loss under equity method	Adjustment of other comprehensive income	Changes in other equity	Distribution of cash dividends or profits declared	Provision for impairment loss Others			
Joint Ventures											
Hainan Publishing House	201,674,680.56	-	-	30,948,284.03	-	-	-	-	-	232,622,964.59	-
Liangshan Xinhua Winshare	20,013,293.32	-	-	35,682.16	-	-	-	-	-	20,048,975.48	-
Subtotal	221,687,973.88	-	-	30,983,966.19	-	-	-	-	-	252,671,940.07	-
Associates											
The Commercial Press	3,290,451.36	-	-	429,724.22	-	-	-	-	-	3,720,175.58	-
Ren Min Eastern	11,260,393.34	-	-	70,630.55	-	-	(1,600,000.00)	-	-	9,731,023.89	-
Ming Bo Education	30,511,387.57	-	-	(2,261,848.20)	-	-	-	-	-	28,249,539.37	-
Winshare Preschool	5,622,359.24	-	-	(248,720.84)	-	-	-	-	-	5,373,638.40	-
Xinhua Yingxuan	5,824,727.43	-	-	(4,869,363.64)	-	-	-	-	-	955,363.79	-
Winshare Yinshi	186,691.89	-	-	92,058.43	-	-	-	-	-	278,750.32	-
Hainan Phoenix	317,061,075.00	-	-	7,236,587.71	-	-	(6,726,325.00)	-	-	317,571,337.71	-
Cuiya Education	-	900,000.00	-	(267,519.16)	-	-	-	-	-	632,480.84	-
Subtotal	373,757,085.83	900,000.00	-	181,549.07	-	-	(8,326,325.00)	-	-	366,512,309.90	-
Total	595,445,059.71	900,000.00	-	31,165,515.26	-	-	(8,326,325.00)	-	-	619,184,249.97	-

Notes to the Financial Statements

For the year ended 31 December 2021

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

8. Investment properties

Investment properties measured at cost

Item	Buildings
<i>RMB</i>	
I. Cost	
1. 1 January 2021 and 31 December 2021	33,651,290.75
II. Accumulated depreciation	
1. 1 January 2021	14,662,971.50
2. Increase in the current year	900,190.03
(1) Provision	900,190.03
3. 31 December 2021	15,563,161.53
III. Carrying amount	
1. 31 December 2021	18,088,129.22
2. 1 January 2021	18,988,319.25

9. Fixed assets

Item	<i>RMB</i>				
	Buildings	Machinery and equipment	Electronic equipment and others	Transportation vehicles	Total
I. Cost					
1. 1 January 2021	1,936,921,354.49	132,998,342.75	142,015,502.84	71,672,984.78	2,283,608,184.86
2. Increase in the current year	89,483,924.86	(9,138,549.64)	21,832,996.72	32,089,889.02	134,268,260.96
(1) Acquisition	33,450,946.26	2,034,456.30	10,659,990.78	32,089,889.02	78,235,282.36
(2) Transfer from construction in progress	56,032,978.60	-	-	-	56,032,978.60
(3) Others	-	(11,173,005.94)	11,173,005.94	-	-
3. Decrease in the current year	-	10,692.31	4,907,016.70	14,447,839.84	19,365,548.85
(1) Disposal	-	10,692.31	4,907,016.70	14,447,839.84	19,365,548.85
4. 31 December 2021	2,026,405,279.35	123,849,100.80	158,941,482.86	89,315,033.96	2,398,510,896.97
II. Accumulated depreciation:					
1. 1 January 2021	439,225,012.08	70,541,435.62	105,107,992.48	58,674,431.33	673,548,871.51
2. Increase in the current year	73,898,731.22	11,493,332.36	16,306,127.57	6,239,840.89	107,938,032.04
(1) Provision	73,898,731.22	11,493,332.36	16,306,127.57	6,239,840.89	107,938,032.04
3. Decrease in the current year	-	10,461.54	4,771,461.96	14,014,404.64	18,796,328.14
(1) Disposal	-	10,461.54	4,771,461.96	14,014,404.64	18,796,328.14
4. 31 December 2021	513,123,743.30	82,024,306.44	116,642,658.09	50,899,867.58	762,690,575.41
III. Carrying amount					
1. 31 December 2021	1,513,281,536.05	41,824,794.36	42,298,824.77	38,415,166.38	1,635,820,321.56
2. 1 January 2021	1,497,696,342.41	62,456,907.13	36,907,510.36	12,998,553.45	1,610,059,313.35



Notes to the Financial Statements

For the year ended 31 December 2021

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

10. Intangible assets

(1) Presentation of right-of-use assets

	<i>RMB</i>
Item	Buildings
I. Cost:	
1. 1 January 2021	575,850,257.63
2. Increase in the current year	23,758,367.45
3. Decrease in the current year	38,528,429.17
4. 31 December 2021	561,080,195.91
II. Accumulated depreciation	
1. 1 January 2021	155,868,693.01
2. Increase in the current year	101,467,432.49
(1) Provision	101,467,432.49
3. Decrease in the current year	18,832,999.40
4. 31 December 2021	238,503,126.10
III. Carrying amount	
1. 31 December 2021	322,577,069.81
2. 1 January 2021	419,981,564.62

The lease term of buildings of the Company ranged from one to 15 years.

Notes to the Financial Statements

For the year ended 31 December 2021

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

10. Intangible assets *(Continued)*

(2) Amount recognized in the profit or loss

	<i>RMB</i>
Building	Amount recognized in the current year
Depreciation expense for right-of-use assets (Note 1)	101,467,432.49
Rent reduction qualified under regulations	26,893.34
Interest expense on lease liabilities (Note 2)	18,424,897.28
Short-term lease expenses	11,427,466.18
Lease expense for low-value assets	–
Variable lease payments not included in the measurement of lease liabilities	1,007,056.71
Income from sublease of right-of-use assets	7,303,659.63

Note 1: In 2021, there was no depreciation expense for right-of-use assets capitalized.

Note 2: In 2021, there was no interest expense on lease liabilities capitalized.

(3) The total cash outflow for leases in the current year was RMB128,131,895.76.



Notes to the Financial Statements

For the year ended 31 December 2021

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

11. Intangible assets

Item	RMB			
	Land use rights	Software	Others	Total
I. Cost				
1. 1 January 2021	187,227,758.50	87,030,446.70	167,700.00	274,425,905.20
2. Increase in the current year	1,594,307.50	12,558,846.70	–	14,153,154.20
(1) Acquisition	1,594,307.50	6,558,846.87	–	8,153,154.37
(2) Transfer from development expenses	–	5,999,999.83	–	5,999,999.83
3. 31 December 2021	188,822,066.00	99,589,293.40	167,700.00	288,579,059.40
II. Accumulated amortization				
1. 1 January 2021	73,415,916.59	61,288,135.98	167,700.00	134,871,752.57
2. Increase in the current year	4,990,759.55	5,152,196.83	–	10,142,956.38
(1) Provision	4,990,759.55	5,152,196.83	–	10,142,956.38
3. 31 December 2021	78,406,676.14	66,440,332.81	167,700.00	145,014,708.95
III. Carrying amount				
1. 31 December 2021	110,415,389.86	33,148,960.59	–	143,564,350.45
2. 1 January 2021	113,811,841.91	25,742,310.72	–	139,554,152.63

12. Long-term prepaid expenses

Item	1 January 2021	Amortization			31 December 2021
		Increase in the current year	for the current year	Other decrease	
Leasehold improvement	3,938,214.43	8,540,336.74	5,449,937.61	–	7,028,613.56
Others	20,642.13	917,151.91	296,362.12	–	641,431.92
Total	3,958,856.56	9,457,488.65	5,746,299.73	–	7,670,045.48

Notes to the Financial Statements

For the year ended 31 December 2021

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

13. Other non-current assets

<i>RMB</i>		
Item	Balance at the end of the current year	Balance at the end of the prior year
Receivables from subsidiaries	601,000,000.00	531,000,000.00
VAT input tax to be deducted	68,477,191.12	60,228,693.74
Prepaid purchase price for property	29,043,520.00	13,904,800.00
Term deposits (Note)	454,460,268.47	241,444,013.69
Total	1,152,980,979.59	846,577,507.43

Note: Term deposits are fixed deposits and interests that the Company cannot withdraw in advance or does not intend to withdraw in advance within one year with an interest rate ranging 3.50% to 4.07%.

14. Accounts payable

Details of aging analysis of accounts payable are as follows:

<i>RMB</i>		
Item	Balance at the end of the current year	Balance at the end of the prior year
Within 1 year	3,957,784,477.45	3,393,914,705.23
More than 1 year but not exceeding 2 years	203,938,255.64	377,157,923.44
More than 2 years but not exceeding 3 years	127,349,067.15	125,940,849.90
More than 3 years	120,048,430.12	192,222,436.02
Total	4,409,120,230.36	4,089,235,914.59

Notes to the Financial Statements

For the year ended 31 December 2021

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

15. Contract liabilities

(1) Disclosure of contract liabilities

<i>RMB</i>		
Item	Balance at the end of the current year	Balance at the end of the prior year
Advanced receipts for sold goods	354,773,804.42	301,110,189.30
Membership card points	2,234,909.60	1,848,526.94
Total	357,008,714.02	302,958,716.24

- (2) During the current year, the Company recognized revenue of RMB302,958,716.24, which was within the carrying amount of contract liabilities at the beginning of the year, including contract liabilities of RMB301,110,189.30 arising from advanced receipts for sold goods, and contract liabilities of RMB1,848,526.94 arising from membership card points. It is expected that carrying amount of advanced receipts for sold goods at the end of the year will be recognized as revenue in 2022.

16. Employee benefits payable

(1) Disclosure of employee benefits payable

<i>RMB</i>				
Item	1 January 2021	Increase in the current year	Decrease in the current year	31 December 2021
I. Short-term employee benefits	319,814,491.15	856,597,554.49	775,570,390.50	400,841,655.14
II. Post-employment benefits				
– defined contribution plan	4,252,286.56	131,179,529.42	131,784,787.22	3,647,028.76
III. Termination benefits	–	254,998.00	254,998.00	–
Total	324,066,777.71	988,032,081.91	907,610,175.72	404,488,683.90

Notes to the Financial Statements

For the year ended 31 December 2021

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

16. Employee benefits payable *(Continued)*

(2) Disclosure of short-term employee benefits

RMB

Item	1 January 2021	Increase in the current year	Decrease in the current year	31 December 2021
I. Wages or salaries, bonuses, allowance and subsidies	267,910,224.81	722,147,113.22	649,254,571.40	340,802,766.63
II. Staff welfare	4,300.01	8,159,913.14	8,164,213.15	–
III. Social security contributions	44,678.40	41,941,463.24	41,925,066.29	61,075.35
Including: Medical insurance	34,902.52	37,862,753.56	37,850,166.06	47,490.02
Work-related injury insurance	6,222.55	1,965,118.90	1,961,109.98	10,231.47
Maternity insurance	3,553.33	2,110,455.93	2,110,655.40	3,353.86
Other insurances	–	3,134.85	3,134.85	–
IV. Housing funds	642,586.13	57,244,121.20	57,233,168.80	653,538.53
V. Union running costs and employee education costs	51,119,350.34	25,275,153.40	17,163,580.64	59,230,923.10
VI. Others	93,351.46	1,829,790.29	1,829,790.22	93,351.53
Total	319,814,491.15	856,597,554.49	775,570,390.50	400,841,655.14

(3) Defined contribution plan

RMB

Item	1 January 2021	Increase in the current year	Decrease in the current year	31 December 2021
I. Basic pension insurance	107,904.53	78,502,216.49	78,492,146.81	117,974.21
II. Unemployment insurance	4,663.75	3,004,435.72	3,003,982.37	5,117.10
III. Enterprise annuity	4,139,718.28	49,672,877.21	50,288,658.04	3,523,937.45
Total	4,252,286.56	131,179,529.42	131,784,787.22	3,647,028.76



Notes to the Financial Statements

For the year ended 31 December 2021

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

17. Taxes payable

		<i>RMB</i>
Item	Balance at the end of the current year	Balance at the end of the prior year
City construction and maintenance tax	85.78	30,660.92
Education surcharges	2,143.37	18,266.54
Individual income tax	1,366,338.87	1,229,490.36
Others	17,539,054.45	19,611,786.94
Total	18,907,622.47	20,890,204.76

18. Other payables

		<i>RMB</i>
Item	Balance at the end of the current year	Balance at the end of the prior year
Amounts due to related parties	882,596,097.44	578,369,183.75
Security deposit/deposit/quality warranty/ performance security	28,539,510.37	26,829,200.60
Construction and infrastructure construction expenses	71,602,549.71	19,958,854.13
Investment payables	-	317,061,075.00
Others	42,866,060.57	66,790,758.84
Total	1,025,604,218.09	1,009,009,072.32

Other payables of large amount and aged more than 1 year are mainly security deposits and deposits.

Notes to the Financial Statements

For the year ended 31 December 2021

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

19. Lease liabilities

<i>RMB</i>		
Item	Balance at the end of the current year	Balance at the end of the prior year
Rents	341,479,058.63	439,081,349.70
Less: Lease liabilities included in non-current liabilities due within one year	93,824,087.70	93,769,873.33
Net	247,654,970.93	345,311,476.37

20. Capital reserve

Current year

<i>RMB</i>				
Item	1 January 2021	Increase in the current year	Decrease in the current year	31 December 2021
Share capital premium	2,607,708,268.43	-	-	2,607,708,268.43
Including: Capital contributed by investors	2,622,033,862.15	-	-	2,622,033,862.15
Differences arising from business combination involving enterprises under common control	(14,325,593.72)	-	-	(14,325,593.72)
Other capital reserve	23,349,059.67	-	-	23,349,059.67
Including: Transfer from capital reserve under the previous accounting system	23,349,059.67	-	-	23,349,059.67
Total	2,631,057,328.10	-	-	2,631,057,328.10

Notes to the Financial Statements

For the year ended 31 December 2021

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

20. Capital reserve (Continued)

Prior year

Item	RMB			
	1 January 2020	Increase in the current year	Decrease in the current year	31 December 2020
Share capital premium	2,607,708,268.43	–	–	2,607,708,268.43
Including: Capital contributed by investors	2,622,033,862.15	–	–	2,622,033,862.15
Differences arising from business combination involving enterprises under common control	(14,325,593.72)	–	–	(14,325,593.72)
Other capital reserve	23,349,059.67	–	–	23,349,059.67
Including: Transfer from capital reserve under the previous accounting system	23,349,059.67	–	–	23,349,059.67
Total	2,631,057,328.10	–	–	2,631,057,328.10

21. Other comprehensive income

Current year

Item	RMB						
	1 January 2021	Changes in the year					31 December 2021
		Amount for the current period before income tax	Less: Income tax expenses	Post-tax amount attributable to owners of the parent	Post-tax amount attributable to the non- controlling shareholders	Less: Other comprehensive income that is transferred to retained earnings	
Other comprehensive income that cannot be reclassified into profit or loss	1,017,913,006.10	161,241,600.00	–	161,241,600.00	–	(1,311,665.90)	1,180,466,272.00
Changes in fair value of other equity instrument investments	1,017,913,006.10	161,241,600.00	–	161,241,600.00	–	(1,311,665.90)	1,180,466,272.00

Notes to the Financial Statements

For the year ended 31 December 2021

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

21. Other comprehensive income (Continued)

Prior year

RMB

Item	1 January 2020	Amount for the current period before income tax	Less: Income tax expenses	Changes in the year			31 December 2020
				Post-tax amount attributable to owners of the parent	Post-tax amount attributable to the non- controlling shareholders	Less: Other comprehensive income that is transferred to retained earnings	
Other comprehensive income that cannot be reclassified into profit or loss	980,900,206.10	37,012,800.00	-	37,012,800.00	-	-	1,017,913,006.10
Changes in fair value of other equity instrument investments	980,900,206.10	37,012,800.00	-	37,012,800.00	-	-	1,017,913,006.10

22. Surplus reserve

Current year

RMB

Item	1 January 2021	Increase in the current year	Decrease in the current year	31 December 2021
Statutory surplus reserve	896,812,934.68	111,562,794.48	-	1,008,375,729.16

Prior year

RMB

Item	1 January 2020	Increase in the current year	Decrease in the current year	31 December 2020
Statutory surplus reserve	791,519,020.02	105,293,914.66	-	896,812,934.68



Notes to the Financial Statements

For the year ended 31 December 2021

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

23. Retained profits

			<i>RMB</i>
Item	Current year	Prior year	Proportion of appropriation
Retained profits at the beginning of current year	3,388,127,389.56	2,810,634,457.60	
Add: Net profit for the current year	1,115,627,944.82	1,052,939,146.62	
Less: Appropriation to statutory surplus reserve	111,562,794.48	105,293,914.66	
Distribution of dividends on ordinary shares	382,490,710.00	370,152,300.00	Note (VI) 37(2)
Internal carry-over within equity	1,311,665.90	–	Note (VI) 37(3)
Retained profits at the end of the year	4,008,390,164.00	3,388,127,389.56	

24. Operating income and operating costs

			<i>RMB</i>
Item	Amount recognized in the current year	Amount recognized in the prior year	
Principal operating income	6,376,230,077.56	5,727,712,657.05	
Including: Textbooks and supplementary materials	5,366,021,188.96	4,771,902,213.75	
Other operating income (Note 1)	169,689,935.30	138,824,546.85	
Total income	6,545,920,012.86	5,866,537,203.90	
Operating costs (Note 2)	3,959,625,828.82	3,455,626,187.18	

Note 1: Included in other operating income was commissions from concessionaire sales of RMB36,907,504.39. Among which, gross revenue from concessionaire sales was RMB252,916,275.58 and gross cost from concessionaire sales was RMB216,008,771.19 (2020: commissions from concessionaire sales of RMB38,136,427.72; among which, gross revenue from concessionaire sales was RMB276,165,894.64 and gross cost from concessionaire sales was RMB238,029,466.92).

Note 2: During the current year, the Group has analyzed and sorted out the expenses related to contract performance costs in accordance with the revenue standard, and the transportation fees and logistics fees arising from the performance of contract obligations were included in the operating cost accounting as contract performance costs.

Notes to the Financial Statements

For the year ended 31 December 2021

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

25. Taxes and levies

<i>RMB</i>		
Item	Amount recognized in the current year	Amount recognized in the prior year
City construction and maintenance tax	73,442.29	8,267.07
Education surcharges	52,452.71	5,870.32
Property tax	17,680,653.38	19,236,469.98
Urban land use tax	2,186,761.96	644,035.22
Stamp duty	1,135,732.04	5,856,041.18
Vessel and vehicle tax	188,449.52	189,378.57
Disabled person security fund	2,899,144.72	2,553,833.64
Others	110,960.67	23,660.98
Total	24,327,597.29	28,517,556.96

26. Selling expenses

<i>RMB</i>		
Item	Amount recognized in the current year	Amount recognized in the prior year
Wages and other human costs	444,028,373.98	393,293,715.99
Transportation costs (Note)	50,538,599.10	166,650,324.06
Entrusted logistics fees (Note)	126,600,601.16	124,744,614.22
Business conference fees	57,773,198.98	48,241,221.13
Vehicle fees	17,753,427.25	16,341,286.17
Travel expenses	16,219,292.37	15,592,396.82
Advertisement and promotion expenses	53,268,089.12	38,158,273.74
Packing expenses	29,372,754.22	15,406,773.40
Others	42,113,266.67	70,602,038.42
Total	837,667,602.85	889,030,643.95

Note: During the current year, the Company has analyzed and sorted out the expenses related to contract performance costs in accordance with the revenue standard, and the transportation fees and logistics fees arising from the performance of contract obligations were included in the operating cost accounting as contract performance costs while the transportation fees and logistics fees not arising from the performance of contract obligations were included in the selling expenses accounting.



Notes to the Financial Statements

For the year ended 31 December 2021

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

27. Administrative expenses

Item	<i>RMB</i>	
	Amount recognized in the current year	Amount recognized in the prior year
Wages and other human costs	538,650,638.09	430,151,846.51
Business entertainment fees	129,408,997.68	119,887,156.00
Lease payments	12,434,522.89	11,784,219.15
Depreciation and amortization expenses	221,152,260.05	173,771,052.74
Conference fees	17,885,867.68	17,580,360.29
Energy costs	14,335,533.53	13,887,544.92
Property management fees	35,864,782.37	32,708,381.27
Travel expenses	6,599,552.30	4,630,266.54
Repair charges	16,792,687.75	13,781,494.14
Office expenses	5,140,930.60	4,982,767.80
Audit and other non-audit service fees	3,367,924.53	3,367,924.53
Others	86,581,382.90	66,148,512.89
Total	1,088,215,080.37	892,681,526.78

28. Finance expenses

Item	<i>RMB</i>	
	Amount recognized in the current year	Amount recognized in the prior year
Interest expenses	14,108,345.12	6,992,637.04
Interest expenses on lease liabilities	18,424,897.28	20,806,396.99
Less: Interest income	71,416,724.81	59,505,923.32
Less: Interest income on long-term receivables	3,537,794.24	6,414,621.24
Exchange gains or losses and others	5,912,258.54	6,641,866.26
Total	(36,509,018.11)	(31,479,644.27)

Notes to the Financial Statements

For the year ended 31 December 2021

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

29. Other income

<i>RMB</i>		
Item	Amount recognized in the current year	Amount recognized in the prior year
Other government grants	9,695,471.55	9,468,459.58

30. Investment income

<i>RMB</i>		
Item	Amount recognized in the current year	Amount recognized in the prior year
Income from long-term equity investments	429,892,756.01	421,735,756.50
Including: Investment income recognized at cost	430,000,000.00	400,000,000.00
Investment income recognized using equity method	31,165,515.26	22,445,468.17
Gain (loss) on disposal of long-term equity investment	(31,272,759.25)	(709,711.67)
Investment income generated from other equity instrument investments	56,742,400.00	53,542,400.00
Investment income from disposal of financial assets at FVTPL	310,619.05	35,286,935.67
Others	1,400,000.00	–
Total	488,345,775.06	510,565,092.17

31. Gain (loss) on credit impairment

<i>RMB</i>		
Item	Amount recognized in the current year	Amount recognized in the prior year
Gain (loss) on credit impairment of accounts receivable	21,168,791.58	(86,687,313.64)
Gain (loss) on credit impairment of other receivables	(158,170.00)	742,879.56
Gain (loss) on credit impairment of long-term receivables (including those expected to be recovered within one year)	(18,464,480.95)	–
Total	2,546,140.63	(85,944,434.08)



Notes to the Financial Statements

For the year ended 31 December 2021

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

32. Gain (loss) on asset impairment

<i>RMB</i>		
Item	Amount recognized in the current year	Amount recognized in the prior year
Gain (loss) on impairment of inventories	(26,347,238.24)	(27,612,906.72)
Total	(26,347,238.24)	(27,612,906.72)

33. Non-operating income

<i>RMB</i>		
Item	Amount recognized in the current year	Amount recognized in the prior year
Others	2,441,365.73	7,862,946.38

34. Non-operating expenses

<i>RMB</i>		
Item	Amount recognized in the current year	Amount recognized in the prior year
Donations	49,546,281.94	74,562,563.19
Penalties	3,524.46	13,882.58
Others	616,608.77	1,720,321.20
Total	50,166,415.17	76,296,766.97

Notes to the Financial Statements

For the year ended 31 December 2021

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

35. Notes to items in the cash flow statement

(1) Other cash receipts relating to operating activities

<i>RMB</i>		
Item	Amount recognized in the current year	Amount recognized in the prior year
Interest income	58,400,470.03	58,061,909.63
Others	243,266.31	138,232,711.29
Total	58,643,736.34	196,294,620.92

(2) Other cash payments relating to operating activities

<i>RMB</i>		
Item	Amount recognized in the current year	Amount recognized in the prior year
Selling expenses	393,639,228.87	495,736,927.96
Including: Transportation costs	50,538,599.10	166,650,324.06
Commissioned logistics costs	126,600,601.16	124,744,614.22
Business conference fees	57,773,198.98	48,241,221.13
Advertising and promotion fees	53,268,089.12	38,158,273.74
Vehicle fees	17,753,427.25	16,341,286.17
Travel expenses	16,219,292.37	15,592,396.82
Administrative expenses	427,952,721.29	263,013,396.90
Including: Business entertainment fees	129,408,997.68	119,887,156.00
Lease payments	12,434,522.89	11,784,219.15
Property management fees	35,864,782.37	32,708,381.27
Conference fees	17,885,867.68	17,580,360.29
Repair charges	16,792,687.75	13,781,494.14
Energy costs	14,335,533.53	13,887,544.92
Amount due/from subsidiaries	5,292,154.77	4,774,364.50
Others	82,682,441.85	125,907,950.11
Total	909,566,546.78	889,432,639.47



Notes to the Financial Statements

For the year ended 31 December 2021

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

36. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

	<i>RMB</i>	
Supplementary information	Amount recognized in the current year	Amount recognized in the prior year
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	1,115,627,944.82	1,052,939,146.62
Add: Impairment losses of assets	26,347,238.24	27,612,906.72
Losses (gains) on credit impairment	(2,546,140.63)	85,944,434.08
Depreciation of fixed assets	107,938,032.04	51,567,542.30
Depreciation of right-of-use assets	101,440,539.15	100,472,745.52
Depreciation of investment properties	900,190.03	900,190.02
Amortization of intangible assets	10,142,956.38	9,765,917.09
Amortization of long-term prepaid expenses	5,746,299.73	12,264,564.35
Losses (gains) on disposal of assets	(67,427.88)	(186,827.46)
Losses (gains) from changes in fair value	(16,452,495.74)	(82,548,995.50)
Finance expenses	19,516,987.62	27,799,034.03
Investment losses (income)	(488,345,775.06)	(510,565,092.17)
Decrease (increase) in inventories	(202,745,012.71)	371,784,728.85
Decrease (increase) in receivables from operating activities	2,030,301.77	(16,465,394.82)
Increase in payables from operating activities	790,225,035.70	203,761,004.53
Net cash flow from operating activities	1,469,758,673.46	1,335,045,904.16
2. Material investment and financing activities not involving cash receipts and payments:		
Right-of-use assets recognized on lease on fixed assets	23,758,367.45	121,254,484.34
3. Net changes in cash and cash equivalents:		
Closing balance of cash	4,812,923,667.75	4,235,082,239.58
Less: Opening balance of cash	4,235,082,239.58	2,561,250,163.76
Net increase in cash and cash equivalents	577,841,428.17	1,673,832,075.82

Notes to the Financial Statements

For the year ended 31 December 2021

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

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

(2) Cash and cash equivalents

<i>RMB</i>		
Item	Balance at the end of the current year	Balance at the end of the prior year
Cash	4,812,923,667.75	4,235,082,239.58
Including: Cash on hand	1,231,520.24	1,699,308.10
Bank deposits readily withdrawn on demand	4,811,531,141.87	4,233,284,426.65
Other cash and bank balances readily available for payment	161,005.64	98,504.83
Balance of cash and cash equivalents	4,812,923,667.75	4,235,082,239.58

37. Assets with restricted ownership

<i>RMB</i>		
Type of assets with restricted ownership	Balance at the end of the current year	Balance at the end of the prior year
Cash and bank balances (Note)	7,692,033.88	7,740,397.41

Note: At the end of the current year, the Group's cash and bank balances with restricted ownership consist of security deposit placed in bank for the issuance of guarantee letter of RMB7,692,033.88 (31 December 2020: RMB7,740,397.41).



Notes to the Financial Statements

For the year ended 31 December 2021

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

38. Related party relationship and transactions

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

Purchase of goods/receipt of services

RMB

Related party	Type of related party transaction	Details of related party transaction	Pricing and decision-making procedures of related party transactions	Amount recognized in the current year	Amount recognized in the prior year
Xinhua International Hotel	Receipt of services	Receipt of hotel and conference services	Price negotiated by both parties	224,985.48	318,016.17
Sanxingdui Qushanyuan Cultural	Receipt of services	Receipt of hotel and conference services	Price negotiated by both parties	147,205.66	179,419.25
Hengxi Property	Receipt of services	Receipt of property management services	Price negotiated by both parties	772,001.88	–
Xinhua Cultural	Receipt of services	Receipt of property management services	Price negotiated by both parties	11,031,365.37	9,180,858.61
Xinhua Haiyi	Receipt of services	Receipt of hotel and conference services	Price negotiated by both parties	154,492.45	116,630.10
Winshare BLOGIS	Purchase of goods	Purchase of goods	Price negotiated by both parties	27,127.63	4,110.66
The Commercial Press	Purchase of goods	Purchase of books	Price negotiated by both parties	23,447,092.23	28,070,898.09
Hainan Publishing House	Purchase of goods	Purchase of books	Price negotiated by both parties	6,863,488.44	7,405,408.90
Ming Bo Education	Purchase of goods	Purchase of software and hardware	Price negotiated by both parties	1,654,746.01	–
Bashu Publishing House	Purchase of goods	Purchase of books	Price negotiated by both parties	17,234,928.72	8,700,036.05
Education Publishing House	Purchase of goods	Purchase of books	Price negotiated by both parties	891,048,806.95	728,293,196.06
Publication Printing	Purchase of goods	Purchase of books	Price negotiated by both parties	356,094,733.92	347,673,521.32
Printing Materials	Purchase of goods	Purchase of paper	Price negotiated by both parties	662,837.03	1,074,386.76
Lexicographical Publishing House	Purchase of goods	Purchase of books	Price negotiated by both parties	2,378,374.61	5,862,589.48
Science & Technology Publishing House	Purchase of goods	Purchase of books	Price negotiated by both parties	3,936,984.90	3,452,892.87
Winshare International	Receipt of services	Receipt of services	Price negotiated by both parties	8,591,353.43	3,180,930.94
Winshare Quan Media	Purchase of goods	Purchase of newspapers	Price negotiated by both parties	159,776.69	155,059.71

Notes to the Financial Statements

For the year ended 31 December 2021

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

38. Related party relationship and transactions *(Continued)*

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

Purchase of goods/receipt of services (Continued)

RMB

Related party	Type of related party transaction	Details of related party transaction	Pricing and decision-making procedures of related party transactions	Amount recognized in the current year	Amount recognized in the prior year
Fine Arts Publishing House	Purchase of goods	Purchase of books	Price negotiated by both parties	23,124,722.58	20,235,484.65
People's Publishing House	Purchase of goods	Purchase of books	Price negotiated by both parties	38,315,786.83	27,434,069.75
Youth and Children's Publishing House	Purchase of goods	Purchase of books	Price negotiated by both parties	1,215,598.06	184,480.08
Tiandi Publishing House	Purchase of goods	Purchase of books	Price negotiated by both parties	26,385,202.53	23,317,795.46
Literature & Art Publishing House	Purchase of goods	Purchase of books	Price negotiated by both parties	14,709,546.40	6,745,892.86
Digital Publishing	Receipt of services	Receipt of services	Price negotiated by both parties	80,763.21	46,753.17
Pictorial	Purchase of goods	Purchase of goods	Price negotiated by both parties	52,871.56	18,396.23
Winshare Media	Purchase of goods	Purchase of goods	Price negotiated by both parties	372,832.49	-
Xinhua Online	Purchase of goods	Purchase of books	Price negotiated by both parties	-	3,088,239.55
Winshare Education Technology	Purchase of goods	Purchase of education equipment products	Price negotiated by both parties	18,173,556.59	26,817,159.80
Beijing Shuchuan	Purchase of goods	Purchase of books	Price negotiated by both parties	83,889,845.26	87,970,816.76
Wenchuan Logistics	Receipt of services	Receipt of logistics and transportation services	Price negotiated by both parties	147,516,333.21	131,559,419.52
Winshare Online	Purchase of goods	Purchase of books	Price negotiated by both parties	598,911,913.82	466,186,618.47
Sichuan Xinhua Printing	Receipt of services	Receipt of printing services	Price negotiated by both parties	291,659.90	283,794.52
Sichuan Cultural Communication	Receipt of services	Receipt of design services	Price negotiated by both parties	5,238,100.57	2,661,916.17



Notes to the Financial Statements

For the year ended 31 December 2021

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

38. Related party relationship and transactions *(Continued)*

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

Purchase of goods/receipt of services (Continued)

RMB

Related party	Type of related party transaction	Details of related party transaction	Pricing and decision-making procedures of related party transactions	Amount recognized in the current year	Amount recognized in the prior year
Winshare Cloud Image	Purchase of goods	Purchase of goods	Price negotiated by both parties	-	1,345,375.96
Reader's Journal Press	Purchase of goods	Purchase of goods	Price negotiated by both parties	254,059.18	496,063.22
Haiyi Hotel	Receipt of services	Receipt of hotel and conference services	Price negotiated by both parties	86,976.41	225,215.09
Ren Min Eastern	Purchase of goods	Purchase of books	Price negotiated by both parties	1,896,123.30	2,720,671.10
Xinhua Fanyue	Receipt of services	Receipt of services	Price negotiated by both parties	-	20,370.00
Sichuan Minzu Publishing House	Purchase of goods	Purchase of books	Price negotiated by both parties	4,977,010.78	N/A
Bank of Chengdu	Receipt of services	Receipt of bank services	Price negotiated by both parties	162,589.15	-
Xinhua Wanyun	Purchase of goods	Purchase of goods	Price negotiated by both parties	-	2,869.81
Total				2,290,085,793.24	1,945,029,357.14

Notes to the Financial Statements

For the year ended 31 December 2021

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

38. Related party relationship and transactions (Continued)

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

Sales of goods/provision of services

RMB

Related party	Type of related party transaction	Details of related party transaction	Pricing and decision-making procedures of related party transactions	Amount recognized in the current year	Amount recognized in the prior year
Sichuan Xinhua Publishing and Distribution Group	Sales of goods and provision of services	Sales of goods, provision of advertising design and production services	Price negotiated by both parties	131,572.10	66,633.44
Winshare Online	Sales of goods and provision of services	Sales of books and provision of logistics services	Price negotiated by both parties	72,798,832.79	108,868,870.88
Beijing Winshare Commercial	Sales of goods	Sales of books	Price negotiated by both parties	13,964,183.58	1,991,315.87
Xinhua Fanyue	Sales of goods	Sales of goods	Price negotiated by both parties	1,183.49	11,324.95
Winshare Education Technology	Sales of goods	Sales of education equipment products	Price negotiated by both parties	31,342,481.95	20,183,964.00
Sichuan Xinhua Printing	Sales of goods	Sales of goods	Price negotiated by both parties	-	116,731.26
Winshare International	Sales of goods	Sales of goods	Price negotiated by both parties	90,263.98	-
Stackway	Sales of goods	Sales of books	Price negotiated by both parties	13,558,630.35	12,507,106.23
Xinhua Wanyu	Provision of services	Provision of services	Price negotiated by both parties	2,228.77	-
Xinhua Lezhi	Provision of services	Provision of advertising services	Price negotiated by both parties	8,867.92	-
Haiyi Hotel	Sales of goods	Sales of books	Price negotiated by both parties	2,729.36	-
Liangshan Xinhua Winshare	Sales of goods	Receipts of books	Price negotiated by both parties	3,708.80	99,557.52
Total				131,904,683.09	143,845,504.15

Notes to the Financial Statements

For the year ended 31 December 2021

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

38. Related party relationship and transactions *(Continued)*

(2) Guarantees for subsidiaries

The Company has not provided any guarantee for subsidiaries for the current year.

(3) Leases with related parties

The Company as lessor:

RMB

Name of lessor	Name of lessee	Type of leased assets	Commencement date of leases	Expiration date of leases	Basis of determining the rent	Lease payment recognized in the current year	Lease payment recognized in the prior year
The Company	Sichuan Xinhua Publishing and Distribution Group	Buildings	2019.1.1	2021.12.31	Contractual price negotiated by both parties	1,214,451.43	1,268,721.70
The Company	Sichuan Xinhua Publishing and Distribution Group	Buildings	2020.11.1	2023.12.31	Contractual price negotiated by both parties	1,367,611.20	227,935.20
The Company	Printing materials	Buildings	2020.1.1	2022.12.31	Contractual price negotiated by both parties	417,247.71	417,247.71
The Company	Bashu Publishing House	Buildings	2020.1.1	2022.12.31	Contractual price negotiated by both parties	796,405.50	796,405.87
The Company	Youth and Children's Publishing House	Buildings	2020.1.1	2022.12.31	Contractual price negotiated by both parties	1,032,777.06	1,032,777.25
The Company	Literature & Art Publishing House	Buildings	2020.1.1	2022.12.31	Contractual price negotiated by both parties	759,502.75	759,502.57
The Company	People's Publishing House	Buildings	2020.1.1	2022.12.31	Contractual price negotiated by both parties	1,549,160.55	1,549,160.92
The Company	Science & Technology Publishing House	Buildings	2020.1.1	2022.12.31	Contractual price negotiated by both parties	821,944.95	829,658.71
The Company	Tiandi Publishing House	Buildings	2020.1.1	2022.12.31	Contractual price negotiated by both parties	768,775.23	767,087.32
The Company	Lexicographical Publishing House	Buildings	2020.1.1	2022.12.31	Contractual price negotiated by both parties	598,433.94	598,433.72
The Company	Publication Printing	Buildings	2020.1.1	2022.12.31	Contractual price negotiated by both parties	559,411.93	559,412.04
The Company	Xinhua Yingxuan	Buildings	2019.3.1	2021.2.28	Contractual price negotiated by both parties	401,910.19	299,413.92
Total						10,287,632.44	9,105,756.93

Notes to the Financial Statements

For the year ended 31 December 2021

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

38. Related party relationship and transactions *(Continued)*

(3) Leases with related parties *(Continued)*

The Company as lessee:

RMB

Name of lessor	Name of lessee	Type of leased assets	Commencement date of leases	Expiration date of leases	Basis of determining the rent	Lease payment recognized in the current year	Lease payment recognized in the prior year
Sichuan Xinhua Publishing and Distribution Group (Note 1)	The Company	Buildings	2019.1.1	2024.12.31	Contractual price negotiated by both parties	40,111,481.90	40,470,374.29
Sichuan Cultural Investment Group (Note 2)	The Company	Buildings	2020.1.1	2022.12.31	Contractual price negotiated by both parties	11,894,678.74	11,906,695.52
Total						52,006,160.64	52,377,069.81

Note 1: During the current year, the Company rented buildings from Sichuan Xinhua Publishing and Distribution Group. The decrease in right-of-use assets amounting to RMB248,143.29 arising from lease modification was recognized; whereas depreciation of right-of-use assets amounting to RMB34,916,240.28 was recognized.

Note 2: During the current year, the Company rented buildings from Sichuan Cultural Investment Group. The decrease in right-of-use assets amounting to RMB18,720.55 arising from lease modification was recognized; whereas depreciation of right-of-use assets amounting to RMB11,132,486.52 was recognized.

Notes to the Financial Statements

For the year ended 31 December 2021

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

38. Related party relationship and transactions (Continued)

(4) Borrowings/loans with related parties

RMB

Related party	Borrowing/ lending of funds in the current year	Balance at the end of the current year	Borrowing/ lending of funds in the prior year	Balance at the end of the prior year
Borrowings				
Tiandi Publishing House	–	20,000,000.00	20,000,000.00	20,000,000.00
Winshare Media	10,000,000.00	10,000,000.00	8,000,000.00	–
Sichuan Culture Communication Pictorial	2,000,000.00	24,000,000.00	22,000,000.00	22,000,000.00
Bashu Publishing House	7,000,000.00	7,000,000.00	8,000,000.00	–
Lexicographical Publishing House	10,000,000.00	40,000,000.00	10,000,000.00	30,000,000.00
Science & Technology Publishing House	10,000,000.00	14,000,000.00	4,000,000.00	4,000,000.00
Fine Arts Publishing House	8,000,000.00	28,000,000.00	–	20,000,000.00
Winshare Sports	15,000,000.00	45,000,000.00	10,000,000.00	30,003,000.00
Winshare Quan Media	10,000,000.00	22,000,000.00	–	12,000,000.00
Stackway	2,500,000.00	12,000,000.00	–	9,500,000.00
Youth and Children's Publishing House	10,002,291.61	46,000,000.00	–	39,486,202.77
Winshare Investment	150,000,000.00	150,000,000.00	–	–
	100,000,000.00	101,663,671.23	38,000,000.00	–
Total	334,502,291.61	519,663,671.23	120,000,000.00	186,989,202.77
Loans				
Winshare Investment	–	210,662,123.29	–	228,833,409.82
Wenchuan Logistics	–	183,144,000.00	–	176,358,000.00
Winshare International	7,000,000.00	21,213.70	–	–
Winshare Education Technology	125,000,000.00	327,405,875.02	120,000,000.00	230,202,868.15
Sichuan Xinhua Printing	–	11,997,094.17	–	16,650,136.98
Printing Materials	–	179,641,625.00	–	199,708,418.05
Reader's Journal Press	–	38,385,837.89	–	37,436,217.01
Xinhua Shang	–	2,500,000.00	–	2,500,000.00
Digital Publishing & Media	–	17,935,711.48	–	17,935,711.48
Arts Investment	–	28,183,930.13	–	28,183,930.12
Total	132,000,000.00	999,877,410.68	120,000,000.00	937,808,691.61

Notes to the Financial Statements

For the year ended 31 December 2021

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

38. Related party relationship and transactions *(Continued)*

(5) Payments for interests

The Company's payments for interests of the borrowings/loans from related parties are as follows:

Name of entity	Amount recognized in the current year		Amount recognized in the prior year	
	Amount	Proportion	Amount	Proportion
		(%)		(%)
Tiandi Publishing House	716,981.13	5.36%	208,710.26	3.00%
Winshare Media	353,137.76	2.64%	284,324.62	4.00%
Sichuan Culture Communication Pictorial	846,946.21	6.33%	783,817.52	12.00%
Bashu Publishing House	233,958.64	1.75%	252,686.74	4.00%
Bashu Publishing House	1,085,293.34	8.11%	784,750.57	12.00%
Lexicographical Publishing House	358,981.65	2.68%	106,270.37	2.00%
Science & Technology Publishing House	862,538.11	6.44%	716,981.12	11.00%
Fine Arts Publishing House	1,397,744.90	10.44%	784,750.58	12.00%
Youth and Children's Publishing House	3,616,825.97	27.02%	–	–
Winshare Sports	564,499.87	4.22%	430,188.68	6.00%
Winshare Quan Media	407,230.53	3.04%	340,566.04	5.00%
Stackway	1,295,120.09	9.67%	1,402,078.09	21.00%
Winshare Investment	1,647,199.22	12.30%	526,011.11	8.00%
Total	13,386,457.42	100.00%	6,621,135.70	100.00%

RMB



Notes to the Financial Statements

For the year ended 31 December 2021

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

38. Related party relationship and transactions *(Continued)*

(6) Receipts of interests

Interests received from the Company's borrowings/loans with related parties are as follows:

	<i>RMB</i>	
Name the entity	Amount recognized in the current year	Amount recognized in the prior year
Sichuan Xinhua Printing	327,318.10	667,003.75
Printing Materials	3,005,531.74	3,271,053.02
Winshare Investment	8,962,264.15	8,962,264.16
Reader's Journal Press	895,868.75	895,868.75
Winshare International	20,012.92	–
Wenchuan Logistics	6,401,886.80	6,401,886.80
Winshare Education Technology	4,729,177.44	4,206,906.69
Tiandi Publishing House	–	101,188.92
Total	24,342,059.90	24,506,172.09

Notes to the Financial Statements

For the year ended 31 December 2021

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

38. Related party relationship and transactions *(Continued)*

(7) Amounts due from/to related parties

		<i>RMB</i>	
Related party		Balance at the end of the current year	Balance at the end of the prior year
Accounts receivable	Liangshan Xinhua Winshare	–	112,500.00
	Beijing Winshare Commercial	71,059,905.92	100,853,374.42
	Winshare Education Technology	266,323,021.92	231,748,586.42
	Sichuan Xinhua Printing	131,906.32	–
	Sichuan Minzu Publishing House	189,053.30	N/A
	Stackway	668,597.15	–
Total		338,372,484.61	332,714,460.84
Prepayments	Xinhua Shang	41,647.19	–
	Total	41,647.19	–



Notes to the Financial Statements

For the year ended 31 December 2021

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

38. Related party relationship and transactions *(Continued)*

(7) Amounts due from/to related parties *(Continued)*

		<i>RMB</i>	
Related party		Balance at the end of the current year	Balance at the end of the prior year
Other receivables	Publication Printing	80,000,000.00	100,000,000.00
	Education Publishing House	350,000,000.00	300,000,000.00
	Ren Min Eastern	1,600,000.00	–
	Printing Materials	179,641,625.00	199,708,418.05
	Winshare Education Technology	82,405,875.02	55,202,868.15
	Winshare Online	5,301,599.42	3,938,214.57
	Xinhua Shang	2,500,000.00	2,500,000.00
	Reader's Journal Press	38,385,837.89	37,436,217.01
	Digital Publishing	17,935,711.48	17,935,711.48
	Arts Investment	28,183,930.13	28,183,930.12
	Science & Technology Publishing House	1,549,130.49	2,016,727.71
	Beijing Winshare Commercial	20,266,215.65	20,266,215.65
	Sichuan Xinhua Printing	11,997,094.17	16,650,136.98
	Winshare International	21,213.70	–
	Winshare Investment	10,662,123.29	28,833,409.82
	Literature & Art Publishing House	2,483,576.80	2,483,579.96
	People's Publishing House	5,916,993.22	4,228,408.22
	Wenchuan Logistics	27,144,000.00	20,358,000.00
	Stackway	–	2,756,622.18
Xinhua Yingxuan	351,671.42	314,384.62	
Total		866,346,597.68	842,812,844.52
Other non-current assets	Wenchuan Logistics	156,000,000.00	156,000,000.00
	Winshare Education Technology	245,000,000.00	175,000,000.00
	Winshare Investment	200,000,000.00	200,000,000.00
Total		601,000,000.00	531,000,000.00

Notes to the Financial Statements

For the year ended 31 December 2021

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

38. Related party relationship and transactions *(Continued)*

(7) Amounts due from/to related parties *(Continued)*

		<i>RMB</i>	
Related party		Balance at the end of the current year	Balance at the end of the prior year
Accounts payable	Education Publishing House	1,420,228,299.97	1,248,148,999.60
	Publication Printing	535,488,834.68	514,753,804.87
	Beijing Shuchuan	204,979,766.34	195,079,799.30
	Sichuan Minzu Publishing House	64,859,178.41	N/A
	People's Publishing House	56,958,497.30	49,050,691.73
	Literature & Art Publishing House	46,166,621.02	43,224,756.43
	Winshare Online	43,841,372.02	83,098,435.25
	Youth and Children's Publishing House	21,856,201.28	22,729,286.35
	Winshare Education Technology	21,799,936.19	19,347,161.56
	Fine Arts Publishing House	19,802,196.10	21,136,781.70
	Lexicographical Publishing House	12,850,606.69	14,818,462.43
	Science & Technology Publishing House	11,425,381.53	10,725,019.72
	Bashu Publishing House	5,062,298.44	6,330,743.09
	Tiandi Publishing House	370,258.86	4,243,560.49
	Digital Publishing	110,492.01	116,494.39
	The Commercial Press	-	11,997,965.97
	Ren Min Eastern	-	1,032,448.12
	Hainan Publishing House	-	192,384.15
	Winshare BLOGIS	-	180.69
	Xinhua Wanyuan	-	1,188.68
	Reader's Journal Press	-	27,931.00
	Printing Materials	-	186,540.47
	Winshare Cloud Image	-	1,123,169.00
Total		2,465,799,940.84	2,247,365,804.99



Notes to the Financial Statements

For the year ended 31 December 2021

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

38. Related party relationship and transactions (Continued)

(7) Amounts due from/to related parties (Continued)

		<i>RMB</i>	
Related party		Balance at the end of the current year	Balance at the end of the prior year
Contract liabilities	Winshare Online	–	1,426,695.80
	Sichuan Xinhua Printing	9,735.50	–
	Stackway	–	352,245.81
Total		9,735.50	1,778,941.61
Other payables	Publication Printing	258,449,177.96	258,449,177.96
	Youth and Children's Publishing House	150,000,000.00	23,161,400.00
	Winshare Investment	101,663,671.23	–
	Xinhua Online	66,880,000.00	66,880,000.00
	Stackway	46,003,000.00	39,486,202.77
	Fine Arts Publishing House	45,003,000.00	30,003,000.00
	Bashu Publishing House	40,000,000.00	30,000,000.00
	Wenchuan Logistics	37,144,248.25	3,543,605.42
	Science & Technology Publishing House	28,000,000.00	20,000,000.00
	Sichuan Cultural Communication	24,000,000.00	22,000,000.00
	Winshare Sports	22,000,000.00	12,000,000.00
	Tiandi Publishing House	20,000,000.00	20,000,000.00
	Lexicographical Publishing House	14,000,000.00	4,000,000.00
	Winshare Quan Media	12,000,000.00	9,500,000.00
	Winshare Media	10,000,000.00	–
	Pictorial	7,000,000.00	–
	Xinhua Shang	200,000.00	200,000.00
	Sichuan Xinhua Printing	200,000.00	200,000.00
	Digital Publishing	50,000.00	50,000.00
	Winshare BLOGIS	3,000.00	3,000.00
Winshare International	–	190,388.00	
Xinhua Chuangzhi	–	38,696,055.85	
Xinhua Cultural	–	6,353.75	
Total		882,596,097.44	578,369,183.75

Notes to the Financial Statements

For the year ended 31 December 2021

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

38. Related party relationship and transactions (Continued)

(7) Amounts due from/to related parties (Continued)

		<i>RMB</i>	
Related party		Balance at the end of the current year	Balance at the end of the prior year
Lease liabilities due within a year	Sichuan Xinhua Publishing and Distribution Group	35,628,544.63	34,045,456.57
	Sichuan Cultural Investment Group	11,659,581.46	11,130,484.13
Total		47,288,126.09	45,175,940.70
Lease liabilities	Sichuan Xinhua Publishing and Distribution Group	76,530,128.56	112,378,231.45
	Sichuan Cultural Investment Group	–	11,670,845.13
Total		76,530,128.56	124,049,076.58

Supplementary Information

1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS

RMB

Item	Current year
Gain/loss on disposal of non-current assets	2,015,713.48
Government grants recognized in profit or loss (other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	22,638,623.34
Gain/loss from changes in fair value of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities, other non-current financial assets, and investment income from disposal of the above financial assets/liabilities, financing receivables and other debt investments, except for effective hedging business relating to the normal operation of the Company (Note)	19,128,860.00
Other non-operating income and expenses other than the aforesaid items	(46,894,364.41)
Income tax effects	(1,064,415.74)
Effects attributable to non-controlling interests (after tax)	(790,180.50)
Total	(4,965,763.83)

Note: The principal business of Winshare Investment Co., Ltd., which is a subsidiary of Xinhua Winshare Publishing and Media Co., Ltd. ("Xinhua Winshare"), is investment holding. Its investment income from disposal and holding of financial assets at FVTPL and gains or losses from fair value changes are not recognized as non-recurring profit or loss, the gains of such investments and gains from fair value changes for the current year amounted to nil (prior year: nil) and RMB55,233,453.80 (prior year: RMB19,078,011.84) respectively.

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

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

Profits for the reporting period	Weighted average return on net assets (%)	EPS (RMB)	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the parent	12.23	1.06	N/A
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	12.28	1.06	N/A

The Company has no dilutive potential ordinary shares.

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