

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

2024

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:

| | |
|---|--|
| 2024 AGM | the annual general meeting to be held by the Company on 20 May 2025 |
| 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. |
| Bashu Publishing House | Sichuan Bashu Publishing House Co., Ltd. |
| Board | the board of directors of the Company |
| CG Code | the Corporate Governance Code set out in Appendix C1 to the Listing Rules |
| CITIC Buyout | 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. |
| CSRC | China Securities Regulatory Commission |
| KPMG Huazhen LLP | KPMG Huazhen LLP |
| Deloitte Touche Tohmatsu CPA | Deloitte Touche Tohmatsu Certified Public Accountants LLP |
| Director(s) | the director(s) of the Company |

* For identification purposes only

| | |
|--------------------------------|--|
| Dividend Entitlement Date | 29 May 2025 |
| Dividend for 2024 | the payment of dividend for the year ended 31 December 2024 of RMB0.41 (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 C2 to the Listing Rules |
| Financial Summary | the summary of results, assets, liabilities and equity of the Group for the past five years |
| Goldstone Growth | Goldstone Growth Equity Investment (Hangzhou) 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 |
| Hua Sheng Group | Chengdu Hua Sheng (Group) Industry Co., Ltd. |
| Liangshanzhou Xinhua Bookstore | Liangshanzhou Xinhua Bookstore Co., Ltd. |
| Liaoning Publication Group | Liaoning Publication Group Co., Ltd. |
| Listing Rules | the Rules Governing the Listing of Securities on the Stock Exchange and/or the Rules Governing the Listing of Stocks on the SSE, as the case may be |
| Minzu House | Sichuan Minzu Publishing House Co., Ltd. |
| Model Code | the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules |
| Nomination Committee | the nomination committee under the Board of the Company |
| Open Book Data | monitoring data publicly published by Beijing Open Book Co., Ltd. |
| 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) |

Definitions

| | |
|-----------------------------------|---|
| 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 |
| SFO | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| 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 Xinhua Printing | Sichuan Xinhua Printing 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. |
| 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 International | Winshare International Cultural Communication Co., Ltd. |
| 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 |
| Xinhua Culture Property | Sichuan Xinhua Cultural Property Service Co., Ltd. |
| Year, Period or Reporting Period | the period from 1 January to 31 December 2024 |

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. Save as Ms. Tan Ao (a non-executive Director) who appointed Mr. Dai Weidong (a non-executive Director) as her proxy to vote on her behalf due to other business commitments, other Directors of the Company attended the 2025 second Board meeting for the fifth session of the Board held on 27 March 2025 at which this annual report was considered and approved.
- III. KPMG Huazhen LLP issued a standard unqualified audit report for the Company.
- IV. Mr. Zhou Qing, the head of the Company, Mr. Xu Yongping, the person-in-charge of accounting affairs, and Mr. He Xiaomao, 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 2024 amounted to RMB1,545 million. For the profit distribution proposal for 2024, it is proposed that, on the basis of a total share capital of 1,233,841,000 Shares in issue, a cash dividend of RMB4.10 for every 10 shares (tax inclusive) held will be distributed to the Shareholders, with total cash dividend amounting to RMB506 million (tax inclusive). The above profit distribution proposal is subject to the approval by the Shareholders at the 2024 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.

Corporate Information

LEGAL NAME OF THE COMPANY

新華文軒出版傳媒股份有限公司

COMPANY NAME IN ENGLISH

XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.*

LEGAL REPRESENTATIVE

Mr. Zhou Qing

BOARD OF DIRECTORS

Executive Directors

Mr. Zhou Qing (*Chairman*)
Mr. Liu Longzhang (*Vice chairman*)
Mr. Li Qiang

Non-Executive Directors

Mr. Dai Weidong
Mr. Ke Jiming
Ms. Tan Ao

Independent Non-Executive Directors

Mr. Lau Tsz Bun
Mr. Deng Fumin
Mr. Han Wenlong

BOARD COMMITTEES

Strategy and Investment Planning Committee

Mr. Zhou Qing (*Chairman*)
Mr. Dai Weidong
Mr. Li Qiang

Audit Committee

Mr. Lau Tsz Bun (*Chairman*)
Mr. Deng Fumin
Mr. Ke Jiming

Remuneration and Review Committee

Mr. Han Wenlong (*Chairman*)
Mr. Lau Tsz Bun
Mr. Liu Longzhang

Nomination Committee

Mr. Deng Fumin (*Chairman*)
Mr. Han Wenlong
Ms. Tan Ao

SUPERVISORY COMMITTEE

Supervisors

Mr. Qiu Ming (*Chairman*)
Mr. Xue Feng
Ms. Wang Yan
Ms. Wang Yuanyuan

Independent Supervisors

Mr. Feng Jian
Ms. Wang Li

COMPANY SECRETARY

Ms. Yang Miao

AUTHORIZED REPRESENTATIVES

Mr. Ke Jiming
Ms. Yang Miao

ALTERNATE AUTHORIZED REPRESENTATIVE

Ms. Wong Wai Ling

AUDITOR

KPMG Huazhen LLP
8th Floor, KPMG Tower, Oriental Plaza
1 East Chang An Avenue
Beijing
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, Block 1
No.238 Sanse Road
Jinjiang District
Chengdu, Sichuan Province, the PRC

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

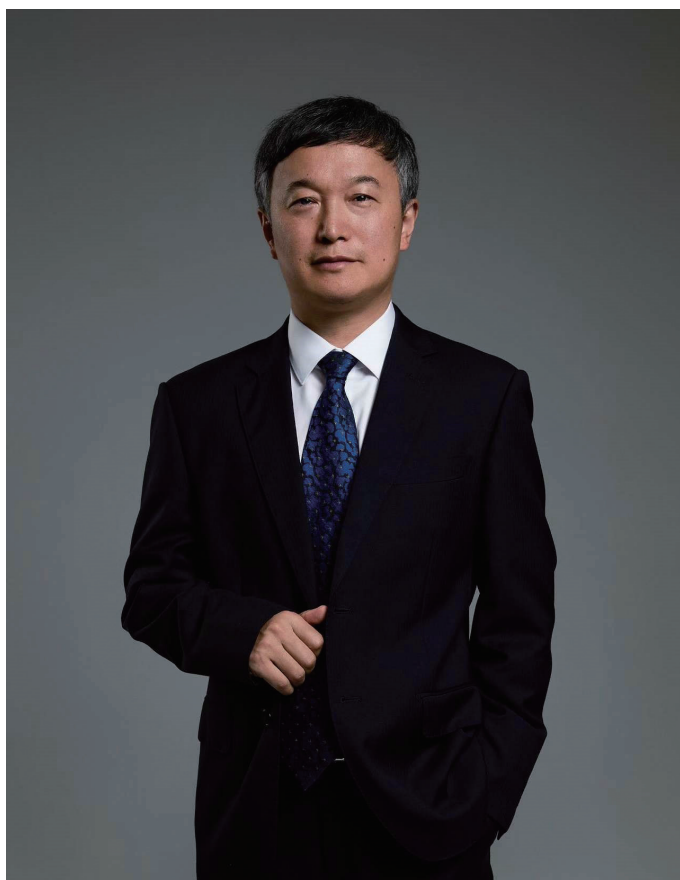
00811 (H Share)
601811 (A Share)

Financial Summary

RMB'000

| Key accounting data | 2024 | 2023 | 2022 | 2021 | 2020 |
|--|---------------------|--------------|--------------|--------------|--------------|
| Operating income | 1,232,851.39 | 1,186,849.04 | 1,093,030.25 | 1,046,036.40 | 900,805.66 |
| Total profit | 170,892.61 | 156,317.21 | 137,979.97 | 130,873.41 | 125,116.55 |
| Net profit attributable to shareholders of the Company | 154,485.62 | 157,914.60 | 139,667.31 | 130,594.15 | 126,277.85 |
| Net profit attributable to shareholders of the Company after non-recurring profits or losses | 165,822.73 | 162,404.20 | 146,269.23 | 126,947.84 | 118,679.03 |
| Net cash flow from operating activities | 177,247.88 | 235,302.82 | 202,438.11 | 204,732.96 | 181,880.53 |
| Net assets attributable to shareholders of the Company | 1,460,645.56 | 1,307,094.81 | 1,248,997.94 | 1,122,156.00 | 1,013,684.45 |
| Total assets | 2,289,870.34 | 2,178,756.34 | 2,065,138.76 | 1,877,394.58 | 1,696,883.60 |
| Total liabilities | 789,177.43 | 837,340.72 | 798,935.42 | 766,425.72 | 694,068.60 |
| Basic earnings per share (RMB/share) | 1.25 | 1.28 | 1.13 | 1.06 | 1.02 |
| Basic earnings per share after non-recurring profits or losses (RMB/share) | 1.34 | 1.32 | 1.19 | 1.03 | 0.96 |
| Weighted average return on net assets (%) | 11.13 | 12.25 | 11.78 | 12.23 | 13.06 |
| Weighted average return on net assets after non-recurring profits or losses (%) | 11.95 | 12.60 | 12.34 | 11.89 | 12.27 |

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 2024.

Zhou Qing
Chairman

In 2024, Xinhua Winshare adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, studied Xi Jinping's cultural thoughts in depth, and conscientiously implemented the decisions and arrangements of the Party Central Committee, the Sichuan Provincial Party Committee and the Provincial Government on accelerating the development of the cultural industry. The Group adhered to the implementation of new development concepts, actively integrated into the new development pattern, continued to deepen reform, and took multiple measures to improve quality and efficiency. As a result, the Group gradually enhanced its core functions and core competitiveness, achieving steady growth in social and economic benefits.

In 2024, the Group achieved operating income of RMB12,329 million, representing a year-on-year increase of 3.88%; total profit was RMB1,710 million, representing a year-on-year increase of 9.32%; net profit was RMB1,604 million, representing a year-on-year decrease of 1.52%; net profit attributable to shareholders of the listed company was RMB1,545 million; basic earnings per share were RMB1.25; net profit attributable to shareholders of the listed company after non-recurring gain or loss was RMB1,658 million, representing a year-on-year increase of 2.10%.

By improving governance mechanisms, we built a solid foundation for development. Focusing on the fundamental principle of "two consistencies", we comprehensively strengthened the party's leadership, and promoted the construction of modern enterprise systems with Chinese characteristics in an all-round manner. We systematically improved the internal institutional system, optimized the corporate governance structure, steadily promoted the construction of risk, internal control, and compliance management systems, strengthened information disclosure, improved the efficiency of investor relations management, and formulated special action plans to improve quality, efficiency, and return, enhancing the level of shareholder returns.

Chairman's Statement

By deeply cultivating the main responsibilities and principal businesses, we activated our development potential. Focusing on the main responsibilities and principal businesses, we continued to implement “one enterprise, one policy” for high-quality development. The publishing and media segment insisted on the unity of producing high-quality products and producing benefits, achieving improvement in both quality and benefits. The education service segment proactively adapted to policy adjustments; adjusted structure, addressed shortcomings, and looked for growth; built a high-quality education service system deeply integrated with education and teaching. The reading service segment adhered to the principle of “promoting stability through advancement, and promoting establishment through expansion”, and continued to optimize the operating mechanism of “combining in-store and out-of-store operations, and integrating online and offline channels” to pursue excellence in reading services.

By optimizing industrial layout, we expanded our room for development. Building a competitive development pattern of diversified businesses with deep integration of the industrial chain as the core, we established a high-standard and diversified material guarantee and supply system, promoted the digitalization and intelligent upgrading of printing production, advanced the construction of smart logistics systems, and strengthened the resource allocation and management and control efficiency of our national logistics network, expanding the upstream and downstream service capabilities of the supply chain. As for the transformation and development of the media segment, we effectively aggregated internal and external resources through investment operations, achieving resource sharing and complementary advantages, which enhanced our core competitiveness.

By comprehensively deepening reforms, we stimulated vitality for development. Focusing on the enhancement of core functions and core competitiveness, we further deepened reforms in an all-round manner to stimulate the vitality of corporate development. We systematically planned and deeply promoted the reforms of systems, businesses, institutions, and talents, integrated internal resources, optimized governance structures, and divested and eliminated “non-core and non-competitive businesses, and inefficient and ineffective assets”. By promoting the interconnection and integration of various reforms, we broke through the blockages for high-quality development, stimulating the vitality of corporate operation and development.

By promoting integrated innovation, we generated momentum for development. We implemented integrated development of publishing and continuously launched innovative integrated products. We accelerated the informatization construction, continued to promote the construction of information systems for application scenarios in subdivided fields, explored innovative application research on new technologies, promoted innovation in services, products and models, deeply explored the value of online channel data, innovated content presentation and marketing models, invested more resources in digital publishing, explored new digital publishing formats, and generated new momentum for integrated development.

Chairman's Statement

2025 is the final year for realizing the "14th Five-Year Plan", and also the year for planning the layout of the "15th Five-Year Plan". The Group will fully integrate into the national cultural development strategy. With the theme of promoting high-quality development, we will continue to strengthen and optimize our main businesses of publishing and media, deeply implement reform and innovation, better achieve the unity of social and economic benefits, and continue to create a new situation of high-quality development.

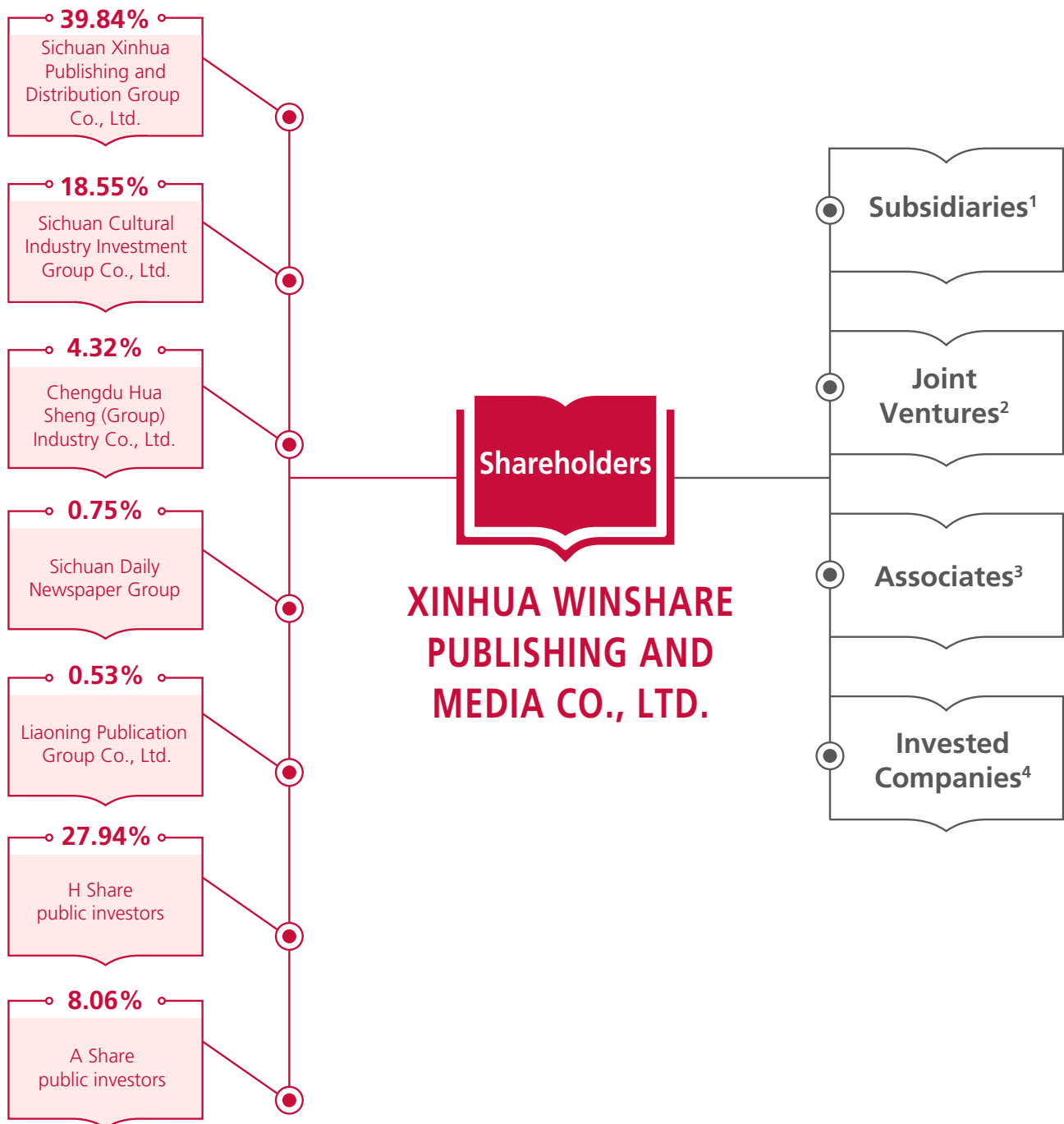
In this regard I would like to take this opportunity to express my sincere gratitude to all the Shareholders and the stakeholders for their support to and trust in the Company!

Zhou Qing

Chairman

27 March 2025

Corporate Structure of the Group



* The difference in the decimal places in the sum of percentages of total issued share capital is due to rounding.

Corporate Structure of the Group

Note 1: The subsidiaries mainly include the following companies:

| No. | Company Name | Direct shareholding ratio of the Group (%) | Indirect shareholding ratio of 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 | | |
| 9-1 | Sichuan Xinhua Winshare Media Co., Ltd. (四川新華文軒傳媒有限公司) | | 100.00 | During the Year, the Company contributed capital to Sichuan Literature & Art Publishing House Co., Ltd. by means of 100% equity interest held in such company. Sichuan Literature & Art Publishing House Co., Ltd. owns 100% equity interest in such company. |
| 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 | Direct shareholding ratio of the Group (%) | Indirect shareholding ratio of 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 | Sichuan Tiandi Publishing House Co., Ltd. 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 | Sichuan Tiandi Publishing House Co., Ltd. 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 | Sichuan Tiandi Publishing House Co., Ltd. owns 100% equity interest in such company. |
| 15 | Sichuan Pictorial Co., Ltd. (四川畫報社有限公司) | 100.00 | | |
| 15-1 | Sichuan Reader's Journal Press Co., Ltd. (四川讀者報社有限公司) | | 100.00 | During the Year, the Company contributed capital to Sichuan Pictorial Co., Ltd. by means of 100% equity interest held in such company. Sichuan Pictorial Co., Ltd. owns 100% equity interest in such company. |
| 15-2 | Sichuan Watch Panda Magazine Co., Ltd. (四川看熊貓雜誌有限公司) | | 100.00 | During the Year, the Company contributed capital to Sichuan Pictorial Co., Ltd. by means of 100% equity interest held in such company. Sichuan Pictorial Co., Ltd. owns 100% equity interest in such company. |
| 15-3 | Sichuan Winshare Culture Communication Co., Ltd. (四川文軒文化傳播有限責任公司) | | 100.00 | During the Year, the Company contributed capital to Sichuan Pictorial Co., Ltd. by means of 100% equity interest held in such company. Sichuan Pictorial Co., Ltd. owns 100% equity interest in such company. |
| 16 | Sichuan Xinhua Winshare Logistics Co., Ltd. (四川新華文軒物流有限公司) | 100.00 | | |
| 17 | Sichuan Winshare Xuankehui Cultural Development Co., Ltd. (四川文軒軒客會文化發展有限公司) | 100.00 | | |
| 18 | Sichuan Xinhua Printing Co., Ltd. (四川新華印刷有限責任公司) | 100.00 | | |
| 19 | Winshare Investment Co., Ltd. (文軒投資有限公司) | 100.00 | | |
| 20 | Winshare International Cultural Communication Co., Ltd. (文軒國際文化傳播有限公司) | 100.00 | | |
| 20-1 | 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 owns 100% equity interest in such company. |
| 21 | Winshare Quan Media (Beijing) Culture Communication Co., Ltd. (文軒全媒(北京)文化傳播有限公司) | 100.00 | | |
| 22 | Beijing Aerospace Cloud Education Technology Co., Ltd. (北京航天雲教育科技有限公司) | 70.00 | | |
| 23 | 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 | | |

Corporate Structure of the Group

| No. | Company Name | Direct shareholding ratio of the Group (%) | Indirect shareholding ratio of the Group (%) | Remarks |
|------|--|--|--|--|
| 24 | Sichuan Winshare Online E-commerce Co., Ltd. (四川文軒在線電子商務有限公司) | 92.00 | | |
| 24-1 | Sichuan Yunhan Internet Media Co., Ltd. (四川雲漢網絡傳媒有限責任公司) | | 100.00 | Winshare Online owns 100% equity interest in such company. |
| 24-2 | Sichuan Xingyue Reading Cultural Communication Co., Ltd. (四川興悅閱文化傳播有限公司) | | 100.00 | Winshare Online owns 100% equity interest in such company. |
| 24-3 | Sichuan Xuehaizhizhou Cultural Communication Co., Ltd. (四川學海之舟文化傳播有限公司) | | 100.00 | Winshare Online owns 100% equity interest in such company. |
| 24-4 | Sichuan Aiyuecheng Cultural Communication Co., Ltd. (四川愛閱城文化傳播有限公司) | | 100.00 | Winshare Online owns 100% equity interest in such company. |
| 24-5 | Sichuan Moyuan Cultural Communication Co., Ltd. (四川墨淵文化傳播有限公司) | | 100.00 | Winshare Online owns 100% equity interest in such company. |
| 24-6 | Sichuan Tianyuge Cultural Communication Co., Ltd. (四川天宇閣文化傳播有限公司) | | 100.00 | Winshare Online owns 100% equity interest in such company. |
| 24-7 | Sichuan Xinyaxuan Cultural Communication Co., Ltd. (四川欣雅軒文化傳播有限公司) | | 100.00 | Winshare Online owns 100% equity interest in such company. |
| 25 | Winshare Sports Culture Development Co., Ltd. (文軒體育文化發展有限公司) | 100.00 | | |
| 26 | Liangshanzhou Xinhua Bookstore Co., Ltd. (涼山州新華書店有限責任公司) | 51.00 | | |
| 26-1 | Liangshan Cloud Image Xunjie Logistics Co., Ltd. (涼山雲圖迅捷物流有限公司) | | 100.00 | Liangshanzhou Xinhua Bookstore owns 100% equity interest in such company. |
| 26-2 | Liangshan Xinhua Winshare Education Technology Co., Ltd. (涼山新華文軒教育科技有限公司) | | 100.00 | During the Year, the Company transferred 49% equity interest held in such company to Liangshanzhou Xinhua Bookstore. Liangshanzhou Xinhua Bookstore owns 100% equity interest in such company. |

Corporate Structure of the Group

Note 2: Joint ventures mainly include the following companies:

| No. | Company Name | Shareholding ratio of 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) | 38.49 | Winshare Investment owns 38.49% 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. |

Note 3: The associates mainly include the following companies:

| No. | Company Name | Shareholding ratio of 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 | Huaxuan Yinshi (Beijing) Cultural Communication Co., Ltd. (華軒銀時(北京)文化傳播有限公司) | 40.00 | Original name: Winshare Yinshi (Beijing) Cultural Communication Co., Ltd. |
| 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 | |
| 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 | |
| 9 | Ren Min Eastern (Beijing) Book Industry Co., Ltd. (人民東方(北京)書業有限公司) | 20.00 | |

Corporate Structure of the Group

| No. | Company Name | Shareholding ratio of the Group (%) | Remarks |
|-----|---|--|---|
| 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. (四川文軒寶鴻供應鏈有限公司) | 45.00 | |
| 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 | Sichuan Tiandi Publishing House Co., Ltd. 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 | |
| 17 | Sichuan Digital World Cultural Technology Co., Ltd. (四川數字世界文化科技有限公司) | 49.00 | Sichuan Digital Publishing & Media Co., Ltd. owns 49% equity interest in such company. |

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

| No. | Company Name | Shareholding ratio of the Group (%) | Remarks |
|-----|---|--|---|
| 1 | Anhui Xinhua Media Co., Ltd. (安徽新華傳媒股份有限公司) | 6.37 | During the Year, such company utilized its own fund to repurchase shares for cancellation and reduction of registered capital. The equity interest in such company owned by the Company changed from 6.27% to 6.37%. |
| 2 | Bank of Chengdu Co., Ltd. (成都銀行股份有限公司) | 1.92 | During the Year, such company converted its publicly issued A-share convertible bonds into shares, increasing the total number of shares. The equity interest in such company owned by the Company changed from 2.10% to 1.92%. |
| 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 interest in such company. |

Management Discussion and Analysis

(I) BUSINESS REVIEW

Industry Overview

In 2024, the central and local governments introduced a series of policies and measures to support cultural enterprises and boost cultural consumption, further enhancing confidence in the cultural industry's development. General Secretary Xi Jinping delivered an important speech at the 11th group study session of the Political Bureau of the 20th CPC Central Committee, pointing out that the development of new productive forces was an intrinsic requirement and an important focus for promoting high-quality development. It provided fundamental compliance and action guidelines for the publishing industry to accelerate the development of new productive forces and promote high-quality development. The Third Plenary Session of the 20th Central Committee of the Communist Party of China made systematic arrangements for deepening the reform of cultural systems and mechanisms and the reform of state-owned assets and state-owned enterprises to further stimulate the strong vitality of cultural innovation and creation and encourage the publishing industry to accelerate the improvement of management systems and production and operation mechanisms. "National reading" was included in the government work report for the eleventh time. From the initial "promoting national reading" to "deepening national reading activities", the importance of "national reading" has further increased. The release of preferential tax policies for restructured cultural enterprises continued to reduce taxes and burdens on cultural enterprises.

According to the Open Book Data, the overall book retail market recorded a sales value of RMB112.9 billion in 2024, representing a year-on-year decrease of 1.52%. Physical bookstores, platform e-commerce, vertical and other e-commerce platforms all showed negative growth. Content e-commerce (formerly short video e-commerce) maintained positive growth, but the growth rate has slowed down significantly. In particular, the physical bookstore channel decreased by 7.90% year-on-year, the platform e-commerce channel decreased by 12.17% year-on-year, the vertical and other e-commerce decreased by 8.51% year-on-year, and the content e-commerce channel increased by 27.61% year-on-year. In terms of sales value by channels, platform e-commerce accounted for the largest proportion, with a sales value accounting for 40.92%. Content e-commerce ranked second, with a sales value accounting for 30.38%. Vertical and other e-commerce and physical bookstores accounted for 14.70% and 13.99%, respectively.

In the new industry environment and the wave of technological revolution, the publishing industry is in a critical period of transformation and upgrading, facing unprecedented opportunities and challenges. Publishing enterprises focus on their main responsibilities and businesses, actively transform policy support into new momentum for industrial development, emphasize on enhancing core functions and core competitiveness, continue to cultivate and develop new productive forces, and solidly promote high-quality development.

Management Discussion and Analysis

Results

In 2024, the Group conscientiously implemented the decisions and arrangements of the Party Central Committee and the Sichuan Provincial Committee on the development of the cultural industry, persisted in promoting high-quality development, and strove to become the first class in the country, thereby achieving both social benefits and economic benefits.

During the Year, the Group realized operating income of RMB12,329 million, representing a year-on-year increase of 3.88%, which was mainly attributable to the sales growth of general books of the Group. Net profit amounted to RMB1,604 million, representing a year-on-year decrease of 1.52%, which was mainly attributable to changes in the enterprise income tax exemption policy, so that the Company and a number of its subsidiaries reversed the deferred income tax expenses recognized at the end of 2023.

Revenue

During the Year, the Group's revenue amounted to RMB12,329 million, representing an increase of 3.88% as compared to RMB11,868 million in the same period last year, which was mainly attributable to the sales growth of general books of the Group.

Operating costs

During the Year, the operating costs of the Group amounted to RMB7,803 million, representing an increase of 6.11% as compared to RMB7,353 million in the same period last year, which was mainly attributable to the increase brought about by the expansion in sales scale. Among which, the principal operating costs amounted to RMB7,786 million, representing a year-on-year increase of 6.15%.

Gross profit margin

During the Year, the consolidated gross profit margin of the Group was 36.71%, decreased by 1.33 percentage points from 38.04% in the same period last year, which was mainly attributable to changes in sales structure. Among which, the gross profit margin of principal businesses was 35.91%, decreased by 1.34 percentage points from 37.25% in the same period last year, which was mainly attributable to changes in sales structure.

Management Discussion and Analysis

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

RMB

| Principal business by industry | | | | | | |
|--------------------------------|--------------------------|-------------------------|-------------------------|--|---|---|
| Industry | 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 | 2,980,259,352.01 | 2,003,295,670.51 | 32.78 | (0.24) | 0.20 | (0.30) |
| Distribution | 10,867,014,662.29 | 7,555,264,754.20 | 30.48 | 3.62 | 6.03 | (1.57) |
| Others | 439,467,392.40 | 372,440,388.52 | 15.25 | 1.45 | (1.95) | 2.93 |
| Inter-segment elimination | (2,138,315,739.98) | (2,145,190,393.25) | | | | |
| Total | 12,148,425,666.72 | 7,785,810,419.98 | 35.91 | 3.93 | 6.15 | (1.34) |

| Principal business by product | | | | | | |
|---------------------------------------|--------------------------|-------------------------|-------------------------|--|---|---|
| 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 | 2,980,259,352.01 | 2,003,295,670.51 | 32.78 | (0.24) | 0.20 | (0.30) |
| Textbooks and supplementary materials | 1,463,887,374.56 | 833,086,241.66 | 43.09 | (5.94) | (7.18) | 0.76 |
| General books | 1,096,817,629.26 | 830,122,455.46 | 24.32 | 8.78 | 10.17 | (0.95) |
| Printing and supplies | 305,154,372.65 | 266,841,821.86 | 12.56 | (12.88) | (14.38) | 1.53 |
| Newspapers and journals | 54,650,009.54 | 31,430,288.08 | 42.49 | 4.27 | 13.46 | (4.66) |
| Others | 59,749,966.00 | 41,814,863.45 | 30.02 | 195.76 | 371.93 | (26.12) |
| II. Distribution | 10,867,014,662.29 | 7,555,264,754.20 | 30.48 | 3.62 | 6.03 | (1.57) |
| Textbooks and supplementary materials | 4,385,168,212.78 | 2,784,456,848.57 | 36.50 | (4.93) | (2.08) | (1.85) |
| General books | 6,034,041,676.62 | 4,407,347,262.80 | 26.96 | 9.26 | 10.04 | (0.52) |
| Education informatized and others | 447,804,772.89 | 363,460,642.83 | 18.84 | 27.22 | 31.35 | (2.55) |
| III. Others | 439,467,392.40 | 372,440,388.52 | 15.25 | 1.45 | (1.95) | 2.93 |
| Including: Logistics services | 431,027,496.33 | 370,332,954.27 | 14.08 | 5.09 | 0.65 | 3.78 |
| Inter-segment elimination total | (2,138,315,739.98) | (2,145,190,393.25) | | | | |
| Total | 12,148,425,666.72 | 7,785,810,419.98 | 35.91 | 3.93 | 6.15 | (1.34) |

Management Discussion and Analysis

| Principal business by region | | | | | | |
|------------------------------|------------------|------------------|-------------------------|--|---|---|
| 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 | 8,323,524,809.24 | 4,404,099,501.89 | 47.09 | (0.76) | (0.31) | (0.23) |
| Outside Sichuan Province | 3,824,900,857.48 | 3,381,710,918.09 | 11.59 | 15.82 | 15.93 | (0.08) |

| Principal business by sales model | | | | | | |
|-----------------------------------|------------------|------------------|-------------------------|--|---|---|
| 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) |
| Offline sales | 6,347,482,240.75 | 3,843,660,735.50 | 39.45 | (1.27) | 1.63 | (1.72) |
| Online sales | 5,800,943,425.97 | 3,942,149,684.48 | 32.04 | 10.27 | 10.95 | (0.42) |

Management Discussion and Analysis

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 | Current | Growth | Prior | Current | Growth | Prior | Current | Growth | Prior | Current | Growth | Prior | Current | Change |
| | year | period | rate (%) | year | period | rate (%) | year | period | rate (%) | year | period | rate (%) | year | period | (ppt) |
| Publication segment: | | | | | | | | | | | | | | | |
| Self-compiled textbooks and supplementary materials | 10,085.48 | 9,615.33 | (4.66) | 124,301.09 | 135,421.76 | 8.95 | 63,588.53 | 69,516.11 | 9.32 | 30,859.42 | 33,188.96 | 7.55 | 51.47 | 52.26 | 0.79 |
| Plate-leased textbooks and supplementary materials | 17,420.60 | 14,084.74 | (19.15) | 133,906.25 | 110,497.63 | (17.48) | 85,434.45 | 69,935.96 | (18.14) | 53,207.85 | 44,171.61 | (16.98) | 37.72 | 36.84 | (0.88) |
| General books | 11,355.26 | 13,713.93 | 20.77 | 449,622.26 | 547,427.07 | 21.75 | 100,828.64 | 109,681.76 | 8.78 | 75,349.93 | 83,012.25 | 10.17 | 25.27 | 24.32 | (0.95) |
| Printing of textbooks and supplementary materials on behalf of others | 2,265.96 | 2,250.30 | (0.69) | 9,897.71 | 10,368.46 | 4.76 | 6,604.12 | 6,936.67 | 5.04 | 5,686.62 | 5,948.05 | 4.60 | 13.89 | 14.25 | 0.36 |
| Distribution segment: | | | | | | | | | | | | | | | |
| Textbooks and supplementary materials | 37,901.42 | 37,035.51 | (2.28) | 479,859.13 | 454,195.33 | (5.35) | 461,249.93 | 438,516.82 | (4.93) | 284,367.57 | 278,445.68 | (2.08) | 38.35 | 36.50 | (1.85) |
| General books | 25,725.08 | 25,328.63 | (1.54) | 896,629.19 | 1,014,765.20 | 13.18 | 552,246.98 | 603,404.17 | 9.26 | 400,505.08 | 440,734.73 | 10.04 | 27.48 | 26.96 | (0.52) |

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 RMB2,980 million, representing a decrease of 0.24% as compared with RMB2,987 million during the same period of last year.

During the Year, gross profit margin of the publication segment was 32.78%, decreased by 0.30 percentage points from 33.08% for the same period of last year.

Major cost breakdown of the publication segment

| <i>RMB0,000</i> | | | | | | |
|---|--|------------------|-----------------|------------------------------|------------------|-----------------|
| | 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 | 10,327.10 | 9,136.25 | (11.53) | N/A | N/A | N/A |
| Copyright fee | 2,771.85 | 2,835.24 | 2.29 | 706.49 | 1,043.26 | 47.67 |
| Author's remuneration | 2,854.94 | 3,584.54 | 25.56 | 20,792.22 | 22,134.86 | 6.46 |
| Printing costs | 25,368.20 | 22,484.15 | (11.37) | 29,833.46 | 32,553.07 | 9.12 |
| Paper costs | 46,335.83 | 41,381.36 | (10.69) | 17,645.21 | 20,905.08 | 18.47 |
| Documentation fee | 928.77 | 986.06 | 6.17 | 5,108.43 | 5,238.48 | 2.55 |
| Others | 1,167.20 | 2,901.03 | 148.55 | 1,264.12 | 1,137.50 | (10.02) |

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

According to the Reply on the Publishing Qualifications of Sichuan Education Publishing House and 16 Other Publishers for Primary and Secondary School Supplementary Materials (Chuban Guanzi [2012] No. 605) from the Publishing Management Department of the former General Administration of Press and Publication, Sichuan Education Publishing House Co., Ltd., a subsidiary of the Group, is qualified for the publication of supplementary materials on all subjects, while 8 other publishers are qualified for the publication of supplementary materials on different subjects of primary and secondary schools. Such textbooks and supplementary materials are mainly published for sales within Sichuan Province.

In 2024, in the face of challenges such as the further deepening of national education reform, the adjustment of education policies, and the decline in student numbers, the Group focused on the fundamental task of cultivating virtuous talents, studied market changes, advanced reform and innovation, and carried out education publishing with the strategy of professionalism, differentiation, specialization and branding.

The Group promoted the compilation, revision and review of non-uniformly compiled national curriculum textbooks and local textbooks as required. The national curriculum textbook English 《英語》 for primary schools, national curriculum provincial approved textbooks Information Technology (Grades 3-8) 《信息科技(3-8年級)》 and Primary School English (Preparatory textbooks for grades 1-2) 《小學英語》(1-2年級預備級教材)), as well as provincial textbooks such as Lovely Sichuan 《可愛的四川》 and Kindergarten Themed Activities 《幼稚園主題式活動》 have been compiled and revised and successfully passed the review. Through strengthened policies and market researches, the Group developed supplementary material products that met new curriculum standards and channel needs. At the same time, the Group actively expanded subscription channels outside Sichuan to increase market share and brand influence.

The Group paid close attention to changes in technological innovation, user needs, usage scenarios and consumption habits, promoted the integrated development of educational publishing actively and steadily, transformed from paper book publishing to all-media publishing gradually, and provided intelligent and refined educational service products to improve the quality of educational services. The Group gathered high-quality education resources, content resources and technological resources to deeply integrate traditional paper publishing with digital publishing and offline education with online education in order to achieve multi-presentation and multi-channel sales of publishing resources. Based on market demand and user feedback, existing digital products were iteratively upgraded to optimize user experience and enhance product competitiveness. The Group authorized technology companies to develop the Sichuan education version of primary school English textbooks online using the “Chuanxuebao” APP for teachers and students to use, providing strong support for students to learn and teachers to teach. The Group made effort to optimize the functions of the existing digital products by constantly expanding the book and audio resource contents of the exclusive channel of “Sichuan Education Learning” on Ximalaya platform, and the Sichuan education version of textbooks, supplementary materials and activity resources on the “Winshare Youjiao” platform “Sichuan Education Zone”. The Group also pursued in-depth cooperation with Tencent Education in the media-integrated supplementary materials “AI Accompanying Me to Learn Writing • Composition Learning, Practice and Testing in Writing All-in-one” 《AI伴我學作文• 作文學練考一本通》 series, which was based on the language curriculum standards and focused on unit exercises or unit themes of the language textbooks. This series organically integrated artificial intelligence technology with the publication of paper-based supplementary materials.

During the Year, the sales revenue of textbooks and supplementary materials under the Group’s publication segment amounted to RMB1,464 million, representing a decrease of 5.94% as compared to RMB1,556 million in the same period last year. The cost of sales amounted to RMB833 million, representing a decrease of 7.18% as compared to RMB898 million in the same period last year. The gross profit margin was 43.09%, which slightly increased from 42.33% for the same period last year.

Management Discussion and Analysis

General books

In 2024, adhering to the concept of high-quality development, the Group continued to implement the “one enterprise, one policy” management model, strengthened content planning, optimized the publishing structure, enhanced the collaboration between publishing and distribution, and promoted the improvement of publishing quality and efficiency. First, the Group deeply explored the value of content. Focusing on major projects, the Group actively reserved high-quality topics and author resources to drive the planning and production of high-quality books, and create a batch of high-quality original products. Second, the Group strove to achieve “double-effect unification”, consolidated theme publishing, deepened the exploration of advantageous areas, and continuously enhanced the influence of publishing. Third, the Group optimized the collaboration mechanism to give full play to the advantages of entire industry chain, strengthen collaboration between publishing units and various channels, and promote sales of general books. According to the Open Book Data, the Group’s market share ranked 9th in terms of sales value in the overall book market and 6th among similar units locally.

The Group steadily carried out the integrated development of publishing and continued to enrich the forms of publishing products. During the Year, the publishing units of the Group successively launched 1,291 new integrated products such as e-books, audio books, radio dramas, digital collections, modern paper books, metaverse books, and cultural and creative products based on paper book content. The Group also launched electronic and audio versions of a number of key projects, and continued to operate the audio columns of publication, with steady growth in subscriptions and reading volume across its websites. The AIGC audio book project jointly developed by the Group’s subsidiary Tiandi Publishing House and Shanghai Ximalaya Network Technology Co., Ltd. was put on sale online and equipped with high-quality promotion resources.

During the Year, the sales revenue of general books under the Group’s publication segment amounted to RMB1,097 million, representing an increase of 8.78% as compared to RMB1,008 million in the same period last year, mainly benefitted from the increase in publications such as theme cultural and educational books. The cost of sales was RMB830 million, representing an increase of 10.17% as compared to RMB753 million in the same period last year. The gross profit margin was 24.32%, which slightly decreased from 25.27% in the same period last year.



Newspapers and journal

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 of these newspapers and journals covers all age groups from infants to middle-aged and elderly people. The number of both publications and readership for newspapers and journal publication of the Group continue to grow. Sichuan Pictorial, Reader’s Journal Press, and All-media Panda Platform issued a total of 12,414 posts, with reading volume of over 11.63 million. More than 130,000 users have followed the official WeChat account of Weekly Commercial Publications.

Management Discussion and Analysis

During the Year, a total of 21,502,900 copies/sets of newspapers and journals were sold by the Group. The sales revenue amounted to RMB54,650,000, which increased by 4.27% year-on-year. The selling expenses amounted to RMB31,430,300, which increased by 13.46% year-on-year. The gross profit margin was 42.49%, which decreased by 4.66 percentage points as compared with the same period last year.

(2) Distribution segment

The distribution segment of the Group mainly covers provision of textbooks to schools, teachers and students and education informatized and educational materials business for primary and secondary schools, retailing, distribution and online sales of publications.

During the Year, revenue from the sales of the distribution segment amounted to RMB10,867 million, representing growth of 3.62% as compared with RMB10,487 million during the same period of last year, mainly benefitting from the sales growth of general books.

During the Year, gross profit margin of the distribution segment of the Group was 30.48%, decreased by 1.57 percentage points from 32.05% during the same period of last year, which was mainly due to the effect of changes in sales structure.

Textbooks and supplementary materials

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 for 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 during compulsory education (義務教育階段學生免費教科書採購合同) with the provincial education office each school year. In 2024, the Company entered into the "Government Purchase Contract regarding free textbooks for students during compulsory education in Sichuan Province from 2024 to 2025" (四川省 2024-2025 學年義務教育階段學生免費教科書政府採購合同書).

In 2024, based on the new stage of education reform and development, and faced with changes in external policies and market environment, the Group continued to promote channel innovation, system innovation and business innovation, enhanced education service capabilities, facilitated innovative and integrated development, and built a high-quality education service system that was deeply integrated with education and teaching. In order to actively respond to the adverse effects of the decline in student number, the Group implemented "one city, one policy" to accurately analyze and formulate response strategies, optimize product structure, improve product quality, and enhance service level, building a three-dimensional education service system of "paper-based supplementary materials + digital products".

During the Year, 370,355,100 copies of textbooks and supplementary materials with sales value of RMB4,542 million were sold by the Group, achieving sales revenue of RMB4,385 million, representing a year-on-year decrease of 4.93%. The cost of sales amounted to RMB2,784 million, representing a decrease of 2.08% as compared to RMB2,844 million in the same period last year. The gross profit margin was 36.50%, decreased by 1.85 percentage points from 38.35% during the same period last year.

Management Discussion and Analysis

General books

In 2024, the Group continued to promote the transformation and development of the business model of physical bookstores, adhered to the layout optimization of online channels, and strove to improve the online and offline omni-channel operation capabilities. First, the Group continued to promote the upgrading and renovation of stores, integrated local culture to create theme scenes, leveraged original IPs such as Panda Bookstore and jointly developed with IP parties to create cultural and creative hot products, so as to enhance readers' cultural consumption experience. Second, the Group optimized the "product + activity + service" model, focused on the cultural consumption needs of institutional customers, actively expanded government and enterprise business, proactively integrated into the public cultural service system, and promoted the construction of high-quality cultural resources to reach the grassroots. Third, leveraging the changes in market demand spurred by the "double reduction" policy, the Group built a three-dimensional marketing matrix with student books as the core, and fully met the diversified and personalized reading needs of teachers and students through precise market layout and innovative service models. Fourth, the Group strengthened the refined operation of e-commerce channels, promoted the iterative upgrade of "Winshare Cloud Store", enhanced the "self-broadcasting + influencer broadcasting + social networking" content e-commerce matrix, and advanced online and offline integrated projects such as "Reading at Home", so as to further consolidate the leading advantages of national book e-commerce and the integrated development advantages of online and offline channels.

During the Year, 253,286,300 copies of general books with sales value of RMB10,148 million were sold by the Group. The sales revenue amounted to RMB6,034 million, representing a year-on-year increase of 9.26%, mainly benefitted from the growth brought about by refined online operations and expansion into the innovative and diversified market demands. The cost of sales amounted to RMB4,407 million, representing a year-on-year increase of 10.04%. The gross profit margin was 26.96%, representing a year-on-year decrease of 0.52 percentage points. In particular, the sales revenue through third-party e-commerce platforms amounted to RMB2,159 million, accounting for 35.78% of the total revenue of general books.



Paw & Pun small animals pop-up store

Education informatized and others

The Group provided products and services including subject classroom, innovation education space and smart campus. During the Year, the Group 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 under the premise of guaranteed funding and effective projects.

During the Year, the Group built a digital service matrix by using PC platform, mini-programs, official accounts, etc., with a total of 3.1246 million visits throughout the Year. In order to comply with the strategic positioning of an educational powerhouse of "education digitization" and the trend of multi-media integration in the textbooks and supplementary materials market, the Group cooperated with leading domestic education digitization brands to launch integrated media supplementary materials that directly reached C-end users, building a three-dimensional education service system of "paper-based supplementary materials + digital products". The Group continued to promote the optimization and upgrading of the "Winshare Youxue" online service platform, covering more than 6,000 schools and serving more than 4.75 million students. Throughout the province, the education business served a total of 447,600 primary and secondary school students; 467 teacher training projects were organized and implemented, serving more than 109,100 teachers.

Management Discussion and Analysis

During the Year, sales revenue of education informatized and other business of the Group amounted to RMB448 million, representing a year-on-year increase of 27.22%, mainly affected by the delivery time of education informatized projects. The cost of sales amounted to RMB363 million, representing a year-on-year increase of 31.35%. The gross profit margin was 18.84%, representing a decrease of 2.55 percentage points from 21.39% in the same period last year.

(II) ANALYSIS OF OPERATING RESULTS AND FINANCIAL PERFORMANCE

Expenses

During the Year, the Group's selling expenses amounted to RMB1,439 million, representing an increase of 2.59% as compared to RMB1,403 million in the same period last year, mainly due to the slight increase in expenses including advertising and promotion fees, e-commerce platform service fees and labor cost.

During the Year, the Group's administrative expenses amounted to RMB1,674 million, representing an increase of 3.43% as compared to RMB1,618 million in the same period last year, mainly due to the slight increase in expenses including labor cost.

During the Year, the Group's finance expenses amounted to RMB-217 million as compared to RMB-229 million in the same period last year, the change of which was mainly due to the slight decrease in interest income.

During the Year, the Group's R&D expenses amounted to RMB30,463,700, representing an increase of 52.47% as compared to RMB19,979,900 in the same period last year, which was mainly due to the increase in investment in business management systems and technological innovation applications integrated with business during the Year.

Gain from changes in fair value

During the Year, the Group's loss from changes in fair value amounted to RMB9,942,400, representing a decrease of loss of RMB47,070,800 as compared with a loss from changes in fair value of RMB57,013,200 in the same period last year, which was mainly due to changes in fair value of projects held by funds such as Winshare Dingsheng and CITIC Buyout fund invested by the Group during the Year due to the impact of capital market conditions.

Investment income

During the Year, the Group's investment income amounted to RMB181 million, representing an increase of 209.51% from RMB59 million in the same period last year, which was mainly due to the investment losses of approximately RMB54 million caused by the bankruptcy and liquidation of two holding subsidiaries last year, while for this year, the investment income recognized by joint ventures and associates as well as the dividends received from participating companies such as Bank of Chengdu and Wan Xin Media increased significantly compared with the same period last year.

Other incomes and non-operating income/expenses

During the Year, the Group's other incomes amounted to RMB106 million, representing an increase of 21.22% as compared to RMB87 million in the same period last year, which was mainly due to the increase in book subsidy income.

During the Year, the Group's non-operating income amounted to RMB2,682,400, representing a decrease of 51.34% as compared to RMB5,512,300 in the same period last year, which was mainly due to receipt of residual value income from scrapped goods last year.

Management Discussion and Analysis

During the Year, the Group's non-operating expenses amounted to RMB45,386,900, the change of which was small as compared with RMB46,774,500 in the same period last year.

Gains on asset disposal

During the Year, the Group's gain on asset disposal amounted to RMB1,655,100, representing a decrease of 23.97% as compared to RMB2,176,900 in the same period last year.

Credit impairment losses

During the Year, credit impairment losses of the Group amounted to RMB31,230,000, representing a decrease of RMB73,268,600 from RMB104,498,600 in the same period last year, which was mainly due to the strengthened efforts in recovering historical debts during the Year. Some of these historical debts were collected, reducing the credit impairment losses provided as compared with last year.

Income tax expenses

During the Year, the Group's income tax expenses amounted to RMB105,264,400, as compared to RMB65,178,200 in the same period last year, which was mainly due to changes in the preferential tax policies for restructured cultural enterprises, so that the Company and a number of its subsidiaries reversed deferred income tax expenses of RMB96 million recognized at the end of 2023.

Other comprehensive income

During the Year, the Group's net other comprehensive income after tax amounted to RMB718 million, representing an increase of RMB1,025 million as compared to a loss of RMB308 million in the same period last year, which was mainly due to the increase in the market value of Wan Xin Media and Bank of Chengdu held by the Company of RMB517 million this year, as well as changes in preferential tax policies for restructured cultural enterprises, so that deferred tax liabilities of RMB201 million recognized at the end of 2023 for the relevant assets were reversed.

Profit

During the Year, the Group achieved a net profit of RMB1,604 million, representing a year-on-year decrease of 1.52%, which was mainly due to changes in preferential tax policies for restructured cultural enterprises, so that deferred income tax expenses recognized by the Company and a number of its subsidiaries at the end of 2023 were reversed. Net profit attributable to the shareholders of the Company amounted to RMB1,545 million, representing a year-on-year decrease of 2.17%. Net profit attributable to the shareholders of the Company after non-recurring gain or loss amounted to RMB1,658 million, representing a year-on-year increase of 2.10%.

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 RMB1.25, which decreased by 2.34% as compared to RMB1.28 in the same period last year. For details regarding the calculation of earnings per share, please refer to Note (VI) 53 to the consolidated financial statements in this annual report.

Management Discussion and Analysis

R&D COMMITMENTS

Breakdown of R&D commitments

| | <i>RMB</i> |
|---|---------------|
| R&D expenses for the current year | 13,124,334.23 |
| R&D commitments capitalized for the current year | 7,914,429.64 |
| Total R&D commitments | 21,038,763.87 |
| Total R&D commitments as a percentage of revenue (%) | 0.17 |
| Percentage of R&D commitments capitalized (%) | 37.62 |
| Total no. of R&D personnel of the Company | 75 |
| No. of R&D personnel as a percentage of total no. of personnel of the Company (%) | 1.00 |

The R&D commitments of the Group amounted to RMB21,038,800, representing an increase of 103.98% as compared to RMB10,314,300 in the same period last year, mainly due to the increase in investment in business management systems and technological innovation applications integrated with business during the Year.

ANALYSIS OF CHANGES IN CASH FLOW

During the Year, cash flow from operating activities of the Group amounted to net inflow of RMB1,772 million, decreased by 24.67% as compared to net inflow of RMB2,353 million in the same period last year, which was mainly due to the year-on-year increase in enterprise income tax, property tax and other taxes and labor cost.

During the Year, cash flow from investing activities of the Group amounted to net outflow of RMB823 million, as compared to net outflow of RMB461 million in the same period last year, which was mainly due to the increase in time deposits placed this year as compared with the same period last year.

During the Year, cash flow from financing activities of the Group amounted to net outflow of RMB1,065 million, increased by RMB489 million as compared to net outflow of RMB576 million in the same period last year, which was mainly due to the cash dividends paid this year of RMB950 million, representing an increase of RMB530 million compared with RMB420 million in the same period last year.

Management Discussion and Analysis

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

RMB

| Item | This period | The same period last year | Change (%) | Reasons of change |
|---|------------------|---------------------------|------------|--|
| Tax refund received | 97,505,449.62 | 39,783,480.66 | 145.09 | The increase was mainly due to changes in preferential enterprise income tax policies, so that enterprise income tax refund of RMB60 million was received. |
| Taxes paid | 386,515,207.98 | 153,273,617.16 | 152.17 | Mainly due to changes in preferential tax policies, so that the enterprise income tax, property tax and other taxes paid during the period increased significantly year-on-year. |
| Cash receipts from recovery of investment | 28,450,610.87 | 180,126,653.55 | (84.21) | Mainly due to the recovery of investment of approximately RMB154 million due to fund exit last year. |
| Cash receipts from investment income | 195,521,762.30 | 96,524,886.21 | 102.56 | Mainly due to the increase in dividends received from participating companies such as Bank of Chengdu, Wan Xin Media, and Hainan Phoenix this year compared with last year. |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 2,394,927.68 | 6,095,019.42 | (60.71) | Mainly due to the compensation for housing demolition received by a single subsidiary in the same period last year. |
| Other cash receipts relating to investing activities | 890,000,000.00 | 262,076,126.01 | 239.60 | It represents time deposit withdrawal upon maturity. |
| Other cash payments relating to investing activities | 1,576,352,500.00 | 601,870,238.65 | 161.91 | Mainly due to the change in time deposits that cannot be withdrawn in advance within one year or with no intention to withdraw in advance. |
| Cash paid to distribute dividends, profits or repay interest | 950,884,516.13 | 420,820,187.60 | 125.96 | The cash dividends paid this year was RMB950 million, representing an increase of RMB530 million compared with RMB420 million in the same period last year. |

Management Discussion and Analysis

ASSETS AND LIABILITIES ANALYSIS

As at 31 December 2024, 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 | 60,122.67 | 0.00 | 5,220.00 | 0.00 | 1,051.78 | It mainly represents the stocks invested by the Company. |
| Notes receivable | 933,791.30 | 0.00 | 3,758,159.19 | 0.02 | (75.15) | Mainly due to the decrease in the balance of receivables settled by commercial acceptance bills in the logistics business at the end of the Year as compared with the beginning of the Year. |
| Receivables financing | 15,232,141.87 | 0.07 | 4,445,475.96 | 0.02 | 242.64 | Mainly due to the increase in the balance of receivables settled by bank acceptance bills in the resource supply business and logistics business at the end of the Year as compared with the beginning of the Year. |
| Other receivables | 261,437,606.97 | 1.14 | 121,733,914.08 | 0.56 | 114.76 | Mainly due to changes in preferential enterprise income tax policies, as the Group was recognized as a restructured cultural enterprise, enterprise income tax could be refunded. The relevant refund procedures were basically completed in the first quarter of 2025. |
| Contract assets | 5,584,567.76 | 0.02 | 8,817,641.75 | 0.04 | (36.67) | The decrease was mainly due to the recovery of quality warranty upon expiration. |
| Other current assets | 77,116,925.26 | 0.34 | 508,621,658.45 | 2.33 | (84.84) | Mainly due to the recovery of time deposits due within one year upon maturity, so that the closing balance was less than the opening balance. |
| Construction in progress | 73,670,872.15 | 0.32 | 39,549,969.11 | 0.18 | 86.27 | Mainly due to the increase in investment by Liangshanzhou Xinhua Bookstore, a subsidiary of the Company, in projects under construction during the Year (Xichang storage and logistics base and Yanyuan County warehouse and business comprehensive room) compared with the beginning of the Year. |

Management Discussion and Analysis

| 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 |
|-------------------------------------|----------------------------------|--|--------------------------------|--|---|--|
| Development expenditure | 3,745,447.13 | 0.02 | 1,045,459.68 | 0.00 | 258.26 | Mainly due to the increase in software R&D projects that have not yet been completed at the end of the Year compared with the beginning of the Year. |
| Deferred tax assets | 7,215,301.85 | 0.03 | 50,401,253.62 | 0.23 | (85.68) | Mainly due to changes in preferential tax policies for restructured cultural enterprises, the Company and a number of its subsidiaries have written back the deferred tax assets recognized for impairment provisions, deferred income and other items at the end of 2023. |
| Other non-current assets | 2,001,715,747.53 | 8.74 | 865,432,280.53 | 3.97 | 131.30 | Mainly due to the increase in time deposits and bank certificates of large amount deposit with no intention to withdraw in advance. |
| Notes payable | 4,486,667.50 | 0.02 | 36,299,683.81 | 0.17 | (87.64) | Mainly due to the decrease in the balance of trade payables settled by bills for the supply of printing materials business, education informatized and equipment business at the end of the Year as compared with the beginning of the Year. |
| Receipts in advance | 1,662,994.41 | 0.01 | 519,377.31 | 0.00 | 220.19 | Mainly due to changes in the balance of house rental received in advance. |
| Taxes payable | 42,024,302.50 | 0.18 | 70,497,049.35 | 0.32 | (40.39) | Mainly due to the decrease in unpaid value-added tax, enterprise income tax and other taxes for the current period. |
| Other receivables | 308,454,407.85 | 1.35 | 564,176,104.54 | 2.59 | (45.33) | Mainly due to the decrease in closing balance as compared to the opening balance as a result of the payment for 2023 special dividends of RMB222 million during the Year. |
| Long-term employee benefits payable | – | – | 30,581,649.90 | 0.14 | (100.00) | Mainly due to the external coordination expenses for retired employees of Liangshanzhou Xinhua Bookstore, a subsidiary of the Company, during its restructuring being transferred to the Educational Technology and Equipment Institute of Liangshan Yi Autonomous Prefecture during the Year. |

Management Discussion and Analysis

| 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 |
|----------------------------|----------------------------------|--|--------------------------------|--|---|---|
| Deferred income | 53,436,961.20 | 0.23 | 20,083,863.80 | 0.09 | 166.07 | Mainly due to changes in book subsidies and project subsidies during the Year. |
| Deferred tax liabilities | 64,861,474.37 | 0.28 | 217,635,807.37 | 1.00 | (70.20) | Mainly due to the decrease in closing balance as compared to the opening balance as a result of changes in preferential tax policies for restructured cultural enterprises, so that the Company reversed the deferred tax liabilities recognized for items including financial assets at the end of 2023. |
| Other comprehensive income | 1,855,336,515.47 | 8.10 | 1,137,699,551.17 | 5.22 | 63.08 | Mainly due to the increase in the market value of Wan Xin Media and Bank of Chengdu held by the Company of RMB517 million this year, as well as changes in preferential tax policies for restructured cultural enterprises, so that deferred tax liabilities of RMB201 million recognized at the end of 2023 for the relevant assets were reversed. |

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group had cash and short-term deposits of approximately RMB9,180 million (31 December 2023: RMB9,118 million), and short-term borrowings of RMB10 million (31 December 2023: RMB10 million).

As at 31 December 2024, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 34.46%, representing a decrease of 3.97 percentage points as compared with 38.43% as at 31 December 2023. The Group's overall financial structure remained relatively stable.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2024, the balance of deposits of the Group amounting to RMB13,955,200 (31 December 2023: RMB12,560,200) 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.

Management Discussion and Analysis

FOREIGN EXCHANGE RISK

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

WORKING CAPITAL MANAGEMENT

| | 31 December 2024 | 31 December 2023 |
|--|------------------|------------------|
| Current ratio | 1.8 | 1.8 |
| Inventory turnover days | 118.4 | 129.4 |
| Trade receivables turnover days (Note) | 46.6 | 52.0 |
| Trade payables turnover days | 256.4 | 272.0 |

As at 31 December 2024, the current ratio of the Group was 1.8, remaining stable as compared with that at the end of last year. During the Year, inventory turnover days were 118.4 days, which decreased by 11 days as compared with that of the same period last year. Trade receivables turnover days were 46.6 days, which decreased by 5.4 days as compared with that of the same period last year. Trade payables turnover days were 256.4 days, which decreased by 15.6 days as compared with that of the same period last 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 industry features of the publication and distribution business.

Note: The trade receivables turnover days were calculated based on the aggregate amount of accounts receivable, notes 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.

The Company was interested in 80,000,000 shares of Bank of Chengdu. Its shareholding was 1.92%. The cost of investment was RMB240 million. During the Year, the Company recognized a dividend income of RMB71,744,000 from Bank of Chengdu. As at 31 December 2024, the market capitalization of the shares held by the Company in Bank of Chengdu was RMB1,369 million.

The Company was interested in 124,640,000 shares of Wan Xin Media. Its shareholding was 6.37%. The cost of investment was RMB186 million. During the Year, the Company recognized a dividend income of RMB50,479,200 from Wan Xin Media. As at 31 December 2024, the market capitalization of the shares held by the Company in Wan Xin Media was RMB915 million.

Wan Xin Media and Bank of Chengdu are financial investments of the Company which not only generate attractive dividend income to the Group for the period, but also bring 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 industrial development, the Company will formulate corresponding investment strategies to continuously and steadily contribute to the finance income of the Company.

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

Information of the major subsidiaries

| RMB0,000 | | | | | | | |
|--|-----------------------|-----------------------------|--------------------|------------------|------------|------------------|------------|
| Name of subsidiary | Nature of business | Shareholding percentage (%) | Registered capital | 2024 | | 31 December 2024 | |
| | | | | Operating income | Net profit | Total assets | Net assets |
| Sichuan Education Publishing House Co., Ltd. | Publication | 100.00 | 1,000.00 | 105,728.78 | 49,569.94 | 157,376.47 | 119,354.39 |
| Sichuan Publication Printing Co., Ltd. | Publication | 100.00 | 5,000.00 | 29,236.16 | 11,158.41 | 91,634.64 | 78,427.78 |
| Sichuan Winshare Online E-commerce Co., Ltd. | Sales of publications | 92.00 | 6,000.00 | 363,057.55 | 859.49 | 315,926.79 | (7,982.74) |

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, innovating the industrial development model, and capitalizing on the two-tier driven strategy of “technology + capital”, will push ahead the upgrading 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 an innovative and fast-growing publishing and media enterprise.

Management Discussion and Analysis

(II) Operating plans

The Group anchors on the goal of “promoting high-quality development of the Company and striving to be the first class in the country”. Focusing on its main responsibilities and principal businesses, the Group adheres to integrity and innovation, continues to deepen reform, strives to improve quality and efficiency, accelerates digital transformation, and builds industrial competitive edges in the digital era. In 2025, the following operating plans will be implemented:

Enhance capabilities to supply quality contents. Adhere to producing high-quality and beneficial products, refine major theme publishing, focus on key publishing projects, and strengthen the effort to consolidate publishing resources, continuing to gather high-quality content resources and author resources; strengthen the collaboration between publishing and channels, and make full use of channel operating data to promote content planning capabilities; deepen copyright operations and integrated publishing, and continue to build the publishing brand of Winshare; strengthen international communication, and explore the transformation from export of cultural products to export of cultural industries.

Enhance the quality and efficiency of educational services. Continue to promote the transformation of product sales to user and service operations, develop and promote textbook products that meet market demand, and continuously improve product quality; explore and develop new use scenarios of education equipment at all stages, and provide students with a three-dimensional and high-quality learning experience in the form of “environment + tools + content”; actively expand labor and practical education business, and enhance capabilities to operate special teacher training projects; focusing on the existing system, use new digital technologies to empower educational services, and gradually realize digital and intelligent transformation.

Optimize the efficiency of reading services. Accelerate the promotion of transformation and upgrading of physical bookstores, vigorously expand government and enterprise services, district and county library distribution as well as rural bookstore business, and actively integrate into the construction of the public cultural service system; accelerate online and offline integrated development, continue to optimize the business model for platform e-commerce, strengthen the construction of content e-commerce, and deepen refined operations that match product content with people’s needs; continue to strengthen data-driven publishing capabilities, accelerate the exploration of new cooperation models in content development and production, and broaden product categories; deeply develop supply chain collaborative services, promote the in-depth integration of new technologies and businesses, and create a more stable and efficient service network; actively build a national reading activity system supported by the 4•23 National Reading Activity, Tianfu Book Fair, and Annual Reading Ceremony, and continuously enhance the brand influence of these activities.

Strengthen the construction of supply chain service capabilities. Continue to improve the construction layout of “functional warehouses” oriented by operation scenarios, constantly promote the iteration and upgrading of intelligent and professional logistics equipment and supporting systems, comprehensively improve the quality and operational efficiency of logistics services through digital means, realize a more efficient, scientific and intelligent logistics management system, and continuously enhance national supply chain service capabilities of the Group.

Management Discussion and Analysis

Promote industrial development with capital management. Further improve capital management layout, rationally allocate investment portfolios, diversify investment risks, integrate high-quality resources, and continuously create a balanced investment pattern that combines reasonable investment structure, short-term income and long-term value, so as to obtain capital operating gains. At the same time, continue to promote resource integration through capital operations, facilitate the optimization of industrial layout, and promote the transformation, upgrading and integrated innovative development of related businesses.

(III) Potential risks

The Group has formulated sound business objectives and optimized the operating plans. However, adjustments to industry policies and education policies may affect the operating environment and market competition pattern of the industry. The Group will pay close attention to relevant policy dynamics, and strengthen its policy research capabilities for improvement in operational flexibility as well as response capabilities.

As the development of digital intelligence in the industry further deepens, iteration of technology in the fields of integrated media publishing, smart education, AIGC, etc. accelerates, new business formats and models continue to emerge, and application scenarios continue to be enriched, the new generation of information technology represented by AI has brought challenges to the business and operation management of the Group. The Group will conduct in-depth research on the trends of the integration of culture and technology, further improve the technological innovation mechanism, dig into and expand the innovative application of new technologies, facilitate in-depth integrated development, and nurture and develop new quality productive forces.

In recent years, emerging channels, including content e-commerce and others, have developed rapidly and market competition has further intensified. This trend has placed higher requirements on the content production and channel sales capabilities of the Group's publishing business. The Group will strengthen market monitoring and analysis, focus on improving content production and service supply levels, optimize channel system and marketing strategies, and continuously improve market competitiveness and risk response capabilities.

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 2024, to all the Shareholders.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group is an integrated cultural operator specializing in the creative content publication, education services, cultural consumption services, supply chain services and capital operation and its principal activities include: publication business, reading service business, education service business, 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 2024 and the results of the Group for the year ended 31 December 2024 are set out on pages 152 to 166 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 Company distributed an interim dividend of RMB0.19 (tax inclusive) per share for the first half of 2024 to its shareholders on 16 December 2024.

On 22 January 2025, the Company received a letter of “Proposal for Cash Dividend for the Year 2024” from Sichuan Xinhua Publishing and Distribution Group, pursuant to which, Sichuan Xinhua Publishing and Distribution Group proposed to distribute a cash dividend of RMB4.10 (tax inclusive) per 10 shares to all shareholders on the basis of the total share capital registered as at the record date for the distribution of dividend for the year 2024 by the Company. Sichuan Xinhua Publishing and Distribution Group has undertaken to vote in favor when the proposed profit distribution plan for the year 2024 is considered at the shareholders’ meeting of the Company. Please refer to the announcement of the Company dated 22 January 2025 for details of the letter.

The Board has proposed the distribution of dividend for the year ended 31 December 2024 of RMB0.41 (tax inclusive) per share (2023: RMB0.40 (tax inclusive) per share), totaling RMB506 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 2024 AGM.

Report of the Directors

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 2024 is subject to the approval by Shareholders at the forthcoming 2024 AGM of the Company. In order to ascertain the H shareholders who are entitled to attend 2024 AGM and to receive the Dividend for 2024 (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 2024 AGM:

| | |
|--|---|
| Latest time for lodging transfers of H Shares | 4:30 p.m., Thursday, 17 April 2025 |
| Closure of register of members for H Shares | from Sunday, 20 April 2025 to Tuesday, 20 May 2025 (both days inclusive) |
| Date for the 2024 AGM | Tuesday, 20 May 2025 |

To ascertain the H shareholders who are entitled to the proposed Dividend for 2024:

| | |
|--|--|
| Latest time for lodging transfers of H Shares | 4:30 p.m., Friday, 23 May 2025 |
| Closure of register of members for H Shares | from Saturday, 24 May 2025 to Thursday, 29 May 2025 (both days inclusive) |
| Dividend Entitlement Date | Thursday, 29 May 2025 |

In order for the H shareholders to qualify to attend and vote at the 2024 AGM and to receive the Dividend for 2024 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration before the above mentioned deadlines for lodging the transfer documents.

Report of the Directors

H shareholders whose names appear on the register of members of the Company after the close of business on 4:30 p.m., Thursday, 17 April 2025 are entitled to attend and vote at the 2024 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 2024 of the Company (if approved by the Shareholders). The abovementioned final dividend for 2024 will be paid on or before 18 July 2025 (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.

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) 15 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 2024 are set out in the parent's statement of changes in shareholders' equity in this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, 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 2024, 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.

(I) Publication capabilities

The Group's content resource aggregation and development capabilities have steadily improved, and the Group has established close partnership with experts from various industries and well-known writers such as (in alphabetical order) Alai, Beimao, Huang Yazhou, He Jianming, Li Shanshan, Liu Xinwu, Long Pingping, Rao Xueli, Tan Kai, Wang Meng, and Zhang Qicheng, and obtained various copyrights of world-renowned publishing and media organizations such as Disney, DK, Viacom, Penguin Random House, Oxford University Press, and HarperCollins. The Group has an influential 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, and the number of influential books continues to increase. 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. Being a Mother is a Practice 《當媽是一種修行》 by Sichuan Literature & Art Publishing House and Shorthand for 1,500 Characters for Primary and Secondary Schools: Phonics + Mind Map 《速記中小學 1500 字: 自然拼讀+思維導圖》 by Tiandi Publishing House both achieved sales volume of over 1 million copies.

(II) Reading service capabilities

By integrating cultural mall, mid- to large-size bookstores, professional bookstores, community bookstores, Internet reading service platform for publications and the "publication collaborative trading platform", backed by the logistics service network covering the whole nation and centering in the Southwest, Northern China, Eastern China and Southern China, the Group has built a reading service network system radiating across the country and integrating online and offline services. The Group has a number of brands including "Xinhua Winshare", "Stackway", "Winshare BOOKS", "Kids Winshare children's bookstore", "Panda Bookstore", "winxuan.com" and "Winshare September" to provide consumers with convenient, comfortable, smart and personalized reading cultural consumption service.

(III) Education service capabilities

The Group 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. The Group has developed education equipment products such as professional subject classroom by centering on the subject contents and classroom scenarios. It is the main operator of education informatized and education equipment products and services in Sichuan Province. 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 connected transactions are as follows:

Non-Exempted Continuing Connected Transactions

Transactions with Sichuan Xinhua Publishing and Distribution Group and its subsidiaries

Sichuan Xinhua Publishing and Distribution Group is the controlling shareholder (as defined in the Listing Rules) and the promoter of the Company, holding 39.85% equity interest in the Company.

Xinhua Cultural Property and Minzu House are wholly-owned subsidiaries of Sichuan Xinhua Publishing and Distribution Group. Under Chapter 14A of the Listing Rules, Sichuan Xinhua Publishing and Distribution Group, Xinhua Cultural Property and Minzu House are connected persons of the Company.

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

On 9 December 2021, 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 2022 to 31 December 2024 as offices, warehouses and retail outlets. In view of the expiration of the agreement on 31 December 2024, on 20 December 2024, the Company and Sichuan Xinhua Publishing and Distribution Group renewed the Property Leasing Framework Agreement with respect to the lease arrangements for the period from 1 January 2025 to 31 December 2027. Please refer to the announcements of the Company dated 9 December 2021 and 20 December 2024 for details of the Property Leasing Framework Agreement and the renewal agreement.

For the year ended 31 December 2024, the transaction amount of properties leased by the Group to Sichuan Xinhua Publishing and Distribution Group pursuant to the above Property Leasing Framework Agreement amounted to RMB38,559,300. The right-of-use assets initially recognized under the Property Leasing Framework Agreement amounted to RMB191,825,600 in aggregate. As at 31 December 2024, the balance of right-of-use assets leased under the lease framework agreement amounted to RMB99,392,700.

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

On 9 December 2021, 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 2022 to 31 December 2024. In view of the expiration of the agreement on 31 December 2024, on 20 December 2024, the Company and Xinhua Cultural Property renewed the Property Management Service Framework Agreement with respect to the property management arrangements for the period from 1 January 2025 to 31 December 2027. Please refer to the announcements of the Company dated 9 December 2021 and 20 December 2024 for details of the Property Management Service Framework Agreement and the renewal agreement.

Report of the Directors

For the year ended 31 December 2024, the transaction amount of property management services provided by Xinhua Cultural Property to the Group pursuant to the above Property Management Service Framework Agreement amounted to RMB39,971,200.

(iii) *Publications Procurement Framework Agreement entered into between the Company and Minzu House*

On 29 December 2021, the Company and Minzu House entered into the Publications Procurement Framework Agreement in connection with the procurement of publications from Minzu House by the Group for the period from 1 January 2022 to 31 December 2024. In view of the expiration of the agreement on 31 December 2024, on 20 December 2024, the Company and Minzu House renewed the Publications Procurement Framework Agreement with respect to the publications procurement arrangements for the period from 1 January 2025 to 31 December 2027. Please refer to the announcements of the Company dated 29 December 2021 and 20 December 2024 for details of the Publications Procurement Framework Agreement and the renewal agreement.

For the year ended 31 December 2024, the transaction amount of publications procured by the Group from Minzu House pursuant to the above Publications Procurement Framework Agreement amounted to RMB104,493,100.

(iv) *Paper Supply Framework Agreement entered into between the Company and Minzu House*

On 29 December 2021, the Company and Minzu House entered into the Paper Supply Framework Agreement in connection with the supply of papers to Minzu House by the Group for the period from 1 January 2022 to 31 December 2024. In view of the expiration of the agreement on 31 December 2024, on 20 December 2024, the Company and Minzu House renewed the Paper Supply Framework Agreement with respect to the papers supply arrangements for the period from 1 January 2025 to 31 December 2027. Please refer to the announcements of the Company dated 29 December 2021 and 20 December 2024 for details of the Paper Supply Framework Agreement and the renewal agreement.

For the year ended 31 December 2024, the transaction amount of papers supplied by the Group to Minzu House pursuant to the above Paper Supply Framework Agreement amounted to RMB18,233,500.

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

Report of the Directors

- (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) according to the agreement governing them on terms that 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 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "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 conclusions in respect of the continuing connected transactions disclosed as above in accordance with Rule 14A.56 of the Listing Rules.

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 (XII) 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 Chapter 14A of 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 RMB43,651,800 (2023: RMB44,280,800).

Report of the Directors

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.

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 2024, 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) | 400,843,465 | 32.49% |
| (ii) Sichuan Cultural Investment Group (Note 2) | 222,539,005 | 18.04% |
| (iii) Hua Sheng Group (Note 3) | 53,336,000 | 4.32% |
| (iv) Sichuan Daily Newspaper Group (Note 2) | 9,264,513 | 0.75% |
| (v) Liaoning Publication Group (Note 2) | 6,485,160 | 0.53% |
| (vi) 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) | 90,780,000 | 7.36% |
| (ii) Sichuan Cultural Investment Group (Note 5) | 6,396,000 | 0.52% |
| (iii) Public investors of H Shares | 344,761,100 | 27.94% |
| Total share capital | 1,233,841,000 | 100% |

* The difference in the decimal places in the sum of percentages of total issued share capital is due to rounding.

Report of the Directors

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. Sichuan Cultural Investment Group, Sichuan Daily Newspaper Group and Liaoning Publication Group are the other promoters. 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. 90,780,000 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 6,396,000 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 2024, 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 |
| | 97,176,000 (Note 1) | Interests in controlled corporation | H Shares | 21.99% | 7.88% | Long position |
| Sichuan Xinhua Publishing and Distribution Group | 400,843,465 | Beneficial owner | A Shares | 50.62% | 32.49% | Long position |
| | 90,780,000 (Note 2) | Interests in controlled corporation/Beneficial owner | H Shares | 20.54% | 7.36% | Long position |
| Sichuan Cultural Investment Group | 222,539,005 | Beneficial owner | A Shares | 28.10% | 18.04% | Long position |
| | 6,396,000 | Beneficial owner | H Shares | 1.45% | 0.52% | 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 |

Report of the Directors

| 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 |
|---|---|---|----------------------|--|--|-------------------------------|
| Seafarer Capital Partners, LLC* | 26,220,000 | Investment manager | H Shares | 5.93% | 2.13% | Long position |
| Brown Brothers Harriman & Co.* | 28,066,350 | Approved lending agent | H Shares | 6.35% | 2.27% | Long position |
| Beijing Maple Spring Investment Management Co., Ltd.* | 28,066,350 31,271,000 (Note 4) | Approved lending agent Interests in controlled corporation | H Shares H Shares | 6.35% 7.08% | 2.27% 2.53% | Lending pool Long position |
| Chen Zheng* | 31,271,000 (Note 4) | Interests in controlled corporation | H Shares | 7.08% | 2.53% | Long position |

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

* The difference in the decimal places in the sum of percentages of total issued share capital of A Shares of the Company held by Sichuan Development, Sichuan Xinhua Publishing and Distribution Group and Sichuan Cultural Investment Group is due to rounding.

Notes:

1. Sichuan Development is the controlling shareholder of Sichuan Xinhua Publishing and Distribution Group and Sichuan Cultural Investment Group. According to the SFO, Sichuan Development is deemed to (i) indirectly hold 400,843,465 A Shares of the Company through Sichuan Xinhua Publishing and Distribution Group and 222,539,005 A Shares of the Company through Sichuan Cultural Investment Group, totalling 623,382,470 A Shares; and (ii) hold 90,780,000 H Shares of the Company through Sichuan Xinhua Publishing and Distribution Group and hold 6,396,000 H Shares of the Company through Sichuan Cultural Investment Group, totaling 97,176,000 H Shares.
2. Sichuan Xinhua Publishing and Distribution Group directly and through its wholly-owned subsidiary Shudian Investment Co., Ltd. indirectly holds 90,780,000 H Shares of the Company. Sichuan Xinhua Publishing and Distribution Group directly holds 400,843,465 A Shares of the Company.
3. Ms. Wu Wenqian is directly interested in 95% equity interests in Hua Sheng Group. Accordingly, Ms. Wu Wenqian is deemed to hold 53,336,000 A Shares of the Company through Hua Sheng Group.
4. Chen Zheng is indirectly interested in 90% equity interests in Beijing Maple Spring Investment Management Co., Ltd. Accordingly, Chen Zheng is deemed to hold 31,271,000 H Shares of the Company through Beijing Maple Spring Investment Management Co., Ltd.

Save as disclosed above, as at 31 December 2024, 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.

Report of the Directors

Apart from (i) Mr. Zhou Qing, 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. Ke Jiming, the non-executive Director, who is the member of the party committee and deputy general manager of Sichuan Xinhua Publishing and Distribution Group; (iv) Mr. Dai Weidong, the non-executive Director of the Company, who is the deputy party secretary, vice chairman and general manager of Sichuan Culture Investment Group; (v) Ms. Tan Ao, the non-executive Director of the Company, who is the assistant to general manager of Sichuan Culture Investment Group; (vi) Mr. Qiu Ming, the chairman of the Supervisory Committee, who is the director of finance department of Sichuan Culture Investment Group; and (vii) Mr. Xue Feng, a Supervisor, who is a supervisor and fund manager of Hua Sheng Group, as at 31 December 2024, 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 2024, none of the Directors, Supervisors and chief executives of the Company 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 were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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.

Report of the Directors

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 (including disposal of treasury shares).

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.

TAX EXEMPTIONS

The Company is not aware of any tax exemptions that Shareholders may enjoy due to their holdings of the Company's securities.

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 Sichuan Minzu Publishing 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. During the Reporting Period, the conversion of Minzu House was completed.

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. It has been decided not to exercise the pre-emptive right of Minzu House.

Report of the Directors

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 the code provisions of the CG Code during the Year, with the exception of deviation from the code provision B.2.2. Details of compliance with the CG Code are set out in the section “Corporate Governance Report” in this annual report.

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. Zhou Qing
Mr. Liu Longzhang
Mr. Li Qiang

Independent Non-Executive Directors

Mr. Lau Tsz Bun
Mr. Deng Fumin
Mr. Han Wenlong (appointed on 21 May 2024)
Mr. Li Xu (passed away on 9 April 2024)

Non-Executive Directors

Mr. Dai Weidong
Mr. Ke Jiming
Ms. Tan Ao

Supervisors

Mr. Qiu Ming
Mr. Xue Feng (appointed on 21 May 2024)
Mr. Chao Hsun (retired on 15 April 2024)
Ms. Wang Yan
Ms. Wang Yuanyuan

Independent Supervisors

Mr. Feng Jian
Ms. Wang Li

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.

Report of the Directors

CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The changes in Directors, Supervisors and senior management of the Company during the Period and up to the date of this annual report are as follows:

Changes of Directors

On 9 April 2024, Mr. Li Xu, an independent non-executive Director of the Company, passed away due to an illness. On 21 May 2024, as resolved at the annual general meeting of 2023 of the Company, Mr. Han Wenlong was appointed as an independent non-executive Director of the fifth session of the Board. His term of office became effective on 21 May 2024 and will last until the expiry of the term of the fifth session of the Board. Mr. Han Wenlong has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 12 April 2024, confirming that he understood his obligations as a director of a listed issuer.

Changes of Supervisors

Mr. Chao Hsun tendered his resignation as a Supervisor of the Company due to the need to devote more time to the dealing of other business and personal commitments, with effect from 15 April 2024. On 21 May 2024, as resolved at the annual general meeting of 2023 of the Company, Mr. Xue Feng was appointed as a Supervisor of the fifth session of the Supervisory Committee. His term of office became effective on 21 May 2024 and will last until the expiry of the term of the fifth session of the Supervisory Committee.

Changes of senior management

On 9 May 2024, as resolved at the fourth meeting of the fifth session of the Board of 2024, Mr. Xu Yongping was appointed as the chief financial officer of the Company. His term of office became effective on 9 May 2024 and will last until the expiry of the term of the fifth session of the Board.

Mr. Zhao Xuefeng resigned as the deputy general manager of the Company due to advancing age, with effect from 17 June 2024. On the same day, as resolved at the sixth meeting of the fifth session of the Board of 2024, Mr. Wang Feng was appointed as the deputy general manager of the Company. His term of office became effective on 17 June 2024 and will last until the expiry of the term of the fifth session of the Board.

Mr. Wang Huaguang resigned as the chief editor of the Company due to advancing age, with effect from 20 September 2024.

For details relating to the changes of Directors, Supervisors and senior management, please refer to the announcements dated 9 April 2024, 15 April 2024, 16 April 2024 and 21 May 2024, the overseas regulatory announcements dated 9 May 2024, 17 June 2024 and 20 September 2024 and the supplemental circular dated 30 April 2024 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.

Report of the Directors

BOARD AND BOARD COMMITTEES

For details of the Board and the special committees under the Board, please refer to 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 considered and approved by the shareholders’ meeting 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 include one Director who received remuneration for the executive position in the Company. Details of the emoluments of the Directors and Supervisors and remunerations of the five highest paid individuals are set out in Note (XII) 5(4) to the consolidated financial statements in this annual report.

Report of the Directors

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.

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 2024, the Group utilized RMB5,489,473.15 of the proceeds. As of 31 December 2024, the accumulated use of proceeds amounted to RMB640,780,828.76. The balance of the unutilized proceeds amounted to RMB6,333,655.01, 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 Reporting Period | Unutilized amount | Consistent with the planned use as disclosed or not | Expected timetable of utilizing the unutilized proceeds |
| 1. Education cloud service platform project (Note 1) | 200,000,000.00 | – | 200,247,762.29 | – | yes | – |
| 2. Construction and upgrade of ERP project (Note 1) | 35,175,098.06 | – | 35,602,525.95 | – | yes | – |
| 3. Publications regarding the revival of the Chinese culture project (Note 2) | 10,179,045.28 | 3,846,908.72 | 3,846,908.72 | 6,333,655.01 | yes | Note 3 |
| 4. Upgrade and expansion of retail stores project (Note 1) | 100,000,000.00 | – | 100,448,421.73 | – | yes | – |
| 5. Construction of logistics network in the western region project (Note 1) | 300,000,000.00 | 1,642,564.43 | 300,635,210.07 | – | yes | – |
| Total | 645,354,143.34 | 5,489,473.15 | 640,780,828.76 | 6,333,655.01 | – | – |

Report of the Directors

Notes:

1. 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.
2. A new special account was opened for “Publications regarding the revival of the Chinese culture project” after changes in its content. The committed total investment of the project was based on the bank settlement amount on the transfer date. The unutilized proceeds represented bank account balance, including opening balance of RMB660.02 before transferring in the proceeds (as at the date of this annual report, such fund of RMB660.02 had been transferred out of the relevant bank account).
3. The expected timeline for utilizing the unutilized proceeds is based on the Company’s consideration on the future market conditions and development of projects.

At the tenth meeting of the fifth session of the Board of the Company of 2024 held on 27 August 2024, the Resolution on Changes in the Content of a Project to be Invested Using the Proceeds of the Company 《關於本公司募集資金投資項目內容變化的議案》 to change the content of the plan of “publications regarding the revival of the Chinese culture project” was considered, and was approved at the extraordinary general meeting of Company held on 16 October 2024. For details, please refer to the announcement of the Company dated 27 August 2024 and the circular of the Company dated 30 August 2024.

Save as the above change, 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.

Report of the Directors

AUDITOR

Deloitte Touche Tohmatsu CPA was the sole auditor of the Company for years 2021, 2022 and 2023. The Company has continuously appointed Deloitte Touche Tohmatsu CPA for the prescribed number of years under the Administrative Measures for the Selection and Appointment of Accounting Firms by State-owned Enterprises and Listed Companies (Cai Kuai [2023] No. 4) for state-owned enterprises and listed companies to continuously engage the same accounting firm. Deloitte Touche Tohmatsu CPA had retired at the 2023 annual general meeting of the Company.

After considering the opinions of the Audit Committee and based on the selection results, the Board has resolved to recommend that KPMG Huazhen LLP be appointed as the Company's sole auditor for the year 2024 upon retirement of Deloitte Touche Tohmatsu CPA. At the annual general meeting of the Company for 2023 held on 21 May 2024, the proposed appointment was approved, and the Board was authorized to determine and approve its remunerations.

For details regarding the change of auditor please refer to the announcement dated 27 March 2024 and the circular dated 3 April 2024 of the Company.

The consolidated financial statements for 2024 of the Group, prepared in accordance with the China Accounting Standards for Business Enterprises, have been audited by KPMG Huazhen LLP. The terms of office of KPMG Huazhen LLP will expire on the date of the forthcoming 2024 AGM of the Company.

Save as disclosed, there have been no other changes in the Company's auditors in the past three years.

By order of the Board
Zhou Qing
Chairman

27 March 2025

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 modify and improve its corporate governance standardized documents based on the listing regulatory requirements in Hong Kong and Shanghai 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, with the exception of the deviation from the code provision B.2.2.

Code provision B.2.2 stipulates that every director (including those appointed for a specific term) should be subject to retirement by rotation at least once every three years. The term of office of the Company's fifth session of the Board and Supervisory Committee expired on 23 January 2025. As the nomination of relevant director candidates and supervisor candidates has not been completed, the election and appointment of the fifth session of the Board, the Supervisory Committee and the special committees of the Board of the Company have been postponed. In order to maintain the continuity and stability of the work of the Board and the Supervisory Committee of the Company, the respective terms of office of the Company's Board and Supervisory Committee will also be extended accordingly. The Company will advance the election and appointment of the new session of the Board and Supervisory Committee as soon as practicable. For details, please refer to the announcement of the Company dated 23 January 2025.

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.

Corporate Governance Report

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. Zhou Qing; 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

According to Rules 3.10(1) and 3.10(A) of the Listing Rules, the board of directors of a listed issuer must consist of at least three independent non-executive directors, accounting for one-third of the total number of directors. Mr. Li Xu unfortunately passed away on 9 April 2024. To fill the vacancy, Mr. Han Wenlong was appointed as an independent non-executive Director on 21 May 2024.

From 9 April 2024 to 21 May 2024, the Company had only two independent non-executive Directors, accounting for less than one-third of the total number of members of the Board. However, during the remainder of the Year, the number of members of the Board and its composition complied with the requirements of the Listing Rules.

As at the end of the Year, the fifth session of the Board of the Company currently comprises 9 Directors, including 3 executive Directors, Mr. Zhou Qing, Mr. Liu Longzhang and Mr. Li Qiang; 3 non-executive Directors, Mr. Dai Weidong, Mr. Ke Jiming and Ms. Tan Ao; and 3 independent non-executive Directors, Mr. Lau Tsz Bun, Mr. Deng Fumin and Mr. Han Wenlong (appointed on 21 May 2024 to succeed Mr. Li Xu who passed away on 9 April 2024). 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.

Mr. Han Wenlong was appointed as an independent non-executive Director on 21 May 2024 and obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 12 April 2024, confirming that he understood his obligations as a director of a listed issuer.

Details of the changes of Directors 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.

Corporate Governance Report

Independent Views and Opinions Obtained by the Board

The Company has established a mechanism to ensure that the Board may obtain independent views and opinions, and has reviewed the implementation and effectiveness of such mechanism semi-annually.

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.

Directors' Training and Continuing Professional Development

Upon appointment of the Directors, the Company will provide them with an induction guideline folder comprising the relevant legal 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.

Corporate Governance Report

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 China, 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 |
|---|---------------------|-------------------|
| Zhou Qing (<i>Chairman</i>) | Y | √ |
| Liu Longzhang (<i>Vice Chairman</i>) | Y | √ |
| Li Qiang | Y | √ |
| Dai Weidong | Y | √ |
| Ke Jiming | Y | √ |
| Tan Ao | Y | √ |
| Lau Tsz Bun | Y | √ |
| Deng Fumin | Y | √ |
| Han Wenlong (<i>appointed on 21 May 2024</i>) | Y | √ |
| Li Xu (<i>passed away on 9 April 2024</i>) | 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 Board convened a total of 16 Board meetings, of which 7 were held on site and 9 were held by way of written resolutions. The Board meetings reviewed resolutions regarding the periodic reports, profit distribution, engagement of annual auditors, amendment to the internal systems, continuing connected transaction(s), changes in the content of a project to be invested using the proceeds of the Company, nomination of Directors, adjustment of members of special committee(s) under the Board, appointment of senior management and adjustment of internal management structure, 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.

Corporate Governance Report

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> | | | |
| Zhou Qing (<i>Chairman</i>) | 16/16 | 0 | 100% |
| Liu Longzhang (<i>Vice Chairman</i>) | 15/16 | 1 | 94% |
| Li Qiang | 15/16 | 1 | 94% |
| <i>Non-Executive Directors</i> | | | |
| Dai Weidong | 11/16 | 5 | 69% |
| Ke Jiming | 16/16 | 0 | 100% |
| Tan Ao | 15/16 | 1 | 94% |
| <i>Independent Non-Executive Directors</i> | | | |
| Lau Tsz Bun | 16/16 | 0 | 100% |
| Deng Fumin | 16/16 | 0 | 100% |
| Han Wenlong (<i>appointed on 21 May 2024</i>) | 11/12 | 1 | 92% |
| Li Xu (<i>passed away on 9 April 2024</i>) | 1/1 | 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> | | |
| Zhou Qing (<i>Chairman</i>) | 2/2 | 100% |
| Liu Longzhang (<i>Vice Chairman</i>) | 2/2 | 100% |
| Li Qiang | 2/2 | 100% |
| <i>Non-Executive Directors</i> | | |
| Dai Weidong | 0/2 | 0% |
| Ke Jiming | 2/2 | 100% |
| Tan Ao | 2/2 | 100% |
| <i>Independent Non-Executive Directors</i> | | |
| Lau Tsz Bun | 2/2 | 100% |
| Deng Fumin | 2/2 | 100% |
| Han Wenlong (<i>appointed on 21 May 2024</i>) | 1/1 | 100% |
| Li Xu (<i>passed away on 9 April 2024</i>) | 0/0 | N/A |

BOARD COMMITTEES

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

Corporate Governance Report

During the Year, 1 meeting of the Strategy and Investment Planning Committee, 3 meetings of the Nomination Committee, 5 meetings of the Remuneration and Review Committee and 9 meetings of the Audit Committee were convened by the fifth session of the Board. The attendance of the members of individual committees under the Board during the Year is as follows:

| Name | Strategy and Investment Planning Committee | Nomination Committee | Remuneration and Review Committee | Audit Committee |
|---|--|----------------------|-----------------------------------|-----------------|
| <i>Executive Directors</i> | | | | |
| Zhou Qing (<i>Chairman</i>) | 1/1 | N/A | N/A | N/A |
| Liu Longzhang (<i>Vice Chairman</i>) | N/A | N/A | 5/5 | N/A |
| Li Qiang | 1/1 | N/A | N/A | N/A |
| <i>Non-Executive Directors</i> | | | | |
| Dai Weidong | 1/1 | N/A | N/A | N/A |
| Ke Jiming | N/A | N/A | N/A | 9/9 |
| Tan Ao | N/A | 3/3 | N/A | N/A |
| <i>Independent Non-Executive Directors</i> | | | | |
| Lau Tsz Bun | N/A | N/A | 5/5 | 9/9 |
| Deng Fumin | N/A | 3/3 | N/A | 9/9 |
| Han Wenlong (<i>appointed on 21 May 2024</i>) | N/A | 1/1 | 4/4 | N/A |
| Li Xu (<i>passed away on 9 April 2024</i>) | N/A | 0/0 | 1/1 | 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.

As at the end of the Year, the Strategy and Investment Planning Committee of the fifth session of the Board comprises 3 Directors as members, being Mr. Zhou Qing, Mr. Dai Weidong and Mr. Li Qiang. The Strategy and Investment Planning Committee is chaired by Mr. Zhou Qing, an executive Director.

During the Year, the Strategy and Investment Planning Committee under the Board convened 1 meeting, at which the resolution on the changes in the content of a project to be invested using the proceeds of the Company was considered, and the review opinions and recommendations were submitted to the Board, playing an active role in the decision-making of the Board.

Corporate Governance Report

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.

As at the end of the Year, the Nomination Committee of the fifth session of the Board comprises 3 Directors as members, being Mr. Deng Fumin, Mr. Han Wenlong and Ms. Tan Ao. Mr. Deng Fumin, an independent non-executive Director, is the chairman of the Nomination Committee. All members of the Nomination Committee are non-executive Directors, among whom Mr. Deng Fumin and Mr. Han Wenlong are independent non-executive Directors, and Ms. Tan Ao is a non-executive Director.

During the Year, the Nomination Committee under the Board convened a total of 3 meetings, at which the resolutions regarding the nomination of candidates for Directors and senior management officers were considered. Review opinions and suggestions were submitted to the Board.

Remuneration and Review Committee

The main responsibilities of the Remuneration and Review Committee include: (1) studying and examining the remuneration policy and/or standards, assessment criteria of the Company's Directors and senior management, and providing recommendations to the Board; and (2) formulating the annual assessment plan of the senior management of the Company, determining the remuneration packages of the senior management of the Company, etc.

As at the end of the Year, the Remuneration and Review Committee of the fifth session of the Board comprises 3 Directors as members, being Mr. Han Wenlong, Mr. Lau Tsz Bun and Mr. Liu Longzhang. Mr. Han Wenlong, an independent non-executive Director, is the chairman of the Remuneration and Review Committee. Among the members of the Remuneration and Review Committee, Mr. Han Wenlong and Mr. Lau Tsz Bun are independent non-executive Directors, and Mr. Liu Longzhang is an executive Director.

During the Year, the Remuneration and Review Committee under the Board convened a total of 5 meetings, at which five resolutions including the performance review results of the operating management team of the Company for 2023, the implementation plan of the performance review of the operating management team of the Company for 2024 and the enterprise annuity plan.

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.

As at the end of the Year, the Audit Committee of the fifth session of the Board comprises 3 Directors as members, being Mr. Lau Tsz Bun, Mr. Deng Fumin and Mr. Ke Jiming. Mr. Lau Tsz Bun, 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. Lau Tsz Bun and Mr. Deng Fumin are independent non-executive Directors, and Mr. Ke Jiming is a non-executive Director.

During the Year, the Audit Committee of the Board convened a total of 9 meetings, at which various resolutions including 2023 annual results, 2024 interim results and quarterly results, 2023 ESG report, internal control and risk evaluation report, engagement of auditors and internal control audit firm and review of the Company's compliance with the CG Code (including but not limited to code provision A.2.1 on corporate governance duties) etc. were considered and its opinions and recommendations were submitted to the Board, playing an active role in the decision-making of the Board.

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 2024, through communicating with the Company's management, internal audit department, legal affairs and 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.

Corporate Governance Report

DIVERSITY

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 gender, 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 annually 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.

Senior Management and Staff Diversity

The Company adheres to the principle of diversified employment and does not set any discriminatory provisions that contravene the principle of fairness, such as gender, ethnicity and marital status, in the process of employee recruitment and talent selection. As at the end of the Year, the ratio of male to female senior management of the Company was 7:1, and the ratio of male and female staff was 43.39:56.61, details of which are set out in the "Environmental, Social and Governance Report" of this annual report.

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 term of office of the fifth session of the Board of the Company expired on 23 January 2025. As at the date of this annual report, the Board has not yet completed the election of new directors. The term of office of the fifth session of the Board will be extended until the sixth session of the Board is elected by the general meeting. The directors of the fifth session of the Board shall continue to perform their duties and strictly abide by the laws, regulations and the Articles of Association before the sixth session of the Board is elected by the general meeting of the Company to safeguard the legitimate interests of the Company and its shareholders and to ensure the normal operation of the Company.

Corporate Governance Report

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 fifth session of the Board of the Company has 3 independent non-executive Directors, which is in compliance with the requirements of the number of members of independent non-executive directors and qualifications prescribed by the Listing Rules.

The independent non-executive Directors of the fifth 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 corporate governance, economics, management, and accounting who are familiar with the rights and obligations of directors and independent non-executive directors of listed companies.

Mr. Lau Tsz Bun, Mr. Deng Fumin and Mr. Han Wenlong, the independent non-executive Directors of the fifth 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 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, institutions, assets 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 election of Directors and Supervisors of the Company, 2023 annual report, profit distribution proposal, changes in the content of a project to be invested using the proceeds of the Company, engagement of auditors and internal control audit firm, 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 were published on the website of the Stock Exchange, website of the SSE and the Company's own website.

Corporate Governance Report

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.

At the end of the Year, the fifth 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. Qiu Ming has been appointed as the chairman of the fifth session 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 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 6 meetings. Details of work of the Supervisory Committee are set out in the section "Report of the Supervisory Committee" in this annual 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 legal affairs and risk management department organizes and coordinates risk management and internal control work; conducts centralized management on the Company's compliance management and legal affairs and provides review opinions. 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 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.

Corporate Governance Report

During the Year, the Company endeavored to enhance the overall capabilities to resist risks, as it continued to engage consulting firms to assist in risk assessment, review the risks, and help the Company 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 comprehensive 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. 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 also continued to enhance its internal control management capabilities and adhere to comprehensive and focused development of internal control work, which further strengthened the linkage between risk assessment and internal control. 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 relevant processes and incorporated important processes into the scope of internal control rationalization, and gradually optimized and updated the Internal Control Code. The Company conducted special evaluation on some subsidiaries based on the risks of high attention. The Company promoted the quality improvement of internal control by self-evaluation and rotation assessment and conducted assessment of internal control, etc. The Company promoted the implementation of rectification recommendations of internal control, strengthened the internal control management of subordinate institutions, and continued to enhance the risk management capabilities of subordinate institutions. During the Year, no material and significant internal control defects were identified. The internal control system was complete and effective.

The Company attaches great importance to the internal control of information disclosure, and has formulated the Information Disclosure System and the Insider Registration and Management System. During the Year, the Company strictly 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 each half year, the Board periodically reviews the establishment and operation of the internal control and risk management system of the Company. The Board was of the view that the Company has established a multi-dimensional and multi-level internal monitoring and risk management system. No material control deficiencies in relation to internal control of the Company were identified during the Year. The Board considered the risk management system effective and adequate.

Corporate Governance Report

AUDITOR AND ITS REMUNERATIONS

At the 2023 annual general meeting held on 21 May 2024, the Shareholders of the Company approved the engagement of KPMG Huazhen LLP as the Company's auditor and internal control auditor for 2024. 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, KPMG Huazhen LLP provided the following audit services to the Group: 1) professional audit services in respect of the 2024 annual financial report; and 2) review procedures services on the 2024 interim financial report. The fees payable by the Group to the auditor in respect of the above services provided was RMB2.90 million (2023: RMB3.25 million). The auditor also provided audit services for internal control of the Group. The fees payable by the Group to the auditor amounted to RMB460,000 (2023: RMB520,000).

In addition, during the Year, KPMG Huazhen LLP also provided non-audit services to the Group, and the fee for assurance on the use of proceeds was already included in the fees for audit services in respect of the annual financial report and was not charged separately.

The Audit Committee of the Company has reviewed and monitored the independence of KPMG Huazhen LLP in compliance with code provision D.3.3 of CG Code and KPMG Huazhen LLP has confirmed with respect to its independence to the Audit Committee of the Company as at the date of this report.

COMPANY SECRETARY/JOINT COMPANY SECRETARIES

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. During the Reporting Period, 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 Ms. Yang and Ms. Wong are set out in the section "Profile of Directors, Supervisors, Senior Management and Employees" in this annual report.

Ms. Yang and Ms. Wong have 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.

Corporate Governance Report

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 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.

Corporate Governance Report

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.

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 in order 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;

Corporate Governance Report

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.

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. During the Year, 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 2023 Annual Results Presentation and 2024 First Quarterly Results Presentation, the 2024 Half-Yearly Results Presentation and the 2024 Third Quarterly Results Presentation 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.

The Board has reviewed the implementation and effectiveness of the Investor Relations Management System during the Year, and believes that the Company's shareholder communication policy has been properly implemented and deemed effective during the Year.

Environmental, Social and Governance Report

REPORT DESCRIPTION

This report is prepared in accordance with the requirements of the Environmental, Social and Governance Reporting Guide. The report follows the following reporting principles:

- **Materiality:** During the preparation of the report, important stakeholders are identified and materiality assessment is carried out as the basis for defining material ESG issues.
- **Quantitative:** The content of the 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:** The report adheres to the principle of balance, and fairly and objectively presents the Group’s ESG status.
- **Consistency:** The report uses the same methodologies for the disclosure of KPIs as in the ESG Report in the previous year, with consistent coverage as in the annual report.

VISION AND MISSION OF THE GROUP

The Group adopts the strategic vision of “building the most innovative and growing publishing and media enterprise in China and becoming a comprehensive cultural service group with international influence” and the corporate mission of “inheriting excellent culture and leading industry development”. Through the “technology + capital” two-wheel driven strategy, in addition to promoting the upgrade of the publishing and media industry chain, it has built a first-rate system covering four major sectors namely content creation and production, education services, cultural consumption services, and supply chain services, as well as a capital operation, investment and financing system to meet the people’s needs for a better cultural life.

ESG GOVERNANCE

(I) Board Statement

The Board of the Company is committed to improving the governance policies, management processes and information disclosure in the ESG aspects. An appropriate and effective ESG management system and working mechanism has been established in this regard. The Board regularly reviews the Company’s ESG management principles, strategies and risks, and the disclosures in the ESG report. The Company confirms that it has complied with the disclosure requirements of the ESG Reporting Guide. The report is released after being reviewed and approved by the Board.

Environmental, Social and Governance Report

(II) ESG Governance

1. ESG Governance Structure

The Company attaches great importance to its sustainable development performance. It has incorporated ESG governance into its corporate governance, and has established an ESG governance structure suitable for the Company's operation and management in accordance with the relevant provisions of the Listing Rules and the ESG Reporting Guide, 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 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's ESG leading group is responsible for organizing and implementing the ESG management, and regularly reporting ESG work to the Board and the Audit Committee. Based on the ESG management structure, the Company prepares and implements the sustainable ESG policies and management methods, and gradually improves the ESG management through the effective ESG management mechanisms for promoting the long-term sustainable development of the Company.

2. ESG Training and Awards

During the Year, personnel from certain key positions in the Company participated in the special topic training on ESG – Sustainable Development Report organized by the SSE and the ESG seminars organized by third-party professional institutions. The Company continued to enhance the ESG management capabilities of its personnel, thereby laying the foundation for further optimizing the ESG management system and effectively implementing the sustainable development strategy.

During the Reporting Period, the ESG performance of the Company received external recognition. It was selected as the model case of ESG public welfare responsibilities at the 9th Western China Financial Forum (西部財經論壇) organized by NEWSSC.ORG (四川新聞網) and cnxibu.com (中國西部網), received an A-grade evaluation for information disclosure work from the SSE, and won the Golden Bull Award from China Securities Journal.

Environmental, Social and Governance Report

(III) Stakeholder Engagement

The Group is committed to creating long-term value for all stakeholders and integrates the concept of sustainable development into its management and operations. The main stakeholders of the Group include readers, employees, Shareholders, schools, government and supervisory agencies, etc. The responsibilities and duties the Group keeps in mind all the time are to understand the expectations and demands of stakeholders, to attach great importance to and to make active response to all concerns, and to protect their rights and interests.

| Stakeholders | Expectation | Means of communication | Response |
|----------------------|--|---|--|
| Customer and readers | <ul style="list-style-type: none">• High quality products and services• Extensive cultural knowledge input• Reading experience enhancement• Ethical 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 |

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| 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 releasing 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 • Implement stable/sustainable dividend policy |
| Schools | <ul style="list-style-type: none"> • Enhancement of quality and stable supply of textbooks and supplementary materials | <ul style="list-style-type: none"> • Field researches and interviews • Teaching seminars • Carrying out study tours | <ul style="list-style-type: none"> • Develop curriculum and train teachers • Establish effective printing, logistics, and education service systems • Develop digital education |

Environmental, Social and Governance Report

| Stakeholders | Expectation | Means of communication | Response |
|---------------------------------------|--|--|--|
| Government and regulatory authorities | <ul style="list-style-type: none"> Compliant operations Revitalization of the cultural industry Support to education Rural revitalization | <ul style="list-style-type: none"> Information submission and disclosure Investigation, inspection and supervision Carrying out 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 Assist in rural revitalization |
| Suppliers and partners | <ul style="list-style-type: none"> Facilitation of healthy industry development Protection of intellectual property rights Mutual benefits and joint development Fair competitions | <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 and the public | <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 activities Organizing community activities | <ul style="list-style-type: none"> Strengthen the recycling of resources and reduce waste Carry out diversified community cultural activities |

Environmental, Social and Governance Report

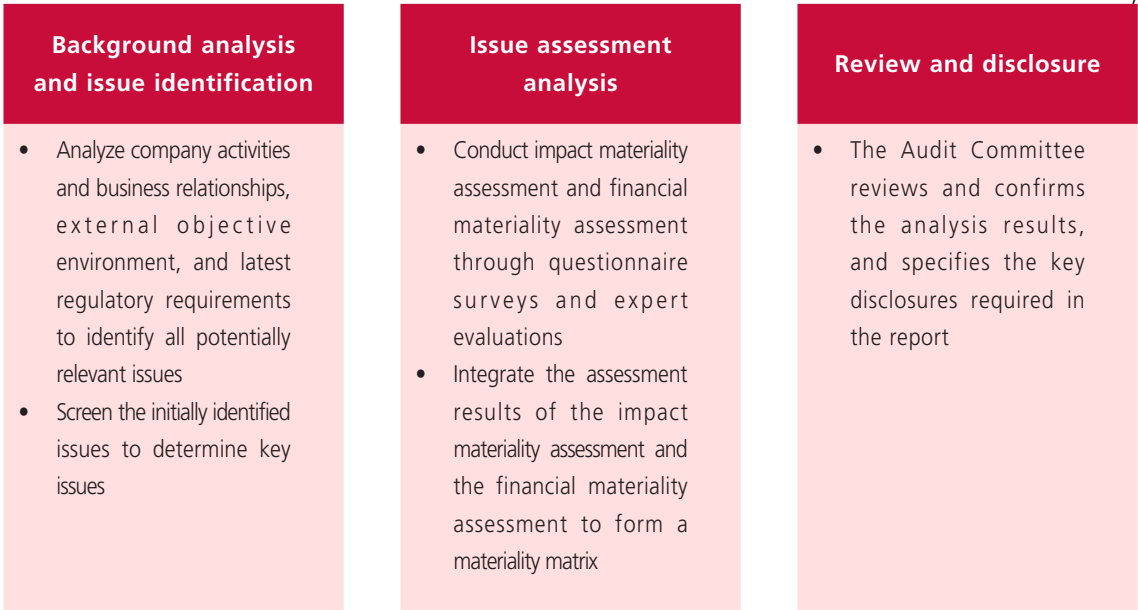
| Stakeholders | Expectation | Means of communication | Response |
|---------------|---|--|--|
| Environmental | <ul style="list-style-type: none"> • Efficient use of energy and resources • Response to climate change • Promoting energy conservation and emission reduction • Use of raw materials | <ul style="list-style-type: none"> • Environmental inspection • Environmental information disclosure | <ul style="list-style-type: none"> • Collect and analyse environmental performance • Strengthen climate risk management • Practice green procurement • Promote environmental protection • Promote energy-efficient office and new energy transportation |

Environmental, Social and Governance Report

(IV) Materiality Assessment

The Group assesses whether its performance on various ESG issues may have a significant actual or potential impact on the economy, society, and environment, as well as whether it may significantly affect the Group’s business model, operations, development strategy, financial conditions, operating results, cash flow, financing methods, and costs through methods such as questionnaire collection. This assessment is conducted from two dimensions: impact materiality and financial materiality to form a materiality matrix.

1. Materiality Analysis Process



Environmental, Social and Governance Report

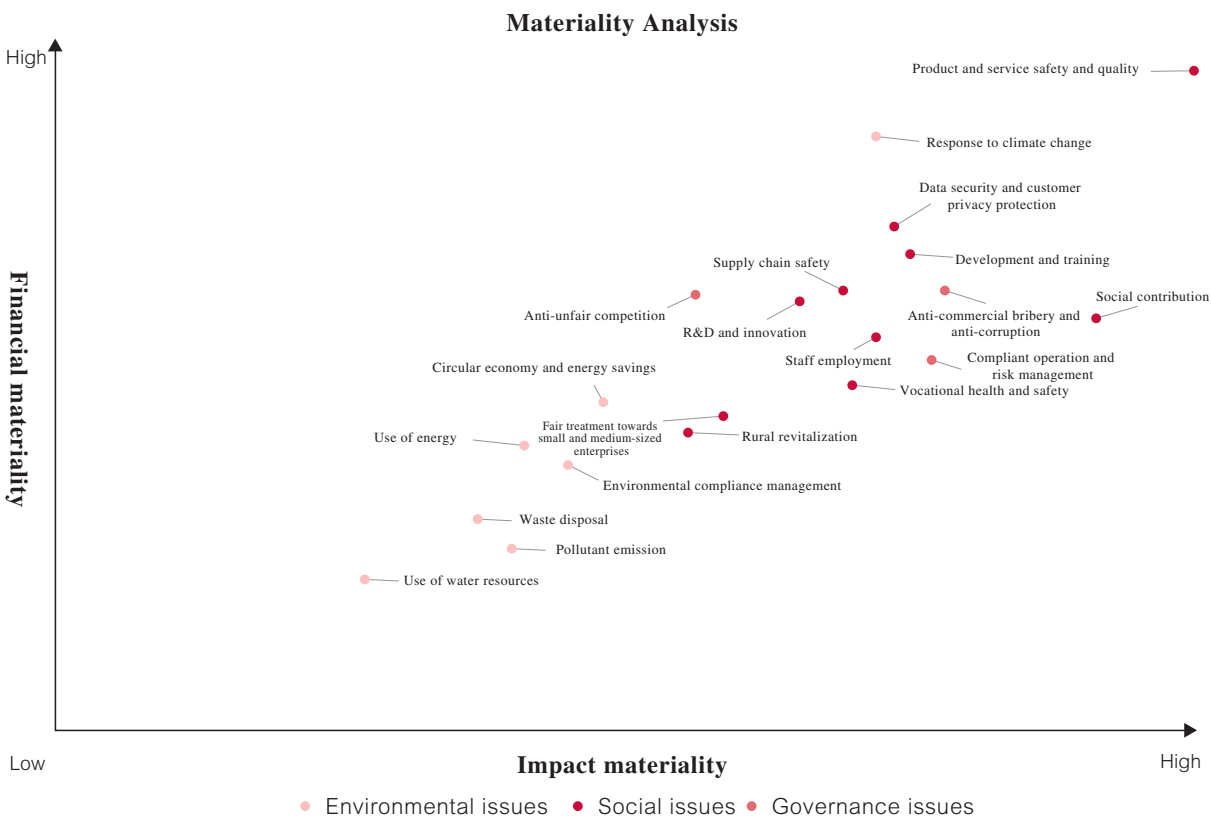
2. Materiality Matrix

In 2024, the Group identified a total of 27 issues and selected 20 of them with issues of both impact materiality and financial materiality to create the materiality matrix.

| Materiality issues | | |
|---|---|--|
| Environmental | Social | Governance |
| <ul style="list-style-type: none">• Response to climate change• Pollutant emission• Waste disposal• Ecological system and biodiversity protection• Environmental compliance management• Use of energy• Use of water resources• Circular economy and energy savings | <ul style="list-style-type: none">• Rural revitalization• Social contribution• R&D and innovation• Technology ethics• Supply chain security• Fair treatment towards small and medium-sized enterprises• Product and service safety and quality• Data security and customer privacy protection• Staff employment• Vocational health and safety• Development and training | <ul style="list-style-type: none">• Due diligence• Stakeholder communication• Anti-commercial bribery and anti-corruption• Anti-unfair competition• Governance strategy and organizational structure• Investor relations management and shareholders' interests• Information disclosure transparency• Compliant operation and risk management |

Environmental, Social and Governance Report

In 2024, the materiality analysis results of the Group’s ESG issues are as follows, with “Product and Service Safety and Quality”, “Response to Climate Change”, “Data Security and Customer Privacy Protection”, and “Development and Training” being of high impact materiality and financial materiality.



Environmental, Social and Governance Report

(V) Risk Management

The Group has established a comprehensive risk management organizational system comprising the Board, the Audit Committee, the Risk Management Leading Group, and the Legal Affairs and Risk Management Department. The Board is responsible for establishing and evaluating the effectiveness of the risk management and internal control mechanisms, conducting continuous reviews of the risk management and internal control functions through the Audit Committee. The Risk Management Leading Group is responsible for organizing and implementing the risk management work, while the Legal Affairs and Risk Management Department specifically organizes and coordinates internal control and risk management work.

The Group identifies and assesses existing or potential risks through a combination of industry research, management interviews, and questionnaire surveys. It classifies and ranks the identified risks from three dimensions: risk possibility, risk impact and effectiveness of response measures, forming a risk database that aligns with the actual situation. At the same time, using statistical analysis methods and incorporating internal control evaluation results, it determines the annual risks and prepares the Risk Assessment Report for the Year.

The Group places importance on risk management in key ESG areas, strengthening the identification, assessment, and response mechanisms for key risks such as climate risk, product quality risk, and compliance risk, and integrating them into comprehensive risk management.

Analysis of risks and opportunities for high materiality financial issues:

| Issues of high financial materiality | Risks | Opportunities | Timeframe | Countermeasures | Impact on financials |
|--|---|--|------------------------------|--|--|
| Product and service safety and quality | <ul style="list-style-type: none">• Content compliance: If the contents of the publications are in violation of the laws, regulations, or social moral standards, it may face legal lawsuits, fines, and the removal of publications from shelves.• Quality: Editing and proofreading are not precise, resulting in common knowledge errors, typos, or disorganized layout, which affect brand reputation. | <ul style="list-style-type: none">• Brand enhancement: Providing high-quality, safe, and reliable products and services can establish a good brand image, increase reader loyalty, and attract more high-quality authors to collaborate.• Market expansion: Meeting the diverse content needs of different readers can open up new markets. | Short, medium, and long term | <ul style="list-style-type: none">• Establish a professional vetting team, implement a strict vetting process, and introduce external experts to evaluate sensitive contents;• Continuously improve the editing and proofreading process, conduct quality training, and establish a quality feedback mechanism. | Such risks may lead to a decrease in revenue and profit; whereas such opportunities can increase revenue and reduce marketing costs. |

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| Issues of high financial materiality | | | | | |
|---|--|--|------------------------------|---|--|
| | Risks | Opportunities | Timeframe | Countermeasures | Impact on financials |
| Data security and customer privacy protection | <ul style="list-style-type: none"> • Data breach: System vulnerabilities, internal personnel misconduct, etc., may lead to the leakage of customer information, copyright data, financial data, etc., triggering customer trust crises and legal disputes; • Data security compliance: With the increasingly stringent data protection regulations, the Group may face fines and legal actions if it fails to meet relevant compliance requirements. | <ul style="list-style-type: none"> • Brand image enhancement: Strengthening data security and customer privacy protection can enhance customer trust, improve brand image, and help expand the market and attract customers; • Technological innovation: These opportunities can propel the Group to increase investment and innovation in data security technology, thus enhancing its overall technological level. | Short, medium, and long term | <ul style="list-style-type: none"> • Upgrade data security technology, conduct regular system security checks and vulnerability fixes; • Improve data security management system, clarify data access permission, data storage and transmission standards, etc.; • Strengthen employee training on data security and privacy protection, and enhance employees' data security awareness; | Such risks may lead to a decrease in revenue; whereas such opportunities can increase sources of income. |

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| Issues of high financial materiality | | | | | |
|--------------------------------------|---|--|----------------------|---|--|
| | Risks | Opportunities | Timeframe | Countermeasures | Impact on financials |
| Development and Training | <ul style="list-style-type: none"> • Changes in market demand: The publishing industry is significantly subject to market demand. If talent development fails to keep pace with market trends, such as insufficient training in emerging publishing technologies, new media communication technologies, and new content formats, employees' skills may not meet market changes, potentially leading to a loss of market share; • Technology: Given the rapid development of emerging technologies such as digital technology and artificial intelligence, if talent cultivation cannot keep pace with technological trends, the enterprise may struggle to keep up with the pace of technological iteration, leading to risks such as delay in technology application and derailment in talent cultivation. | <ul style="list-style-type: none"> • Enhancing competitiveness: Through effective training, employees master advanced publishing technologies and concepts with improved capabilities in content creation, editing, marketing, and other areas to produce higher quality products, thereby enhancing the Group's competitiveness in the market; • Business model innovation: Digital transformation can drive the enterprise to transition from a traditional content provider to a knowledge service provider, thus forming an innovative business model; | Medium and long-term | <ul style="list-style-type: none"> • Conduct regular research on training needs, determine training content based on the Group's strategic goals and employees' actual skill levels; • Adopt various methods such as internal training, external expert lectures, online learning platforms, and practical operations to meet the learning needs of different employees and enhance training effectiveness; | Such risks may lead to a decrease in revenue; whereas such opportunities can increase revenue. |

Environmental, Social and Governance Report

| Issues of high financial materiality | | | | | |
|--------------------------------------|--|--|-----------|--|----------------------|
| | Risks | Opportunities | Timeframe | Countermeasures | Impact on financials |
| | <ul style="list-style-type: none"> • Talent: Digital transformation requires versatile talents. If the Company fails to promptly adjust its talent structure and lacks digital skills and interdisciplinary knowledge, there are risks of talent gaps and declining competitiveness. | <ul style="list-style-type: none"> • Increasing employee loyalty: Opportunities of development and training for employees reflect the Group's emphasis on employees, which is conducive to enhancing employees' sense of belonging, retaining outstanding talents, and forming a stable talent team. | | <ul style="list-style-type: none"> • Track and evaluate the effectiveness of training, collect feedback, and promptly adjust and improve the content and methods of training. | |
| Response to Climate Change | Refer to "Chapter 1 – Section 1. Response to Climate Change" for details | | | | |

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I. GREEN DEVELOPMENT TO PAINT THE ECOLOGICAL BACKGROUND

(I) Response to Climate Change

1. Governance

The Company has established an ESG management system centring on the Board to address climate change. For detailed responsibilities and duties at each level, please refer to the section “ESG Management” (II) ESG Governance 1. ESG Governance Structure.

2. Analysis of Risks and Opportunities

The Group referenced the IPCC AR6 climate database and the NGFS climate scenario analysis model, using the SSP5-8.5 scenario, to conduct physical risk analysis for 12 regions. Based on the entire value chain, it carried out transition risk and opportunity analysis, assessing the impact of related climate risks and opportunities on finance. According to internal research, climate scenario analysis, industry studies, and external recommendations, the Group derived the risk and opportunity assessment results as follows.

| Chronic physical risk | Risk description | Timeframe | Response measures | Impact on financials |
|-----------------------|---|----------------------|---|---|
| Rising temperatures | Climate change has led to a significant rise in temperatures across various regions, with more frequent extremely hot weather. This necessitates more cooling equipment in the printing workshop to maintain a suitable working environment, thereby increasing energy consumption and equipment maintenance costs. At the same time, raw materials such as paper and ink may experience deformation and drying issues in high-temperature environments, which affects printing quality and increases the defect rate and raw material consumption. | Medium and long-term | <ul style="list-style-type: none">Formulate disaster management plans to prevent employees from being affected by high temperatures and disasters;Provide assistance to employees or factories affected by extreme weather;Conduct regular safety training and drills;Collaborate with suppliers in multiple regions to reduce the risk of raw material supply disruptions.It may be necessary to invest in the construction of water-saving facilities or adopt other water-saving measures. | Possible decrease in revenue, and increase in operating and production costs of the enterprise. |
| Frequent drought | Drought may lead to water resource shortages, resulting in untimely production, delayed delivery, and reputational risks. | Medium and long-term | | |

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| Acute physical risk | Risk description | Timeframe | Response measures | Impact on financials |
|---------------------------------|---|----------------------|---|---|
| Rainstorm and flood risk | The increase in extreme precipitation events may lead to more frequent and severe rainstorm and flood disasters, which can easily cause urban waterlogging, inundation of farmland, and damage to infrastructure, posing threats to the safety of infrastructure and the lives and property of residents. It may also trigger geological disasters such as landslides and mudslides, potentially resulting in offline stores being affected, damage to books and equipment, and disruption to logistics and transportation, while also affecting readers' travel and shopping intentions. | Medium and long-term | <ul style="list-style-type: none"> • Regularly inspect and reinforce outdoor facilities to ensure safety during adverse weather conditions; • Formulate flood emergency plans and organize drills to enhance disaster response capabilities, ensure effective emergency rescue operations, and minimize losses to personnel, property, and the environment; • Maintain communication with suppliers, establish safety stock, and ensure the supply of raw materials. | Possible decrease in revenue, and increase in operating and production costs of the enterprise. |

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| Transition risk | Risk description | Timeframe | Response measures | Impact on financials |
|-----------------|--|-------------|--|----------------------------|
| Policy and law | <p>Policy changes: The government, in response to climate change, will establish stringent emission standards for air pollutants such as volatile organic compounds (VOCs). If the printing process of Sichuan Xinhua Printing fails to meet the latest emission standards, it may face the risk of rectification, fines, or even suspension of production.</p> | Short-term | Use ink with low volatile organic compounds (VOCs) emissions and environmentally friendly printing technology. | Possible increase in cost. |
| Technology | <p>Environmentally friendly technology: To reduce carbon emissions and environmental pollution in the publication supply chain process, the upstream and downstream of the publishing industry supply chain may need to adopt environmentally friendly technologies. However, the research and development and application of environmentally friendly technology usually require relatively high cost inputs, including equipment acquisition, technological transformation, and personnel training.</p> | Medium-term | Reduce the cost of environmentally friendly technology through technological innovation and enhance the enterprise's sustainable development capabilities. | Possible increase in cost. |

Environmental, Social and Governance Report

| Transition risk | Risk description | Timeframe | Response measures | Impact on financials |
|-----------------|--|-----------------------------|---|--|
| Market | Fluctuations in raw material prices: Climate change may affect the supply of printing raw materials, such as paper and ink. For example, the reduction of forest resources due to disasters increases the cost of paper production. At the same time, the enhancement of environmental protection requirements may also lead to an increase in the prices of raw materials such as ink. The increase in the cost of raw materials for printing will compress the profit margin of the publishing group. | Short, medium and long-term | Through optimizing procurement channels and cost control measures, reduce raw material and operational costs, and enhance market competitiveness. | Possible decrease in profit, and increase in cost. |

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| Transition risk | Risk description | Timeframe | Response measures | Impact on financials |
|-----------------|--|-------------|---|---|
| Market | <p>Consumer preference: As public awareness of environmental protection increases, consumers are paying more attention to the environmental attributes of printed materials. If the printed materials of the publishing group fail to meet consumers' expectations for environmental protection, such as not using eco-friendly paper and ink, or lacking relevant green printing certification, it may lead to a decline in market demand.</p> | Short-term | Develop and promote environmentally friendly printed materials to meet consumers' demand for eco-friendly products. | Possible decrease in revenue, and increase in cost. |
| Reputation | <p>Reputational risks associated with supply chain collaboration: Upstream and downstream enterprises cooperating with the Group may affect the Group's reputation if negative events occur in climate change-related activities.</p> | Medium-term | Enhance collaboration with suppliers and partners to improve the environmental standards and sustainability of the entire supply chain. | Possible decrease in revenue. |

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| Opportunities | Opportunity description | Timeframe | Response measures | Impact on financials |
|------------------------------|--|-------------|--|-------------------------------|
| Resource efficiency | With the development of technology, energy-efficient printing equipment is continuously emerging, and the market for environmentally friendly raw materials is constantly evolving. | Medium-term | Adopt green and environmentally friendly ink and printing technology to enhance printing quality and environmental standards. | Possible decrease in cost. |
| Products and services | Extreme weather caused by climate change may affect the operations of offline stores, but it also prompts the enterprise to accelerate digital transformation. | Short-term | Strengthen the construction and optimization of online platforms, enhance user experience, and increase the variety of digital contents such as e-books and audiobooks. | Possible increase in revenue. |
| Market | With the continuous enhancement of public environmental awareness, consumers are more inclined to choose environmentally friendly and low-carbon products and services. | Medium-term | In the course of production and operation, measures such as green printing and environmentally friendly packaging are adopted to respond to the environmental demands in the market, enhance the enterprise's environmental image, and strengthen brand loyalty. | Possible increase in revenue. |
| Resilience | With the increasing awareness of environmental protection and the need to address climate change, increasingly more suppliers are focusing on sustainable development, adopting environmentally friendly production processes and materials. | Long-term | Establish closer cooperative relationships with suppliers from different regions to reduce reliance on a single supplier and enhance the resilience of the supply chain in the face of fluctuations in raw material supply. | Possible decrease in cost. |

3. Indicators and Objectives

The Group is committed to deeply embedding the ESG concept into the management and business processes, fully responding to and supporting national carbon peaking and carbon neutrality objectives, and plans to gradually reduce the greenhouse gas emissions per unit of revenue, comprehensive energy consumption per unit of revenue, and water consumption per unit of revenue from 2024 onwards. At the same time, 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. During the Year, the Group continued to strengthen emission management, implement facility renovations, and replace with new energy vehicles. The intensities of greenhouse gas, comprehensive energy consumption, and water consumption all decreased compared with the same period last year.

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(II) Strengthening Emission Management

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

1. Greenhouse Gases

The Group's greenhouse gases mainly come from the use of vehicles, natural gas combustion, and direct and indirect emissions of greenhouse gases from operations. The Group is committed to reducing the harm to the environment caused by its operation and office. In addition to promoting energy saving measures, the Group has transformed to environmentally friendly facilities and equipment. At the same time, it comprehensively strengthens greenhouse gas emission management, effectively reduces energy consumption and pollutant emissions, and promotes green and sustainable development of the enterprise.

During this Reporting Period, the Group continued to push forward the replacement of old light tubes. In particular, the reading services department of the Company completed the replacement with LED lighting in 10 stores, and Sichuan Xinhua Printing, a subsidiary, replaced 228 sets of LED light tubes. Bashu Publishing House, a subsidiary, has effectively reduced its greenhouse gas emissions by scrapping its old vehicles and replaced them with more energy efficient hybrid vehicles. During the Reporting Period, the greenhouse gas emissions of the Group were as follows:

| Indicators | Unit | 2024 | 2023 | 2022 |
|--|---|-----------|-----------|-----------|
| Total direct greenhouse gas emissions (Note 1) | tCO ₂ equivalent | 2,731.20 | 3,116.62 | 2,682.22 |
| Indirect greenhouse gas (Note 1) | tCO ₂ equivalent | 17,775.18 | 17,697.36 | 18,575.65 |
| Total greenhouse gas emissions (Note 1) | tCO ₂ equivalent | 20,506.38 | 20,813.98 | 21,257.87 |
| Greenhouse gas emissions per capita (Note 2) | tCO ₂ equivalent/person | 2.69 | 2.68 | 2.82 |
| Intensity of greenhouse gas | tCO ₂ equivalent/ RMB10,000 revenue | 0.0166 | 0.0175 | 0.0194 |

Note 1: Greenhouse gas emissions are calculated according to the GHG Protocol Corporate Accounting and Reporting Standard jointly issued by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories issued by the Intergovernmental Panel on Climate Change (IPCC). The emission factor for China's electricity supply used for Scope 1 and Scope 2 is taken from the Notice on the Management of Greenhouse Gas Emission Reporting of Enterprises in the Power Generation Industry from 2023 to 2025 issued by the Ministry of Ecology and Environment.

Note 2: The calculation basis was average number of persons per year.

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2. Exhaust Gas

The Group's exhaust gas mainly comes from the production processes of Sichuan Xinhua Printing, including printing, plastic packaging and combustion in the commercial wheel oven, which produce volatile organic compounds (VOCS) emissions. The exhaust gas is handled with in strict compliance with the relevant regulations of China and the location of operation.

Sichuan Xinhua Printing installed curtain at the VOCS collection port, and used raw and auxiliary materials with low VOCS volatility (e.g. alcohol free fountain solution) to strengthen the control of pollutants from the source; equipped the capping device of volatile solvent for the printing machines, and equipped the capping container of volatile solvent for the operation surface of the printing machines; kept the doors and windows of workshops, consumables warehouses, and hazardous waste warehouses closed at all times. During the Reporting Period, Sichuan Xinhua Printing replaced the activated carbon, filter cotton and UV photolysis lamps for the rubber fume system and the VOCS treatment facilities to minimize harmful gas emissions. The emissions of Sichuan Xinhua Printing were in compliance with the emission standards of the printing industry of Sichuan Province, as tested by a qualified third-party inspection agency.

3. Non-hazardous Waste

In the course of the Group's operations, the non-hazardous wastes generated mainly include waste paper from the printing process, packaging waste from the logistics process, and domestic waste and domestic sewage generated in office activities and activities of daily living. The Group has handed over all waste paper produced during the printing process to external professional recyclers with national qualifications for recycling. In the logistics process, the packaging materials used mainly include packaging paper, packing tape, express mail bags, etc. Adhering to the philosophy of recycling and reuse of resources, and through the recycling of packaging materials, the Group realizes secondary utilization, thereby achieving the purpose of reducing waste emissions. During the Reporting Period, the Group recycled approximately 92 tons of logistics packaging materials, an increase of 25.6% over the same period last year. In addition, non-hazardous wastes such as domestic waste and domestic sewage generated in daily operations are centralized and handed over to relevant municipal departments for treatment.

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

| Indicators | Unit | 2024 | 2023 | 2022 |
|---|----------------------|----------|----------|----------|
| Total water discharge | 10,000 tons | 21.23 | 22.12 | 21.67 |
| Water discharge per capita (Note 1) | tons/person | 27.83 | 28.43 | 28.73 |
| Total non-hazardous waste | tons | 4,388.53 | 4,312.65 | 4,072.62 |
| Including: Domestic waste produced | tons | 601.97 | 615.65 | 600.62 |
| Scrap packaging materials | tons | 110.93 | 92 | 72 |
| Waste paper produced from printing | tons | 3,675.63 | 3,605 | 3,400 |
| Domestic waste produced per capita (Note 1) | tons/person | 0.0789 | 0.0791 | 0.0796 |
| Intensity of non-hazardous waste | kg/RMB10,000 revenue | 3.5597 | 3.6337 | 3.7260 |

Note 1: The calculation basis was average number of persons per year.

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4. Hazardous Waste

In the course of the Group's operations, the scrap printing boards, scrap ink barrels, printing consumables and other hazardous waste generated during the production process of Sichuan Xinhua Printing, and waste lead-acid batteries used in the electric forklifts in the Company's Logistics Center are hazardous wastes.

Sichuan Xinhua Printing has formulated the Hazardous Waste Management System to carry out uniform and safe treatment of hazardous waste, classifies and stacks hazardous waste in a special warehouse for hazardous waste according to environmental protection requirements, and entrusts companies with professional treatment qualifications to recycle hazardous waste (scrap ink barrels, car wash waste water, waste cotton yarn, etc.), strengthening the whole process management of waste and effectively controlling the harm brought by hazardous waste. During the Reporting Period, Sichuan Xinhua Printing optimized its manufacturing processes, reducing the amount of waste oil, contaminant (e.g. waste ink cotton yarn), photosensitive materials and waste PS boards produced as compared with the that in the previous year. The Group adheres to the principle of reduction and harmless treatment of hazardous waste and actively promotes the comprehensive utilization of waste.

The Company's Logistics Center has several electric forklifts operating for the daily logistics business, which generate waste lead-acid batteries of different specifications at different times and stages. In order to protect the environment and in response to relevant national and governmental policy requirements, waste storage batteries produced at the Company's Logistics Center are recycled, registered and listed, and a temporary storage place is designated and guarded by special personnel. Waste batteries are recycled and disposed through bidding by the professional recycling agencies with the relevant state qualifications. During the Reporting Period, the Group disposed of approximately 7.98 tons of waste storage batteries.

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

| Indicators | Unit | 2024 | 2023 | 2022 |
|------------------------------|----------------------|--------|--------|--------|
| Hazardous waste (Note 1) | tons | 37.13 | 68.91 | 34.58 |
| Intensity of hazardous waste | kg/RMB10,000 revenue | 0.0301 | 0.0581 | 0.0316 |

Note 1: The decrease in hazardous waste was mainly due to the decrease in the waste lead-acid storage batteries produced when replacing used batteries of forklifts at the Company's Logistics Center when compared with the same period last year. Such waste lead storage batteries are not produced every year.

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(III) Efficient Use of Resources

1. Resources utilization policy and energy saving measures

Adhering to the sustainability philosophy, the Group strictly complies with the Energy Conservation Law and other relevant laws, continuously improves the internal system to dig out energy-saving potential, and actively implements energy-saving and emission-reduction measures. Through reducing energy consumption, and improving the efficiency of energy utilization and employees' energy-saving awareness, the Group endeavors to maximize energy utilization efficiency.

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 etc. The Group vigorously promotes the concept of energy conservation and consumption reduction, and proactively implements recycling and other measures to improve the level of resource and energy conservation. In terms of administrative and office work, the Group enhances the environmental protection awareness of employees by requiring them to save water and electricity, and to turn off water and electricity during festivals and holidays; 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; achieves energy saving and consumption reduction through intelligent control by the intelligent lighting system and energy management system at the office building; publicizes with additional effort double-sided printing for informal documents to advocate a paperless office, and encourages green travel for employees. 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, most self-owned vehicles for intra-city transportation and distribution are new energy vehicles. For long-distance trunk transportation, vehicles that meet national environmental standards are selected.

Environmental, Social and Governance Report

2. Performance of energy and resources utilization

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

| Indicators | Unit | 2024 | 2023 | 2022 |
|--|---|----------|----------|----------|
| Electricity consumption | 10,000 kWh | 3,249.75 | 3,057.06 | 3,190.44 |
| Gasoline consumption | 10,000 L | 70.65 | 79.92 | 64.41 |
| Diesel consumption | 10,000 L | 6.46 | 12.19 | 9.34 |
| Natural gas consumption | 10,000 cubic meters | 44.36 | 45.20 | 44.83 |
| Liquefied petroleum gas consumption | kg | 62.50 | 62.50 | 98.66 |
| Purchased heat | GJ | 3,064.06 | 2,390.46 | 3,459.72 |
| Total comprehensive energy consumption | ton(s) of standard coal equivalent | 5,423.70 | 5,451.10 | 5,444.19 |
| Comprehensive energy consumption per capita (Note 1) | ton(s) of standard coal equivalent/person | 0.71 | 0.70 | 0.72 |
| Intensity of comprehensive energy consumption | kg/RMB10,000 revenue | 4.3993 | 4.5929 | 4.9808 |
| Total water consumption | 10,000 tons | 24.97 | 26.02 | 25.49 |
| Water consumption per capita (Note 1) | tons/person | 32.74 | 33.45 | 33.80 |
| Intensity of water consumption | tons/RMB10,000 revenue | 0.2025 | 0.2192 | 0.2332 |

Note 1: The calculation basis was average number of persons per year.

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II. PEOPLE-ORIENTED, STIMULATING THE VITALITY OF TALENTS

Pursuant to the “people-oriented” human resources philosophy, the Group consistently optimizes the human resource structure, and is committed to building a talent team with high professionalism and strong comprehensive capabilities. Creating an equal, respectful and inclusive working environment, the Group safeguards the rights and interests of employees from multiple perspectives, enriches employees’ lives and is dedicated to the co-development of employees and the enterprise.

(I) Safeguarding Employees’ Rights and Interests

The Group strictly abides by relevant laws and regulations such as the Labor Law of the People’s Republic of China, the Labor Contract Law of the People’s Republic of China, the Social Insurance Law of the People’s Republic of China, the Trade Union Law of the People’s Republic of China, the Law of the People’s Republic of China on the Protection of Minors, and the Law of the People’s Republic of China on the Protection of Women’s Rights and Interests. The Group adheres to lawful and compliant employment, prohibits employment discrimination and forced labor, and staunchly opposes the employment of child labor.

1. Compensation and Benefits Policy and Rights and Interests

The Group continuously improves and optimizes employee compensation policies and structure to ensure that every employee enjoys his/her rights and interests in accordance with the law. The Group has established a standard compensation system covering job salary, performance incentives, subsidies and benefits, and provides employees with pension, medical, unemployment, work-related injury, maternity, and other social insurances, as well as housing provident fund and corporate annuity, building a solid foundation for career development and life stability of employees.

The Group attaches great importance to the opinions and suggestions of employees and the labor union, establishes channels for supervision and management, clarifies matters related to employees’ vital interests, and maximizes the protection of employees’ rights and interests. During the Reporting Period, the Group held two employee representative meetings, during which all employee representatives reviewed the Salary Management System, Holiday Management System and other systems closely related to salary, welfare and rights of employees, and listened to the reports on the Company’s Social Security Provident Fund, Corporate Annuity and Employee Welfare Management Work, etc., to give full play to the role of the employee representative meeting, promote the democratization process of the enterprise, and maximize the protection of employees’ rights and interests.

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2. Building a Diversified Employee Team

Upholding the management approaches of “a horse race lies in a good horse” (賽馬識好馬) and “hard work makes talent” (實幹造就人才), the Group continues to improve the entire chain mechanism of talent selection, integration, cultivation, incentives and elimination around its business development goals. While continuing to optimize its human resource structure, the Group also boosts the vitality of the team. The Group provides open and equal employment opportunities. Through open recruitment processes based on job qualifications, including campus recruitment, online recruitment, and internal selection, the Group follows principles of diverse employment, refraining from discriminatory provisions based on gender, ethnicity, or marital status. The Group upholds principles of equality, voluntariness, and consensus, signs written labor contracts with employees, and provides necessary guidance and norms for employee behaviour through the Employee Handbook, which clarifies the Company’s operational management methods, values, and other basic information.

As at the end of the Reporting Period, the Group had 7,531 employees in total, while the average number of employees throughout the year was 7,626. A total of 262 employees resigned during the Reporting Period, including 94 male employees and 168 female employees. The annual employee turnover rate was 3.25%, of which, the male employee turnover rate was 2.71% and the female employee turnover rate was 3.65%.

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As of the end of the current year, the personnel composition within the Group was as follows:

- *Number of employees*

| | Indicators | 2024 |
|---|--|--------|
| Number of employees by employment type | Full-time employees | 7,474 |
| | Part-time employees | 57 |
| Number of employees by gender | Male employees | 3,268 |
| | Female employees | 4,263 |
| | Percentage of male employees | 43.39% |
| | Percentage of female employees | 56.61% |
| Number of employees by age | Aged 30 and below | 1,674 |
| | Aged 31-40 | 2,458 |
| | Aged 41-50 | 2,209 |
| | Aged 51 and above | 1,190 |
| Number of employees by region | Employees in Sichuan Province | 7,243 |
| | Employees outside Sichuan Province | 288 |
| Number of employees by education background | Employees with master's degree or above | 582 |
| | Employees with bachelor's degree | 2,749 |
| | Employees with associate degree or below | 4,200 |

- *Employee turnover rate*

| | Indicators | 2024 |
|----------------------------------|---|-------|
| Employee turnover rate by gender | Turnover rate of male employees | 2.71% |
| | Turnover rate of female employees | 3.65% |
| Employee turnover rate by age | Turnover rate of employees aged 30 and below | 7.23% |
| | Turnover rate of employees aged 31-40 | 2.97% |
| | Turnover rate of employees aged 41-50 | 0.98% |
| | Turnover rate of employees aged 51 and above | 1.27% |
| Employee turnover rate by region | Turnover rate of employees in Sichuan Province | 3.25% |
| | Turnover rate of employees outside Sichuan Province | 3.24% |
| | | |

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3. Upholding Compliance in Employment Practices

The Group continuously refines internal policies such as the Employment Management Rules and the Employee Handbook in accordance with relevant national laws and regulations, which strictly regulate employment, dismissal, working hours, etc. The Group adheres to the principle of mutual voluntary selection between employees and the Group when conducting employment and appointment work. Standardized labor contracts are signed with employees to resolutely eliminate any form of forced labor. When there is the need to work overtime, the Group fully respects the wishes of employees, communicates with them in advance, and obtains their explicit consent. Employees working overtime are provided with either additional salary or time off as compensation. During the Reporting Period, no instances of forced labor were identified within the Group.

In strict accordance with regulations such as the Provisions on the Prohibition of Child Labor, the Group resolutely eliminates the hiring and utilization of child labor. To prevent the illegal employment of minors, rigorous scrutiny is applied during the recruitment process, such as verifying the identity and age of prospective employees through comprehensive background checks. Upon on-boarding new employees, thorough examination of their identity cards and educational certificates is conducted. During the Reporting Period, no instances of child labor utilization were reported within the Group.

(II) Focusing on Employee Health and Safety

The Group always regards the safety and well-being of its employees as fundamental pillars of its business development, and persistently advances the development of a safety and health management system. The Group regularly conducts safety inspections, organizes safety training and drills, holds safety knowledge competitions, constantly improves safety awareness of employees, and continues to pursue occupational health prevention and control work, creating a safe, healthy and comfortable working environment for every employee.

1. Ensuring Safety in Production

The Group has established regulatory frameworks such as 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 the Occupational Health Responsibility Management System. Each store has formulated the Evacuation Plan for Peak Customer Flow Periods and the Evacuation Plan for Fire Emergencies, thus effectively safeguarding the safety of both employees and customers.

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The Group strictly implements safety management-related rules and regulations, continuously carries out safety inspections, goes deep into warehouses, stores and production workshops to conduct multi-dimensional and all-round investigation of safety hazards, and establishes a ledger for investigation and rectification of safety hazards. Rectification suggestions are promptly proposed for any hazards identified during inspections. Immediate corrective actions are mandated, and diligent efforts are made to prevent and mitigate the occurrence of major safety accidents. The Group organizes safety rotation training and practical drills to closely integrate theoretical knowledge with practical operations, allowing employees to accumulate experience in responding to emergencies in simulated scenarios. During the Reporting Period, the Group held three safety trainings and drills, covering fire safety training, disaster prevention and reduction training, evacuation drills and fire-fighting practical drills. At the same time, the Group also actively organized safety knowledge competitions to promote learning through competitions, and stimulate employees' enthusiasm for proactive learning of safety knowledge. By creating an atmosphere in which "everyone is concerned about safety and everyone knows how to respond to emergencies", the Group continuously promotes the construction of corporate safety culture.

❖ Case: Carry out safety training and investigate hazard

On 5 June 2024, in order to pursue safety production, strengthen safety production publicity, improve employees' safety production awareness and fire-fighting skills, eliminate safety hazards, and prevent accidents, the Group organized a motor vehicle driving safety and fire safety training in conjunction with the theme of national safety production month, and carried out practical fire-fighting drills, with a total of more than 180 participants.



Training and drill

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2. Occupational Health Management

The Group adheres to and resolutely implements relevant laws and regulations such as the Law of the People’s Republic of China on Prevention and Control of Occupational Diseases, the Law of the People’s Republic of China on Basic Medical and Health Care and the Promotion of Health, and the Regulations on Management of Occupational Health in the Workplace, upholding the work approach of “prevention first, and combining prevention with treatment”.

The Group conducts in-depth inspections at each production site to identify potential occupational hazards. Once problems are discovered, immediate corrective actions are mandated and follow-up inspections will be conducted. The Group makes full use of publicity boards and bulletin boards in each workshop to post occupational hazard inspection reports, notices and occupational health rules and regulations, so as to promote relevant laws, regulations, as well as prevention and treatment knowledge of occupational diseases to employees in a targeted manner, and improve occupational health awareness of employees.

In terms of preventing and controlling occupational hazards, a number of effective measures are adopted by the Group. For instance, third-party organizations are engaged to monitor occupational hazards in the workplace every year. At the same time, employees are provided with occupational health checks every year to achieve early detection, early prevention and early treatment. In addition, the Group also distributes various labor protection products such as earplugs and acid-resistant plastic gloves to employees based on the needs of different positions to effectively reduce the risk of occupational hazards.

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

| Year | Total lost days due to work-related injury | Number of work-related fatalities | Lost days due to work-related injury (number of days lost per 200,000 man-hours) |
|------|--|-----------------------------------|--|
| 2024 | 474 | 0 | 6.27 |

Over the past three years, there have been no work-related fatalities within the Group.

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(III) Supporting the Development of Employees

The Group places significant importance on building a robust workforce and nurturing the personal growth of its employees. Diverse training programs are conducted to enhance employees' knowledge, professional skills, and overall competence. By optimizing the job hierarchy system, the Group provides employees with extensive opportunities for career development.

1. Talent Development

Aligned with the strategic goal of "high-quality development," the Group places a strong emphasis on the building of its cadre and talent pool, viewing talent discovery and selection as prerequisites, considering the effective utilization of talents as fundamental, and grounding its efforts in education and cultivation. During the Reporting Period, the Group has vigorously promoted cadre rotation and exchange programs, providing diverse job exposures to continuously enhance the comprehensive capabilities of its leadership. Specialized and targeted training initiatives have been undertaken to continuously elevate the overall competence of employees. The Group has also strengthened efforts in talent recruitment and selection, optimizing the structure of its talent pool.

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2. Employee Training

Attaching great importance on nurturing the growth and development of its employees, the Group has established a diverse, multi-tiered training system to persistently create training and learning opportunities for its employees, thereby assisting them in enriching their professional knowledge and elevating their skill sets. The training encompasses various aspects, including political literacy, management ability, professional skills, and general knowledge. It is delivered through internal and external training sessions, online learning, knowledge competitions, and other diverse means. Attention is given to the specificity, scientific rigor, and effectiveness of the training, and ability improvement programs are set up targeting different groups of employees, so as to tangibly enhance the skills and professional competence of the workforce. This approach not only expands employees' thinking and perspectives but also contributes to the high-quality development of business operations. During the Reporting Period, in response to business development needs and employee training demands, the Group organized approximately 427,600 hours of training for around 54,200 participants. Moreover, the Group proactively sent employees to participate in industry exchanges and external professional training.

| Indicator | | Unit | Figure | Training percentage |
|--|----------------------|-----------------------------------|---------|---------------------|
| Training attendance by employee category | Senior management | Attendance Number of Participants | 153 | 0.28% |
| | | Attendance Number of Hours | 5,974 | |
| | Middle management | Attendance Number of Participants | 4,439 | 8.20% |
| | | Attendance Number of Hours | 66,675 | |
| | Grassroots employees | Attendance Number of Participants | 49,573 | 91.52% |
| | | Attendance Number of Hours | 354,974 | |
| Training attendance by gender | Male | Attendance Number of Participants | 23,944 | 44.21% |
| | | Attendance Number of Hours | 181,454 | |
| | Female | Attendance Number of Participants | 30,221 | 55.79% |
| | | Attendance Number of Hours | 246,169 | |

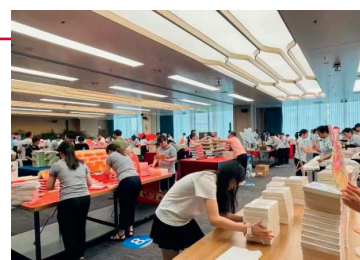
Environmental, Social and Governance Report

❖ Case: Ability improvement training for young employees

In order to strengthen the construction of talent team, improve the comprehensive quality and professional ability of young employees, give full play to their advantages, unite their strength, and continuously improve work efficiency and service quality, during the Year, the Group carried out multiple trainings for young employees, with a view to enhancing their expertise, strengthening their business capabilities, and cultivating a backbone team of young business personnel.

❖ Case: Labor business skills competition

In response to the national call for “job contribution, skills competition, and benchmarking” activities, to assist the Group’s high-quality development and accelerate the construction of a knowledge-based, skill-based, and innovative workforce, the Group organized a labor business skills competition with the theme of “New Era, New Skills, New Journey” from April to October 2024. The skills competition covered seven items including new media live broadcast competition, safety knowledge competition, editing knowledge competition, as well as book selection and presentation competition, attracting the active participation of over 6,000 employees. Through the competition, a group of outstanding teams and skillful experts were selected for each business segment, creating a good atmosphere of “advocating skills, respecting talents, benchmarking against advanced standards, and catching up with and overtaking others”.



Labor business skills competition

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(IV) Care for Employees' Well-Being

The Group places great emphasis on humanistic care, showing genuine concern for both the professional and personal aspects of employees' lives. Proactively addressing practical challenges facing employees and providing assistance to employees in need, the Group has kicked off a variety of initiatives to bring warmth and support to employees.

To continuously promote the normalization, regularization and routine of such initiatives to bring warmth, the Group has established the Assistance Management Measures for Employees in Need, maintaining records of employees facing difficulties. Visits are made to employees who are hospitalized or on maternity leave, support is offered to employees with living, medical, and educational needs, thus offering tangible assistance as needed. The Group has arranged Sichuan Province employee hospitalization medical insurance, employee supplementary medical insurance and female employee critical illness mutual aid insurance for employees, and guides and assists in claims settlement to ensure that employees can receive strong financial support as soon as possible when suffering from illness. In addition, the Group provides employees with abundant holiday and birthday benefits, as well as summer care services for their children, so that every employee can truly feel the care of the employer.

The Group conducts a diverse range of cultural activities to strengthen unity and foster a positive and harmonious work environment. During the Reporting Period, the Group organized events such as film screening, calligraphy lecture of calligraphy interest group, and "Baking to Enjoy Spring, Blossoming Elegance" Women's Day celebration. These activities well promote the physical and mental well-being of employees, disseminate corporate culture, and enhance employees' sense of happiness and belonging.



Calligraphy lecture of calligraphy interest group

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III. STRICT ADHERENCE TO QUALITY, BUILD A SUSTAINABLE ECOLOGY TOGETHER

(I) Product Quality Refinement

The Group strictly adheres to relevant laws and regulations such as the Copyright Law of the People's Republic of China, the Regulations on the Administration of Book Quality, the Regulations on the Administration of Publication Market, the Regulations on the Administration of Publishing, and the Regulations on the Administration of the Printing Industry. Additionally, the Group has established management systems to strengthen the control of product quality, including 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.

1. Topic Selection and Quality Assurance of Publications

The Group consistently upholds rigorous control over the quality of publications. Firstly, by implementing stringent topic management, the Group rigorously screens and approves topics to avoid content-related issues in publications. Secondly, a thorough review process is put in place, encompassing pre-review, in-process checks, and post-sampling inspections, thus ensuring precise content orientation and editorial quality control. Thirdly, the Group steadfastly enhances supervision over the publication process to promptly identify issues, continuously strengthen quality management, and meticulously improve both the content and editorial quality of books.

During the Reporting Period, the Group approved a total of 102 batches and 6,341 types of topics and supplementary topics for books and electronic audio-visual publications, recommended the cancellation of 17 topics, and conducted internal and external reviews on 378 manuscripts for sensitive topics. In addition, the Group conducted editorial quality sampling for its nine book publishing houses, reviews for its eleven journals, and specialized quality inspections for its two newspapers and new media. Specialized inspections were also carried out on the implementation of "Three Reviews and Three Edits" system by various publishing units. At the same time, the Group strengthened the supervision of publishing processes, identified problems in a timely manner, continuously optimized quality control, improved the quality of book content and editing, so as to ensure the high-quality standards of publications. Moreover, the Group arranged dedicated personnel to regularly check the pop-up content of QR codes (hyperlinks) on its publications in order to ensure security and compliance.

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2. Publication Awards

Building on a strict publishing orientation and quality control, the Group has produced a torrent of outstanding books, earning numerous accolades. During the Reporting Period, three books including Homeland 《家園》 were selected as topics for key thematic publications by the Publicity Department of the Communist Party of China. Eight books including Road Soul 《路魂》 were selected as projects of the National Publishing Fund. Nine projects were selected as supplementary projects for the “14th Five-Year Plan” national key publication planning. Four publications including Seeking for Qin 《尋秦記》 were selected for the monthly list of Chinese Good Books, and two books including Catch 《捉》 were selected for June 1st special list of Chinese Good Books. A total of 57 publications including Chinese Language Education Chronicle Long Series 《中國語文教育年譜長編》 were selected as the “Sichuan Province 2024-2025 Key Publishing Planning Projects”. Five books including The Complete Works of Su Zhe 《蘇轍全集》 were selected as the national ancient book compilation and publishing funding projects. Two books including Understanding China from Opera 《從戲曲讀懂中國》 were selected as the philosophy and social science academic popular reading projects by the National Social Science Fund of China for 2024. Seven books including Chengdu-Kunming Railway 《大成昆》 were shortlisted into the 17th Sichuan Province “Five ‘One’ Project” Book Award for Spiritual Civilization Construction. These honors not only display high recognition of the Group’s publishing achievements, but also encourage the Group to continue to publish more excellent works.

3. 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 order to ensure that the quality indicators of textbooks and supplementary materials are determined in strict accordance with national standards, the Group revised its Measures for Random Check of Quality of Textbooks and Supplementary Materials. It also formulated the Printing and Binding Quality Points System for Printing Units to incorporate random quality and production process inspections into the points system, forming a survival of the fittest mechanism for printing units and urging them to effectively improve their awareness of quality responsibility. The Group continually refines and optimizes the business processes, implements internal assessment methods to guarantee the effective execution of policies and measures, and maintains a quality management department. By reinforcing the quality awareness of partner printing facilities, enhancing their quality management standards, and intensifying efforts in random and process inspections, the Group has effectively eliminated the distribution of substandard products. During the Reporting Period, a total of 2,722 batches of textbooks and supplementary materials underwent random quality checks.

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4. Complaint Handling System

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, the Group ensures 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, a 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 organization set up by the Group. 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.

For complaints from customers of the Group's Internet sales platform, a customer complaint handling mechanism has been established. Special personnel will review the comments made on the Internet platform and contact the corresponding government departments. The supervisor will then take lead in coordinating the internal investigation for underlying causes, and special personnel will respond to customer questions and dissatisfaction, and continue to improve operations and management standards, in order to proactively improve service quality and enhance customer satisfaction.

During the Reporting Period, the Group received a total of 783 complaints for products and services, and the resolution rate was 100%.

(II) Promoting Digital Development

The Group has always been committed to innovative operations. Delving deeply into the realm of strategic digital development, the Group promotes its transformation and upgrading by consistently exploring new technologies and business paradigms. The Group stays committed to digital empowerment as the core to facilitate the integrated development of various business segments, and continues to step up digital upgrades to better accommodate the growing needs of the public.

1. Rapid Development of Content E-commerce

While consolidating its leading edge in book e-commerce across the country, the Group has intensified its operations in content e-commerce and built a matrix of "self-broadcasting, influencer broadcasting, and social networking". By carrying out self-broadcasting and cooperating with Internet celebrities and institutional brands to promote goods, the Group continues to strengthen the shelf construction and community operations of content e-commerce. During the Reporting Period, the growth rate of the Group's content e-commerce business was higher than the industry average, and the live broadcast team won a number of national competitions.

Environmental, Social and Governance Report

2. Advancing Digital Reading Services

The Group fully leverages its advantages in omni-channel operations and massive user resources to further promote integrated development with upstream publishing resources. During the Reporting Period, the Group planned and developed more than a hundred high-quality products focusing on traditional culture, novels and other content directions. During the 2024 Tianfu Book Fair, the Group continued to launch the main online exhibition venue of Tianfu Book Fair • Cloud World, using “Winshare September” WeChat mini-program as the core platform to carry out a series of cultural reading activities and actively promoting the National Reading Campaign.

3. Educational Digital Transformation

The Group actively advances 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 digitalization in the field of education services, the Group enhances its comprehensive strength as a smart education service organization.

Joining hands with leading brands in the field of domestic education digitalization and fully leveraging the resource advantages of all parties, the Group launched the integrated media supplementary materials products Breakthrough of Easy-to-Miss Questions in Junior High School Entrance Examination 《中考易错题全突破》 and Comprehensive Guide to Key and Difficult Points in Junior High School Entrance Examination 《中考重难点全攻略》 which are specially designed for junior high school students in Sichuan. The products cover eight categories and directly reach users through “Winshare Select” mini-program shopping mall, realizing convenient purchases for C-end users. In the meantime, the Group’s “Smart Homework” project can conduct in-depth analysis of learning materials collected from students, then accurately push personalized learning resources and provide customized learning plans. The Group’s “Winshare Youjiao” digital service platform recorded 3,124,600 visits cumulatively for the year, and the “Masters’ Lectures” held a total of 30 activities, attracting more than 8,000 teachers to participate in learning. The Group also successfully held a joint series of activities with the Sichuan Provincial Education Society, the first “Digital Empowerment for High-Quality Development of Schools” in Sichuan, providing strong support for the digital transformation of education in the province.

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(III) Protection of Intellectual Property Rights

To regulate the use of brands and trademarks, and to consolidate the protection of brands and trademarks, the Group has formulated the Brand Usage Management Policy and Trademark Management Measures, which set out detailed provisions on the authorization, use, and supervision of brands as well as the use, transfer, and rights protection of trademarks. The Group conducts comprehensive and overall management of the trademarks it holds to ensure the accuracy and completeness of trademark information. Furthermore, trademark agencies have been engaged to fully protect trademark rights and effectively facilitate the enhancement of brand and trademark value, thus practically safeguarding the legitimate rights and interests of the Group and providing solid legal protection for the brand development of the Group. As of the end of the Reporting Period, the Company held 366 trademarks, with five new trademark applications submitted and 67 trademarks successfully renewed during the Reporting Period.

In terms of copyright protection, the Group staunchly opposes piracy, steadfastly advancing efforts in copyright protection while conducting operations to combat pirated books. The Group strictly adheres to the provisions of the Copyright Law of the People's Republic of China, enters into legally compliant book publishing contracts with copyright holders, and encourages affiliated publishing houses to engage professional and experienced lawyers to safeguard the legitimate rights and interests of both copyright holders and publishing houses. Each subordinate publishing house has submitted a list of copyrighted books to the Sichuan Provincial Copyright Bureau, ensuring comprehensive implementation of copyright protection measures from all aspects.

In terms of copyright promotion, the Group actively participated in Sichuan Province's 2024 National Intellectual Property Rights Promotion Week. With the theme of "Opening a new chapter in copyright protection and promoting the new development of folk literature and art", Sichuan Digital Publishing & Media Co., Ltd., a subsidiary, launched eight exciting publicity activities through various channels of "entering campuses, communities, parks, the Internet, and enterprises". The event attracted widespread attention and participation from more than 30 mainstream media, including Xuexi Qiangguo, Sichuan TV, Sichuan Daily, etc., covering over 10 million users, and the cumulative video playback volume exceeded 5 million times. It triggered a strong response from all walks of life and effectively enhanced the public's awareness and attention to copyright protection.

(IV) Advancing the Green Supply Chain

The Group has incorporated sustainable development principles deeply into supply chain management, attaching great importance to factors such as environmental protection, resource conservation, and circular low-carbon practices. The Group prioritizes the procurement of raw materials, products, and services that are conducive to resource conservation and have the least impact on environment, in addition to persistently strengthening environmental management within the supply chain to achieve more efficient supplier selection, management and control, and promote sustainable development of the supply chain.

Environmental, Social and Governance Report

1. Comparative Selection of Printing Material Suppliers

To comprehensively implement “green procurement principles” in the procurement of printing material, the Group demands all participants in comparative selection to ensure that their products meet national quality standards and comply with the technical and environmental requirements of “Environmental Management – Environmental Labels and Declarations – Self-declared Environmental Claims (Type II Environmental Labelling)” (GB/T24021-2001), “Technical Requirement for Environmental Labeling Products – Printing – Part 1: Planographic Printing” (HJ2541-2016), and “The Instruction and Testing Methods of EVA Hot-melt Adhesives for Bookbinding” (CY/T40-2007); and use hot melt adhesives, inks, plates, chemical auxiliary materials, and other key materials that have obtained “China Environmental Labelling”, and provide product-matching testing reports or other authoritative certification materials and VOC emission reports, CMA testing reports indicating the absence of phthalate plasticizers, Material Safety Data Sheet (MSDS), and other green qualification documents, so as to minimize the impact of products on the environment during production, use and disposal. At the same time, products must display relevant environmental labels on all external packaging and labels to enhance their environmental transparency and traceability. Furthermore, in accordance with the Supplier Management Policy, the Group conducts quality assessments of enterprises included in the supplier directory in order to single out qualified suppliers. Such assessments cover aspects such as management organization and systems, environmental standards, quality specifications and standards, inspection methods and records, and corrective and preventive measures. During the Reporting Period, all of the Group’s major suppliers provided professional quality inspection reports by third parties covering major products such as printing plates, hot melt adhesives, rubber clothes, inks, and pre-coated films. The test results all met the requirements for green printing.

2. Printing House Admission

The Group implements a rigorous admission mechanism for printing houses and has established management protocols such as the Measures for Printing Management of Printing Contractors and the Measures for Quality Management of Printing to standardize product quality and production cycles of printing houses. These measures are crucial in ensuring that the products meet both national quality standards and those of the Group. The Group employs a printing house rating system to selectively engage qualified printing houses. The allocation of printing tasks for textbooks and supplementary materials is organized through a tiered management structure, and printing houses entrusted with these tasks are required to furnish the “China Environmental Labeling” certification, thereby ensuring comprehensive control over the quality of printed products. Newly engaged printing houses typically undergo an assessment period of three years or more to ascertain their ability to consistently deliver stable supply quality and meet production timelines. Collaboration is sustained only with vendors who consistently meet the stringent quality and timeline management requirements. Before the commencement of each quarter’s printing, the Group conducts a thorough review of the conditions and production capacity of each printing vendor. Cooperation is terminated if issues arise during the annual review, such as failure to pass the annual audit for environmental certification or printing permit, lack of production conditions, penalties imposed by industry regulatory authorities due to violations, or potential risks arising from legal disputes. Printing houses experiencing recurrent quality incidents risk losing their qualification to print the subsequent quarter’s textbooks or supplementary materials, and those unable to rectify issues promptly will have their printing qualifications revoked for all products.

Environmental, Social and Governance Report

3. Book Supplier Management

When selecting book suppliers, the Group adheres to principles of high quality, contract adherence, and trustworthiness. Several prerequisites must be met before a supplier is onboarded, including different evaluation criteria for those established for over a year and those within their first year. These criteria encompass dimensions such as variety and scale of products, market size, editorial capabilities, and product characteristics. Information registration management is maintained for suppliers with established partnerships, requiring them to submit the Form for the Modification of Key Data of Suppliers, duly stamped with their company seal or supported by relevant valid proof, in the event of critical information changes. In accordance with stipulated regulations, cooperation with a supplier ceases if they no longer meet the conditions for continued collaboration or if there is a mutual lack of interest in continuing the partnership.

As of the end of the Reporting Period, the Group collaborated with a total of 73 raw material suppliers for printing materials, including 32 within Sichuan Province and 41 outside Sichuan; 655 printing houses, including 230 within Sichuan province and 425 outside Sichuan; and 1,417 book suppliers, including 172 within Sichuan Province and 1,245 outside Sichuan.

(V) Enhancing Logistics Quality

The Group focuses on its main business of publishing and distribution. With improving supply chain service quality as its core, and by sorting out and optimizing key indicators such as order accuracy and delivery timeliness, the Group has established daily tracking, real-time monitoring and business warning mechanisms to further improve the logistics quality target management system. With improving the operational efficiency of logistics network as the key, the Group has built its first transportation network transfer node in North China, effectively enhancing the distribution and cargo transfer capacity and logistics operational efficiency. With digital means as the pivot, the Group has put into operation digital projects such as automated flexible packaging production lines for books, visualized order tracking system, and smart logistics operation and dispatch platform to further strengthen the resource allocation and efficient management and control capabilities of the Group's national logistics network. During the Reporting Period, the Group maintained its order accuracy rate, delivery timeliness rate, and daily order completion rate at above 99.9% for a long time, and the satisfaction rate for "super orders" reached 100%. The Group has also successfully completed the logistics service guarantee work for key projects and major events such as "Arrival of Textbooks Before Class", Tianfu Book Fair, distribution of current political publications, "Double Eleven", summer holiday season, and school season.

Environmental, Social and Governance Report

(VI) Protection of Consumer Privacy

1. Consumer Privacy Protection Policy

Placing a high value on consumer privacy protection, the Group strictly complies with the Law of the People's Republic of China on Protection of Consumer Rights and Interests, upholds the principles of legality, legitimacy, transparency, and necessity for the collection and use of personal information, strengthens employee awareness of information security and confidentiality, and enforces stringent authorization processes. The Group has formulated the Guidelines on Security Management of Personal Information to further regulate the management of the handling of personal information and data, as well as a set of management procedures titled Winshare Online E-Commerce System Information Security to reinforce employee awareness of the confidentiality and security of customer information and to ensure the lawful and legitimate use of customers' personal information.

2. Information Security of Online Consumption

The Group implements a variety of security measures in areas such as front-end system security, information transmission layer security, network gateway security, system processing layer security, operating system security, and partner transmission security.

In terms of front-end system security, the Group has taken a number of measures to ensure the information security of online consumption. The Group adopts its self-developed platform to prevent malicious developers from abusing the interface, and strengthens platform information security processing to prevent leakage of user information. Sensitive information is encrypted for storage and desensitized for display, while the principle of enhanced password security is adopted. The Group has also improved its user agreement and privacy policy. At the information transmission layer, the Group uses encryption measures to prevent network monitoring and interface unauthorized processing. In terms of public network access security, the Group uses web application firewall (WAF) to protect against various common web attacks, and regularly upgrades hardware firewall to improve protection capabilities. In terms of partner transmission security, the Group has signed security protocols with agents, franchise stores, small to medium-sized partners, and carriers, which clearly prohibit the leakage of customer information. The carriers shall only receive receipt information and shall not transmit sensitive information such as customer account numbers and contact information. They must also ensure that delivery personnel do not leak sensitive customer information.

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IV. BUILDING A SOLID FOUNDATION, PROMOTING SOUND OPERATIONS

The Group implements a “zero tolerance” attitude towards corruption, continuously improves its anti-corruption system, strengthens awareness campaigns and training, and continuously enhances its prevention and control capabilities against corruption risks.

(I) Governing the Enterprise by Law and Promoting Ethical Conduct

The Group always adheres strictly to international anti-corruption norms and abides by national laws and regulations such as the Company Law of the People’s Republic of China, the Criminal Law of the People’s Republic of China, and the Supervision Law of the People’s Republic of China. Additionally, the Group staunchly complies with the relevant rules and regulations of the Communist Party of China and those related to party conduct and integrity construction, and unswervingly promotes the in-depth development of full and strict governance over the Party. The Group organizes various units and departments to systematically sort out the key points of integrity risks, and issues work reminder letters to advance the prevention front.

Through the establishment of a robust anti-corruption system, the Group strictly implements the Complaint and Reporting System, ensures accessible channels for complaints and reports, adeptly exercises the “Four Forms of Supervision and Discipline” of oversight and discipline enforcement to investigate and address disciplinary violations, protects the legitimate rights of whistleblowers, maintains order in the complaint handling process, and prevents actions that may harm the interests of the Group and its shareholders. No corruption-related litigation cases were reported during the Reporting Period.

(II) Overseeing Improvements and Facilitating Educational Programs

The Group vigorously engages in routine anti-corruption oversight and various targeted corrective actions to prevent corruption at its roots. By fostering an alignment of party conduct and integrity construction with production and operational work, the Group ensures coordinated deployment, implementation, inspection, and assessment to undergird the full implementation of the “dual responsibility” principle. Based on the Implementation Measures for Evaluation of the Integrity of Cadres of the Group, multi-dimensional evaluations of cadres’ ethical conduct are conducted, leading to the establishment of an effective mechanism for preventing and reining in ethical risks.

The Group consistently strengthens the high-pressure deterrence of “don’t dare to corrupt”, improves the institutional mechanism of “can’t corrupt”, and enhances the ideological consciousness of “don’t want to corrupt”, while emphasizing the promotion of party rules, party disciplines, and anti-corruption through extensive training. Coverage spans from party members and cadres to grassroots employees. During the Reporting Period, the total number of cadres and employees participating in training exceeded 8,000. The Group deepens the learning and education of party disciplines by organizing visits to educational sites promoting ethical culture, viewing specialized educational documentaries, reporting typical cases, and sending integrity text messages to foster a pervasive atmosphere that values integrity and encourages all cadre and staff members to consciously abide by laws and regulations while maintaining a self-disciplined and upright approach to work.

Environmental, Social and Governance Report

V. PRACTICING PUBLIC WELFARE, COMMITMENT TO SOCIAL RESPONSIBILITY

The Group always adheres to a high level of social responsibility awareness, and strives to create social benefits for the place of operation. Based on its core advantages in the principal business of publishing and distribution, the Group gives full play to the positive influence of the cultural industry, and is committed to spreading the Chinese culture, driving national reading, serving the education industry, contributing to rural revitalization and promoting the harmonious development in the society. During the Reporting Period, the Group donated a total of RMB43,651,800.

(I) Promoting the Spread of Culture

1. Protection of Chinese Ancient Books and National Culture

Based on its own publishing positioning, characteristics and advantages, the Group organically combines medium- and long-term topic planning with short-term planning to create a product line focusing on the inheritance and dissemination of Chinese traditional culture.

In terms of ancient book research and compilation, the Group published Collection Editions of Three Su 《三蘇總集版本薈萃》 and Yangtze River Literature Collection (First Series) 《長江文獻集成(第一輯)》; in terms of inheriting the Bashu civilization, the Group published Su Dongpo's Utopia 《蘇東坡的理想國》, Ten Lectures on Shu Road 《蜀道十講》, Shu Road Heritage Series – Cultural Heritage First Series 《蜀道遺產叢書•文化遺產第一輯》 (6 volumes); in terms of spreading Chinese traditional culture, the Group published Chinese Culture Classic Courses 《中華文化經典課》, Flowing History of Chinese Civilization 《流淌的中華文明史》, Into Painting, Into Opera – Tasting Chinese Opera 《入畫•入戲——品味中國戲曲》, Oracle Bone Script Dictionary 《甲骨文詞典》, New Evidence on the Origin of Radicals in Shuowen Jiezi 《〈說文解字〉部首源流新證》, etc. The Group's subsidiary Bashu Publishing House has 11 product lines, including Rescue and Compilation of Chinese Classics, Comprehensive Collection of Chinese Local Gazetteers, Unearthed Documentations in Turpan, Geographical Literature of China's Border Regions, Inheritance and Development Work of Traditional Chinese Medicine Culture, etc., and has published a total of 332 books in 13 projects, including The Collection of Du Shaoling 《杜少陵集》 and The Collection of Shu Road Chronicles (Litchi Road Volume) 《蜀道方志集成(荔枝道卷)》.

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2. Leading National Reading Campaign

The Group always takes it as its mission to promote cultural inheritance and national progress. It is committed to promoting the reading concept of participation by everyone and sharing with everyone, making reading an indispensable part of everyone's life.

During the Reporting Period, the Group organized the "4.23" National Reading Campaign with the theme of "Seven Areas for the Spread of Book Culture, Let the Flower of Reading Bloom in Urban and Rural Areas" by carrying out more than 400 activities to promote the seven areas for the spread of book culture, making national reading truly "beneficial" to all people. In schools, activities such as "Famous Writers for Tianfu" and "Campus Book Fair" were held extensively to let children feel the charm of reading. In rural areas, rural bookstores, new era civilization practice centers and other platforms provided rich reading resources to farmers. Through a series of activities such as entering government offices, enterprises, families, communities, and military camps, the power of culture was deeply rooted in the hearts of the people, contributing positively to the construction of a scholarly society.

The Group and libraries at all levels made full use of their respective resource advantages to carry out library-bookstore integration, and jointly organized activities such as "You choose the book, I pay for it", boutique book exhibitions, and famous writer reading sharing, building a scholarly society together by promoting national reading. In addition, the Group carried out brand cultural activities such as "Sister Winshare Storytelling" and "Young Storyteller" in bookstores across the country to enhance the national reading experience. During the National Reading Campaign, many mainstream and authoritative domestic media outlets such as People's Daily Online, Xinhuanet, and China Publishing & Media Journal focused on reporting on the activities. In particular, the Group's Southwest Bookstore won the title of "The Most Beautiful Bookstore of the Year", which boosted the Group's influence in promoting national reading.

During the "4.23" National Reading Campaign, the Group combined the local cultural heritage to create a "local culture zone", aiming to let readers entering the bookstores feel the cultural depth and heritage of their hometown through books and products carrying the essence of local culture.

❖ Case: The Group launched a new online and offline reading experience

On 26 April 2024, Sichuan Province's second "Tianfu Book Fair • National Reading" exhibition was launched. The Group simultaneously launched the "Reading at Home" service with the concept of "packaging the world and bringing reading to home". Through three delivery methods of "in-store pickup, delivery in an hour, and cloud warehouse delivery", the Group brought a new reading experience to readers. Online live broadcast was also launched, covering the whole province by various means such as "live broadcast + self-broadcasting + influencer broadcasting". More than 130 online live broadcasts were conducted in 164 physical bookstores across 18 regions and various sub-brands, forming a province-wide live broadcast pattern to comprehensively promote national reading.

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3. Strengthening Exchange with Industry Peers

In order to further promote cultural communication, facilitate cultural exchange and sharing, promote books, and expand publishing resources, allowing readers to purchase their desired books at more affordable prices, the Group actively participates in and organizes various book exhibitions to enrich the content of reading and enhance the experience of reading. During the Reporting Period, the Group organized the Tianfu Book Fair and participated in a series of exhibition events, including the Beijing Book Fair, the National Book Expo, the Beijing International Book Fair, the China Huangshan Book Fair, and the 2nd Wuhan Book Fair.

❖ Case: Creating a cultural grand event – Tianfu Book Fair

The 2024 Tianfu Book Fair was organized simultaneously in China and abroad, combining online and offline platforms, integrating exhibition and sales, and gathering diverse business formats. Domestically, more than 30 publishing and media groups, 500 publishing and distribution units, 600 library supply agencies, and 300 cultural and creative organizations participated in the fair. With a collection of over 800,000 book titles on display and sale, more than 1,000 cultural activities were held during the fair, attracting some 58 million online and offline visitors in total, and achieving sales value of RMB105 million in books and cultural and creative products. A number of supporting activities such as the Sichuan promotion conference on Interpretation of Poems Quoted by Xi Jinping (《习近平引用诗词释读》), the launch ceremony of the new book Symbiosis and Co-Prosperity – China and the World in the New Era (《共生共荣 – 新时代的中國與世界》), the 5th “Belt and Road” Publishing Cooperation Experience Exchange Meeting, and the 3rd China Publishing Innovative Development Seminar on “Co-construction, Co-use and Co-cultivation” presented a grand and warm cultural event for all walks of life, benefiting the people, exchanges and mutual learning.

The book fair also set up overseas sub-exhibitions in nine countries, of which six countries including Italy and Panama were newcomers. More than 30 traditional Chinese cultural experience activities were planned and held, expanding the international “circle of friends” of the Tianfu Book Fair.



2024 Tianfu Book Fair

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❖ Case: Participation in National Book Expo

The 32nd National Book Expo was held in Jinan from 26 to 29 July 2024. The Group focused on displaying the key theme publications of various publishing units that tell Chinese stories, promote the Chinese spirit, and spread the voice of China; high-quality publications that reflect Bashu culture such as Shu Road culture, Three Su culture, Sanxingdui, and giant pandas; outstanding publications that continue the Chinese cultural context; and recently published hot books and sales products. Also appearing were the “content + channel” integrated new reading product of Winshare Online, “Zhi Xin Lian” (知信鏈) platform of Sichuan Digital Publishing & Media Co., Ltd., and the “giant panda IP + content + cultural creativity” integrated development results of Watch Panda Magazine.



Sichuan exhibition zone at the 32nd National Book Expo

Environmental, Social and Governance Report

4. Strengthening International Communication

The Group is well aware of the importance of international cultural influence, and actively promotes the spreading of Chinese civilization through various forms such as copyright export and project cooperation. During the Reporting Period, the Group exported 486 copyrights and imported 177 copyrights in total. In particular, Unbroken History of Civilization 《不斷裂的文明史》 has been exported in 16 languages cumulatively; the “Star Panda Series” of books have been exported in multiple languages, and the “Global Release Ceremony of the First Batch of Publishing Results of Panda Publishing Center” was successfully held during the Beijing International Book Fair; Chengdu-Kunming Railway 《大成昆》 and Homeland 《家園》 have been published in multiple languages; Nirvana in Fire Manga 《瑯琊榜漫畫》 (Russian version) has been exported as an e-book on the basis of paper book, further enhancing its dissemination in Russian-speaking areas. Various units of the Group exported 80,200 volumes (pieces/sets) of books, periodicals and cultural products, with a total sales value of RMB4.461 million. All nine of the Group’s publishing houses were again selected into the top 100 in the 2024 Influence of Overseas Collections of Chinese Books. Approximately 450 titles were permanently collected by overseas libraries during the Year, and the number of selected titles ranked fourth among the publishing groups in China.

Adhering to the strategic approach of “going global”, the Group participates in the Bologna Children’s Book Fair in Italy, the China-themed book fair in New Zealand, etc., to promote the construction of overseas distribution channels and continue to enhance the popularity and reputation of Chinese culture on the international stage. During the Year, the Group built eight new “Panda Bookstores” and “Sichuan Bookshelves” in the Czech Republic, Hungary, Japan and other countries, supplying more than 6,000 books and periodicals, and held “Splendid Sichuan” photo exhibitions in New Zealand, Brazil, Chile and other countries. 80,000 copies of Watch Panda Magazine were published in bilingual versions at home and abroad. The Sino-French international picture book creation event “I Am an Illustrator” has been successfully held for six times, which constantly enriched the forms of communication through online and offline interactive painting, lectures, researches, exhibitions, and follow-up reports. The Group’s “Panda Bookstores” participated in the Frankfurt Book Fair, and cooperated with many overseas bookstores such as Phoenix Bookstore in France, Guanhwa Bookshop in the United Kingdom, and Chung Hwa Book in Hong Kong, constantly promoting panda culture to the world.

Environmental, Social and Governance Report

❖ Case: Translation and publishing project of Chinese-Nepalese and Chinese-Cambodian classics

During the 2024 Tianfu Book Fair, the Group invited delegations from Nepal and Cambodia to participate in the exhibition and held the first batch of books release ceremony for the translation and publishing project of Chinese-Nepalese classics and the first batch of books signing ceremony for the translation and publishing project of Chinese-Cambodian classics. The Group uses publishing as a medium to deepen cross-cultural exchanges, promote exchanges and cooperation in the cultural field, expand the influence of mutual translation products, and facilitate exchanges and mutual learning between Chinese and foreign civilizations, contributing to the exchange and dissemination of cultural diversity in Asia.



The first batch of books release for the translation and publishing project of Chinese-Nepalese classics

Environmental, Social and Governance Report

(II) Boosting Education

1. Practicing Collaborative Education

To further expand and enrich the forms in education services, fully assist education authorities in multiple regions in promoting guidance for family education, and actively create a conducive home-school partnership, the Group has effectively consolidated resources, and collaborated with education authorities, schools, and communities in multiple regions to organize public welfare lectures on family education for the majority of students' parents covering hot topics such as parent-child companionship, communication skills during adolescence, career planning and guidance, and identifying and preventing psychological issues. During the Reporting Period, the Group leveraged the "Winshare Youxue" platform to carry out "Parent School" content and activity operations, and launch the online-offline integrated activity of "Family Education Public Welfare Lecture Tour in Campuses". The expert pool of "Parent School" had more than 70 experts at the national, provincial and municipal levels, specializing in the fields of psychology, family education, youth and research. In cooperation with municipal and county-level education and sports authorities in the province, the Group held 12 campus public welfare lectures, with more than 260,000 online participants watching the live broadcast. The Group's "Honey Open Class" online lecture was conducted serially in the form of special topics, with a total of approximately 65,000 participants in the three lectures. The Group's "Mom and Dad's 'Home' Gas Station" interviewed 38 teachers in famous schools and produced 60 short videos. The most popular video received more than 60,000 views, each video received an average of 25,000 views, and the total views exceeded 3 million times.

Actively carrying out topic promotion and case selection activities, the Group cooperated with the general research group of the Sichuan Society of Education to organize experts to review the 38 sub-topics submitted for the project of "Research on the Three-dimensional Home-School-Society Collaborative Education Model to Promote the Healthy Life of Primary and Secondary School Students", and eventually selected 30 sub-topics for project approval. The Group also teamed up with the family education branch of the Sichuan Society of Education to carry out the "Excellent Practice Cases of Home-School-Society Collaborative Education for Kindergarten, Primary and Secondary School Students in Sichuan Province", shortlisting 318 award-winning cases.

Environmental, Social and Governance Report

2. Deepening Study Tours

The Group is committed to enabling students to have a holistic development in the aspects of morality, intelligence, physique, aesthetics and labor skills as well as cultivating innovative, compound and application-oriented talents. Taking the study of “five withs” (“with curriculum”, “with campsites”, “with teachers”, “with practices”, “with evaluations”) as the development path, the Group has integrated social resources to jointly build educational bases for labor and practice, jointly promoted regional curriculum development, and organized study tours.

During the Reporting Period, the Group continued to strengthen the operation and construction of bases (campsites), adding 21 new cooperation bases, bringing the total number of cooperation bases to 244. In particular, the education campsite for labor and practice in Gulin County, Luzhou, the youth comprehensive practice campsite in Suining, and the primary and secondary school education campsite for labor and practice in Lizhou District, Guangyuan were successfully opened.

The Group has always adhered to the principles of guidance by curriculum standards and highlighting local characteristics to solidly promote the development of study courses. During the Reporting Period, the Group developed and optimized a total of 42 sets of courses, covering intangible cultural heritage, agricultural production, drones, etc. As of the end of the Year, the Group has completed the research and development of 421 sets of general courses and local characteristic courses, constantly improving the characteristic labor and practice education course system.

Environmental, Social and Governance Report

3. Advancing Teacher Training

The Group has always adhered to the field of education services, focusing on the development and progress of teachers, integrating high-quality educational resources, and building a professional training service platform for the continuing education of teachers, so as to help teachers improve their professionalism and comprehensive capabilities in an all-round and multi-level manner, strengthen the construction of teacher teams, fully meet the needs of teachers to grow in a high-quality, professional and innovative direction, and promote the high-quality development of education.

During the Reporting Period, the Group carried out more than 400 teacher training sessions, covering subject teacher training, moral education training, “Three New” series training, backbone teacher training, class teacher training, new teacher induction training, kindergarten teacher training, family education training, as well as teaching and research training on interpretation of new language curriculum standards in secondary vocational schools, new curriculum and textbooks training for special education, etc., involving different disciplines and school semesters, and using various training forms such as special lectures, interactive exchanges, and field visits.

❖ Case: 2024 Sichuan Province “National Training Plan” Project – Special Training for Family Education Instructors

On 21 October 2024, the opening ceremony of the 2024 Sichuan Province “National Training Plan” Project – Special Training for Family Education Instructors was held in Chengdu. The training focused on “collaborative education between home, school and society” and aimed to cultivate high-quality, skill-based and application-oriented family education workers, create a team of family education teachers with high professionalism, strong creativity, strong sense of responsibility and multiple abilities, and fill the gap of professional family education teachers in schools.



Environmental, Social and Governance Report

❖ Case: New curriculum and textbooks training for new college entrance examination

In order to comprehensively deepen the reform of education and teaching, on 8 July 2024, the Group joined hands with the Deyang Municipal Education Bureau to organize the “Three New” training for high schools in Deyang, with a total of more than 1,100 teachers participating. The Group invited well-known teachers and education experts to bring cutting-edge teaching concepts and practical experience to the participating teachers, and helped them clarify their future work directions and priorities through case analysis and experience sharing.

(III) Promoting Public Welfare Activities

1. “One More Green” Public Welfare Initiative

The Group continues to carry out the “One More Green” public welfare activity to encourage primary and secondary school students, the general public and employees to donate used books and periodicals for paper production companies to reprocess and reuse, and invest the proceeds in environmental protection education in primary and secondary schools. Since the launch of the “One More Green” public welfare activity, it has continued to enter campuses, communities, institutions and enterprises, calling on more people to participate, which has achieved good social response. Internally, the Group has normalized the “One More Green” public welfare initiative to strengthen employees’ awareness of low-carbon, energy-saving and environmental protection, further promoting the development of a green and civilized culture within the enterprise. During the Reporting Period, the Group promoted the concept of “One More Green” by organizing themed public welfare activities, trade-in activities, and recycling of used office paper and books, cultivating the environmental literacy and social responsibility of employees and students.

Since its launch, the “One More Green” initiative has covered 18 cities, 135 districts and counties, and more than 6,000 schools in Sichuan Province through a “self-generating” public welfare model. More than 6 million students have participated, and the cumulative recycling of used books has exceeded 28,000 tons, which was equivalent to protecting 400,000 trees from felling. On the basis of striving to promote the “normalization and continuity” of the public welfare initiative on campus, the Group will further extend the public welfare initiative to wider areas such as institutions and communities.

❖ Case: “One More Green” in rural areas

During the 2024 Tianfu Book Fair, the Zigong sub-exhibition went to Jiangjun Village, Longtan Town to carry out the “One More Green Trade-in” public welfare activity, during which children exchanged used books with new books, stationery, green plants, etc., practicing environmental protection public welfare.



“One More Green” activity
in rural areas

Environmental, Social and Governance Report

2. Sun Star Public Welfare Action

Since 2013, the Group has been persistently carrying out the “Sun Star Public Welfare Action”, caring for rural principals and teachers and supporting the education service industry. The “Sun Star Public Welfare Action” focuses on development of rural schools to help them improve their daily management, cultural construction, and educational and teaching quality, as well as promotes typical figures and advanced deeds that emerged in the rural education revitalization action. By organizing expert on-site and online guidance, the Group stimulates the endogenous motivation of schools, explores the “highlights” of schools, cultivates school characteristics, pays close attention to classroom teaching reform, promotes the all-round development of alliance schools, and fully supports the reform, development and revitalization of rural education in Sichuan Province. During the Reporting Period, the Group engaged 52 experts to visit 22 schools in 7 regions including Chengdu, Neijiang, and Dazhou, and conducted a total of 35 activities such as consultations, training, seminars, guidance, and teaching and research.

Environmental, Social and Governance Report

3. Rural Revitalization Action

The Group always remembers its social responsibility and actively pursues rural revitalization action promoted by counties and cities in Sichuan Province. The Group goes deeply into rural area to engage in paired assistance programs. The Group is stationed in a dozen of villages in Sichuan Province including Xinxing Village in Leizu Town, Yanting County, Mianyang City, Hongxin Village and Sizu Village in Longtan Township, Lizhou District, Guangyuan City, and Haitangjing Village in Heba Town, Nanbu County, Nanchong City. Based on the actual situation of each village, the Group clarifies work responsibilities and objectives, makes monthly visits to the assisted households, understands the living conditions of households lifted out of poverty, and ensures the continued implementation of poverty alleviation policies.

The Group actively cooperates with Rangtang County, Aba Tibetan and Qiang Autonomous Prefecture, Sichuan Province to provide industrial assistance, and helps revitalize education by organizing outstanding students and teachers to carry out in-province study tours and teacher training activities. Through donation, establishing companies, etc., the Group helps the local area improve conditions for industrial development and build an industrial ecology. Through the Rangtang special issue, photo exhibitions, and intangible cultural heritage promotions, the Group vigorously promotes Rangtang's characteristic cultural tourism. The Group also drives the sales of Rangtang's agricultural and specialty products through online live broadcasts and setting up special cultural and creative sales areas in large bookstores and the Tianfu Book Fair, showcases the results of the integration of Rangtang County's intangible cultural heritage and cultural tourism, and carries out on-site promotions and related activities for Rangtang County's cultural tourism projects, helping revitalize the industry.



Rangtang characteristic cultural and creative exhibition zone at Tianfu Book Fair

Environmental, Social and Governance Report

The Group is committed to leveraging its cultural communication capabilities. In particular, the Group assists rural revitalization by deeply optimizing the image of poverty alleviation zones, highlighting local characteristics, building demonstration bookstores for rural area, and carrying out activities such as rural book outreach and reading micro-wish. The Group cares for lonely elderly and left-behind children, and conducts public welfare lectures on health to care for the health of the elderly. Moreover, the Group carries out Sister Winshare Storytelling and interactive activities to let children appreciate the charm of traditional culture and help them thrive.

❖ Case: Caring for left-behind primary and secondary school students in rural areas and accompanying their growth with reading

In April 2024, under the guidance of the Sichuan Provincial Party Committee Publicity Department and the Sichuan Provincial Department of Education, the Group, together with the Sichuan Provincial Education Integrated Media Center and other units, jointly launched the “Rural Reading Class”, a series of national reading cultural service activities with the theme of rural companion reading. By creating a sustainable, replicable, and distinctive “Rural Reading Class” as well as systematic, typical and communicable rural reading activities, the Group has practically improved the effectiveness of education to benefit the people and rural areas, and created a strong atmosphere of loving reading, being good at reading, and reading good books.

On 19 April 2024, the “First Lesson of Rural Reading”, a reading sharing lecture by writers specially launched by the Group for the series of activities, was held in Guang’an.



A children's literature writer told stories about reading and growth for left-behind children at Feilong Primary School in Dashiqiao Village, Feilong Town, Wusheng County, Guang'an City

Profile of Directors, Supervisors, Senior Management and Employees

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) | Remuneration from related parties of the Company |
|---------------|--------------------------------------|--------|---------------------------|---|---|--|
| Zhou Qing | Executive Director and Chairman | Male | 29 August 2023 | Upon expiry of the fifth session of the Board | 0 | Yes |
| Liu Longzhang | Executive Director and Vice Chairman | Male | 21 May 2021 | Upon expiry of the fifth session of the Board | 0 | Yes |
| Li Qiang | Executive Director | Male | 24 January 2022 | Upon expiry of the fifth session of the Board | 0 | No |
| | General Manager | | 19 April 2019 | Upon expiry of the fifth session of the Board | 145.87 | |
| Dai Weidong | Non-executive Director | Male | 21 May 2021 | Upon expiry of the fifth session of the Board | 0 | Yes |
| Ke Jiming | Non-executive Director | Male | 24 January 2022 | Upon expiry of the fifth session of the Board | 0 | Yes |
| Tan Ao | Non-executive Director | Female | 29 August 2023 | Upon expiry of the fifth session of the Board | 0 | Yes |
| Lau Tsz Bun | Independent Non-executive Director | Male | 24 May 2022 | Upon expiry of the fifth session of the Board | 35.60 | No |
| Deng Fumin | Independent Non-executive Director | Male | 20 December 2023 | Upon expiry of the fifth session of the Board | 26.30 | No |
| Han Wenlong | Independent Non-executive Director | Male | 21 May 2024 | Upon expiry of the fifth session of the Board | 16.23 | No |
| Li Xu | Independent Non-executive Director | Male | 24 January 2022 | 9 April 2024 | 6.71 | No |
| Qiu Ming | Chairman of Supervisory Committee | Male | 29 August 2023 | Upon expiry of the fifth session of the Board | 0 | Yes |
| Xue Feng | Supervisor | Male | 21 May 2024 | Upon expiry of the fifth session of the Board | 6.90 | No |
| Chao Hsun | Supervisor | Male | 25 May 2017 | 15 April 2024 | 2.63 | No |
| Wang Yan | Supervisor | Female | 6 March 2015 | Upon expiry of the fifth session of the Board | 56.76 | 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) | Remuneration from related parties of the Company |
|---------------|-------------------------|--------|---------------------------|---|---|--|
| Wang Yuanyuan | Supervisor | Female | 24 January 2022 | Upon expiry of the fifth session of the Board | 75.11 | No |
| Feng Jian | Independent Supervisor | Male | 24 January 2022 | Upon expiry of the fifth session of the Board | 11.20 | No |
| Wang Li | Independent Supervisor | Female | 24 January 2022 | Upon expiry of the fifth session of the Board | 12.10 | No |
| Wang Huaguang | Chief Editor | Male | 13 February 2023 | 20 September 2024 | 89.80 | No |
| Zou Jian | Deputy General Manager | Male | 24 January 2022 | Upon expiry of the fifth session of the Board | 129.13 | No |
| Hu Bo | Deputy General Manager | Male | 24 January 2022 | Upon expiry of the fifth session of the Board | 126.51 | No |
| Hu Wei | Deputy General Manager | Male | 24 January 2022 | Upon expiry of the fifth session of the Board | 129.10 | No |
| Wang Feng | Production Director | Male | 24 January 2022 | 17 June 2024 | 128.32 | No |
| | Deputy General Manager | | 17 June 2024 | Upon expiry of the fifth session of the Board | | |
| Ma Xiaofeng | Deputy General Manager | Male | 24 January 2022 | Upon expiry of the fifth session of the Board | 126.22 | No |
| Zhao Xuefeng | Deputy General Manager | Male | 24 January 2022 | 17 June 2024 | 63.94 | No |
| Xu Yongping | Chief Financial Officer | Male | 9 May 2024 | Upon expiry of the fifth session of the Board | 78.64 | No |
| Yang Miao | Secretary to the Board | Female | 24 January 2022 | Upon expiry of the fifth session of the Board | 117.17 | No |
| Total | / | / | / | / | 1,384.25 | / |

- Notes: 1. Total remuneration includes salary, bonus and various insurance payments paid by the enterprise. In particular, remuneration of senior management includes back payment of bonus for the year 2023.
2. The difference between the sum of individual remuneration and the total is due to rounding.

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

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As at the date of this report, the biographies of the current Directors, Supervisors and senior management of the Company are as follows:

DIRECTORS

Executive Directors

Mr. Zhou Qing (周青), born in April 1969, is currently the secretary of the party committee and Chairman of the Company. He is the secretary of the party committee and chairman of Sichuan Xinhua Publishing and Distribution Group. He served as the deputy director-general and Party group member of the Sichuan Provincial Press and Publication Administration (Sichuan Provincial Copyright Bureau); the deputy director-general and Party group member of the Sichuan Provincial Bureau of Press, Publication, Radio, Film and Television; the deputy director of office (temporary position) of the National Bureau of Statistics; the deputy director-general of the Publicity Department of Sichuan Provincial Committee, the director-general of the Sichuan Provincial Press and Publication Administration (Sichuan Provincial Copyright Bureau), and the director-general of the Sichuan Provincial Film Bureau. Mr. Zhou has served as the secretary of the party committee of the Company since July 2023, and the Chairman of the Company since August 2023. Mr. Zhou graduated from Southwest Jiaotong University with a major in Legal Theory and obtained a master's degree in law, and has completed the postgraduate course with a major in Economics of the Party's College of Sichuan Provincial Committee. He was awarded the Advanced Individual in National "Fifth Five-Year Plan" Mid-term Law Popularization by the Publicity Department of the CPC Central Committee and the Ministry of Justice, and was awarded the Advanced Individual in National Legal Publicity and Education by the Publicity Department of the CPC Central Committee and the Ministry of Justice in 2006-2010.

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. 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.

Profile of Directors, Supervisors, Senior Management and Employees

Mr. Li Qiang (李强), born in May 1973, is currently the deputy party secretary, executive Director and general manager of the Company. From January 2001 to April 2019, he worked at the textbook department of Sichuan Xinhua Publishing Group Co., Ltd. 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 has been the executive Director of the Company since January 2022. Mr. Li graduated from Wuhan University with a bachelor's degree in book publication and distribution. He is also a senior economist (高級經濟師) and a senior political engineer (高級政工師).

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 and the deputy general manager of Sichuan Xinhua Publishing and Distribution Group. 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, the chief of the cadres management office of the Sichuan Provincial Committee, and a director of Sichuan Xinhua Publishing and Distribution Group. He has been the non-executive Director of the Company since January 2022. Mr. Ke graduated from Sichuan University with a bachelor's degree, a master's degree and a doctoral degree in history successively.

Ms. Tan Ao (譚壘), born in May 1970, is currently a non-executive Director of the Company, the assistant to the general manager of Sichuan Cultural Investment Group, a director and the chairman of Sichuan Wentou Cultural Industry Private Equity Fund Management Co., Ltd. (四川文投文化產業私募基金管理有限公司), a director and the chairman of Sichuan Wentou Shengwen Investment Co., Ltd. (四川文投盛文投資有限公司), and the executive partner representative of Sichuan Cultural Industry Investment Fund Partnership (Limited Partnership). She served as an associate senior section member of the Office of Chengdu Municipal People's Government in Guangzhou, the deputy general manager of Sichuan Xinhua Investment Company Limited, the general manager of Winshare Investment Co., Ltd., the director of capital operations of Sichuan Publication Group Co., Ltd. and investment director of Sichuan Culture Investment Group. Ms. Tan served as the director of the Finance Center, director of the Operation Center, director of the Listing Office and director of the Capital Operation Center of the Company from May 2005 to February 2014. Ms. Tan has been the non-executive Director of the Company since August 2023. Ms. Tan graduated from Southwestern University of Finance and Economics with a master's degree in Business Administration.

Profile of Directors, Supervisors, Senior Management and Employees

Independent Non-Executive Directors

Mr. Lau Tsz Bun (劉子斌), born in September 1970, is currently an independent non-executive Director of the Company, a director of PKF Consulting Inc. Limited. (安鵬投資諮詢有限公司) and a partner of PKF Consulting (Shanghai) Co. Ltd. (瀚信企業管理諮詢(上海)有限公司). Mr. Lau served as an accounting staff and senior auditor of the audit department of Ernst & Young (安永會計師事務所), an audit manager in KPMG (畢馬威會計師事務所), a director of Premium Financial Consulting Co., Limited (普惠財務諮詢有限公司), a director of Finpass Consulting Company Limited and an independent non-executive director of Tianjin Tianbao Energy Co., Ltd. (天津天保能源股份有限公司) (a company listed on the Stock Exchange, stock code: 01671). He has been the independent non-executive Director of the Company since May 2022. Mr. Lau obtained a bachelor's degree in accountancy from the Hong Kong Polytechnic University (香港理工大學). He is a member of the Hong Kong Institute of Certified Public Accountants (香港會計師公會), a licensee granted by the Chartered Financial Analyst Institute and a fellow member of the Association of Chartered Certified Accountants (特許公認會計師公會).

Mr. Deng Fumin (鄧富民), born in August 1972, is currently an independent non-executive Director of the Company, a professor and doctoral supervisor, the dean of the Business School of Sichuan University (四川大學商學院) and an independent director of Changhong Huayi Compressor Co., Ltd (長虹華意壓縮機股份有限公司) (a company listed on the SZSE, stock code: 000404). He had served as a teaching assistant and lecturer at Sichuan University, the director and vice president of the former Engineering Master Education Center of the School of Business Administration (工商管理學院工程碩士教育中心), the vice dean and executive vice dean of the Business School. Mr. Deng serves as the executive director of the Chinese Society of Optimization, Overall Planning and Economical Mathematics (中國優選法統籌法與經濟數學研究會), the executive director of the Chinese Academy of Management (中國管理現代化研究會), and the executive vice chairman of the Systems Engineering Society of Sichuan (四川省系統工程學會). His main research directions are technological progress and industrial development, quality management, corporate governance, etc. Mr. Deng is responsible for and participating in various projects of the National Social Science Fund of China (國家社科基金), major social science planning projects of the province, projects of the National Natural Science Foundation of China (國家自然科學基金), and projects entrusted by different units. He has published many academic papers in journals such as *Management World* (《管理世界》) and *Systems Engineering – Theory and Practice* (《系統工程理論與實踐》), and has been awarded multiple times at both national and provincial levels. Mr. Deng has been the independent non-executive Director of the Company since December 2023. Mr. Deng graduated from Sichuan University majoring in business management, and obtained a doctorate degree in management.

Mr. Han Wenlong (韓文龍), born in November 1984, is currently an independent non-executive Director of the Company, the deputy dean, professor and doctoral supervisor of the School of Economics of Southwestern University of Finance and Economics. He was a lecturer and associate professor of the School of Economics of Southwestern University of Finance and Economics. Mr. Han also serves as a member of the 8th Council of the Sichuan Social Sciences Association (四川省社會科學界聯合會), a director of the Sichuan Social Sciences Association and a supervisor of the Sichuan Social Science Academic Foundation (四川省社會科學學術基金會). His main research directions are digital economy and political economy. He has presided many projects of the National Social Science Fund of China, and published a number of specialized works. He has published many articles in journals such as *Social Sciences in China Press* and *Economic Research Journal*, and published many commentaries in newspapers and media such as Guangming Daily and People's Daily Online. He was awarded numerous national and provincial awards. Mr. Han has served as an independent non-executive Director of the Company since May 2024. He graduated from Southwestern University of Finance and Economics with a bachelor's degree in political economics and obtained a doctoral degree in economics.

Profile of Directors, Supervisors, Senior Management and Employees

SUPERVISORS

Mr. Qiu Ming (邱明), born in May 1975, is currently the chairman of the Supervisory Committee of the Company, the director of finance department of Sichuan Cultural Investment Group, the chairman of Chengdu Wenjiang District Xingwen Technology Microfinance Co., Ltd. (成都市溫江區興文科技小額貸款有限責任公司), a director of Sichuan Wentou Huiwen Asset Management Co., Ltd. (四川文投匯文資產管理有限公司), and a supervisor of Sichuan Chuanchu Property Co., Ltd. (四川川出置業有限責任公司). He served as an accountant in finance section of Sichuan Youth and Children's Publishing House (四川少年兒童出版社), an accounting supervisor of planning and finance department and a supervisor of finance department of Sichuan Publishing Group Co., Ltd. (四川出版集團有限責任公司), a supervisor, deputy director, and director of finance department of Sichuan Publishing Group Co., Ltd. (四川出版發行集團有限責任公司), the director of financial department of Sichuan Publication Printing Co., Ltd. and the chief financial officer of Sichuan Lian Xiang Printing Company Limited. Mr. Qiu has been a Supervisor and the chairman of the Supervisory Committee of the Company since August 2023. Mr. Qiu graduated from Chongqing University of Commerce with a bachelor's degree in Economics.

Mr. Xue Feng (薛豐), born in December 1994, is currently a Supervisor and a supervisor and fund manager of Chengdu Hua Sheng (Group) Industry Co., Ltd., a director of Chengdu Hua Sheng Industrial Shudu Garden Project Development Co., Ltd. (成都華盛實業蜀都花園專案開發有限公司), a director of Chengdu Hua Sheng Landscape Engineering Co., Ltd. (成都華盛園林綠化工程有限公司), a director of Chengdu Lechuang Trade Company Limited, the chairman of Sichuan Wenhan Media Culture Co., Ltd. (四川文翰傳媒文化有限公司), and the chairman of Chengdu Yuyu Commercial Management Co., Ltd. (成都禹宇商業管理有限公司). He has served as a Supervisor of the Company since May 2024. Mr. Xue graduated from Sichuan University with a bachelor's degree in management majoring in human resources management.

Ms. Wang Yan (王焱), born in September 1978, is currently a Supervisor and the deputy head of the financial management centre of the Company. From May 2005 to December 2024, she held the positions of reporting group supervisor and assistant to head of the financial management center of the Company, supervisor of Sichuan Xinhua Winshare Media Co., Ltd., and supervisor of Sichuan Xinhua Winshare Logistics Co., Ltd. She has served as a Supervisor of the Company since 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.

Ms. Wang Yuanyuan (王媛媛), born in September 1980, is currently a 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. She has been a Supervisor of the Company since 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, a mid-level corporate human resources manager and a mid-level economist.

Profile of Directors, Supervisors, Senior Management and Employees

INDEPENDENT SUPERVISORS

Mr. Feng Jian (馮建), born in January 1963, is currently an independent Supervisor of the Company, a professor and PhD tutor of the School of Accounting of Southwestern University of Finance and Economics, an independent director of Chengdu M&S Electronics Technology Co., Ltd. (a company listed on the SSE, stock code: 688311), and an independent director of Guizhou Gas Group Corporation Ltd. (貴州燃氣集團股份有限公司) (a company listed on the SSE, stock code: 600903). Mr. Feng served as the director of the Audit Office of Southwestern University of Finance and Economics, the chairman and general manager of Southwestern University of Finance and Economics Press, and a 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). He successively served as an independent director of a number of companies, including Sichuan Jiuzhou Electric Co., Ltd. (a company listed on the SZSE, stock code: 000801), Sichuan Jiuyuan Yinhai Software Co., Ltd. (a company listed on the SZSE, stock code 002777), Sichuan Foreign Trade Group Co., Ltd. (四川省外貿集團有限責任公司) and Enwei Pharmaceutical Co., Ltd. (a company listed on the SZSE, stock code: 301331). He has been an independent Supervisor of the Company since 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, is currently an 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 has been an independent Supervisor of the Company since 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).

SENIOR MANAGEMENT

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

Mr. Zou Jian (鄒健), born in July 1972, is currently a party committee member and deputy general manager of the Company. From July 1993 to June 2024, he worked at a computer software company in Sichuan and the computer department (電算科) of Sichuan Province Xinhua Bookstore, and served as the head of computer centre (計算機中心) of Sichuan Xinhua Winshare Chainstore Co., Ltd. (四川文軒連鎖有限公司), the deputy head, head and assistant to general manager of the information centre of the Company, the general manager of Sichuan Tianyuge Cultural Communication Co., Ltd., the general manager of Sichuan Aiyuecheng Cultural Communication Co., Ltd., the general manager of Sichuan Moyuan Cultural Communication Co., Ltd., a director of Sichuan Winshare Education Technology Co., Ltd., the general manager and chairman of Winshare Online, an executive director and general manager of Sichuan Xinyaxuan Cultural Communication Co., Ltd., an executive director and general manager of Sichuan Xingyueyue Cultural Communication Co., Ltd., an executive director and general manager of Sichuan Xuehaizhizhou Cultural Communication Co., Ltd., a director of Xinhua Internet E-commerce Co., Ltd., an executive director of Sichuan Reader's Journal Press Co., Ltd. and an executive director of Sichuan Watch Panda Magazine Co., Ltd. He has been a party committee member of the Company since June 2021 and a deputy general manager of the Company since 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.

Profile of Directors, Supervisors, Senior Management and Employees

Mr. Hu Bo (胡勃), born in September 1973, is currently a party committee member and deputy general manager of the Company, and a director of Hainan Phoenix Xinhua Publishing and Distribution Co., Ltd. From October 2000 to May 2005, he worked at the human resources development department of Sichuan Xinhua Publishing Group Co., Ltd., and from May 2005 to August 2022, he served as the deputy head, head of human resources development department and assistant to general manager of the Company. He has been a party committee member of the Company since June 2021 and the deputy general manager of the Company since 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, is currently a party committee member and deputy general manager of the Company, a director of Xinhua Internet E-commerce Co., Ltd., and the vice chairman and general manager of The Commercial Press (Chengdu) Co., Ltd. From July 1994 to December 2023, he worked as the head of transportation department of Sichuan Xinhua Bookstore Storage and Transportation Company (四川新華書店儲運公司), the deputy manager of Sichuan Xinhua Publishing Group Distribution Company (四川新華發行集團配送公司), the deputy general manager of logistics development department of Sichuan Xinhua Winshare Chain Co., Ltd., the deputy head, head of operation centre and assistant to general manager of the Company, and a director of Hainan Phoenix Xinhua Publishing and Distribution Co., Ltd. He has been a party committee member of the Company since June 2021 and the deputy general manager of the Company since January 2022. Mr. Hu graduated from Chongqing Normal University majoring in geography education with a bachelor's degree of science. He is a mid-level political engineer.

Mr. Wang Feng (汪峰), born in November 1969, is currently a party committee member and deputy general manager of the Company. He served as a staff member, deputy principal staff member of Sichuan Provincial Press and Publication Bureau, deputy director of its distribution market management office and deputy director of its publications distribution management office; manager and director of the distribution center of Sichuan Publishing Group; party secretary and director of Sichuan Xinhua Printing Factory. He served as party secretary, executive director and general manager of Sichuan Xinhua Printing Co., Ltd. from July 1991 to June 2024; and production director of the Company. He has served as a party committee member of the Company since May 2024 and as deputy general manager of the Company since June 2024. Mr. Wang graduated from Southwest University of Political Science and Law with a bachelor's degree in law.

Mr. Ma Xiaofeng (馬曉峰), born in September 1973, is currently a deputy general manager of the Company and a director of Bank of Chengdu Co., Ltd. From March 2002 to November 2024, he served as the head of editorial office of Sichuan Minzu Publishing House, the vice president of Sichuan Pictorial Co., Ltd., an executive director, general manager and president of Sichuan Fine Arts Publishing House, the deputy director and second-class researcher of the publication department (ancient books collection and publishing planning office) of the propaganda department of the Sichuan provincial party committee (四川省委宣傳部出版處), the assistant to general manager of Sichuan Xinhua Publishing and Distribution Group, an executive director of Sichuan Reader's Journal Press Co., Ltd., an executive director of Sichuan Watch Panda Magazine Co., Ltd. and a director of Winshare Investment Co., Ltd. He has been a deputy general manager of the Company since 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

Mr. Xu Yongping (徐永平), born in October 1979, is currently the chief financial officer of the Company. He served as a staff member of the People's Government of Huima, Daying County, Suining, Sichuan Province, a staff member of the Suining Bureau of Commerce, Sichuan Province, a staff member, deputy section chief and section chief of the Suining Bureau of Investment Promotion Service, Sichuan Province, a principal staff member of the office of the loan work leading group of the World Bank in Sichuan Province, a principal staff member, a second-class principal staff member, a first-class principal staff member and a fourth-class researcher of the asset management division of the Sichuan Provincial Department of Finance, a member of the Party Leadership Group and concurrently deputy district head of the Fucheng District People's Government, Mianyang, Sichuan Province, and a deputy director and a third-class researcher of the finance division of the Sichuan Provincial Department of Finance. He has served as the chief financial officer of the Company since May 2024. Mr. Xu graduated from Southwest University of Political Science and Law with a dual degrees in economics and laws, majoring international economics and trade.

Ms. Yang Miao (楊淼), born in March 1981, is currently the secretary to the Board and company secretary of the Company. From June 2006 to November 2024, she served as a staff member of the manager's office and the Board of the Company, a designated staff member of the listing office, an investor relations management officer, an assistant to the head, the deputy director and the director of the office of the Board, the securities affairs representative of the Company and a director of Winshare Investment. She has been the secretary to the Board of the Company since January 2022. Ms. Yang graduated from Southwest Jiaotong University, majoring in industrial economics, and obtained a master's degree in economics.

COMPANY SECRETARY

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

PARTICULARS OF EMPLOYEES

Particulars of Employees

As at 31 December 2024, the Group had a total of 7,531 (31 December 2023: 7,691) employees. Details of the employees are set out in the section headed "Environmental, Social and Governance Report" in this annual report.

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 job salary, performance incentives, subsidies 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 2024, the total contributions made by the Group for its employees pursuant to the pension plan and annuity plan amounted to RMB243.98 million (2023: RMB223.28 million). For details of these plans, please refer to Note (VI) 27 to the consolidated financial statements of this annual report.

Profile of Directors, Supervisors, Senior Management and Employees

Employee Training

Upholding a “people-oriented” human resource principle, the Group attaches great importance to and cares about the growth and development of employees. The Group continues to provide training and exchange opportunities for employees as far as possible through carrying out highly targeted and wide-coverage training and outbound exchanges and learning in order to help them enrich their professional skills, enhance their skills and cultivate employees’ comprehensive capabilities through job rotation and multi-position training. Centering around the strategic goal of “high quality development” and based on the objectives and requirements of personnel training that are in line with the corporate strategies, and with discovery and selection as the premise, selection and utilization as the foundation, and education and nurturing as the basis, the Group continues to deepen talent nurturing and planning and system construction, reserve and build a cadre echelon in a forward-looking manner, and create a talent team with a reasonable structure, with a view to helping existing cadres improve their operation and management level while building a compound management team. Based on the business development and the development needs of capabilities and qualities of employees, the Group improves the professional knowledge and skills of employees as well as their comprehensive quality, so as to drive business development with employee capabilities and qualities.

During the Year, the Group deepened the training results through online training and organic combination of online and offline training. Throughout the Year, training was organized with an attendance exceeding 54,000 employees. Details of training are set out in the section headed “Environmental, Social and Governance Report” in this annual report.

Employee Relations

Upholding a “people-oriented” human resource principle, the Group promotes the implementation of the dual-channel growth mechanism for employee duties and positions, expands employee development space and endeavors to improve the full-chain talent management system of selection, education and motivation 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 2024, to safeguard and protect the legitimate interests of the Company and all Shareholders, the Supervisory Committee effectively supervised the lawful operation, financial position, major decision-making matters of the Company and the performance of duties by the Directors and senior management, and earnestly performed its supervisory duties in strictly compliance with the limits of authority and duties conferred by the Company Law, the Listing Rules, the Articles of Association and other relevant laws, regulations and regulatory requirements.

MEETINGS HELD BY THE SUPERVISORY COMMITTEE

During the Year, the Company convened six 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 Nomination of Supervisors, 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 and the Changes to the Particulars of the Fundraising Project. 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 2024 second meeting of the fifth session of the Company's Supervisory Committee held on 16 April 2024, Mr. Xue Feng was elected as the candidate for Shareholder Representative Supervisors, and was approved at the annual general meeting of the Company held on 21 May 2024.

SUPERVISION AND INSPECTION CONDUCTED BY THE SUPERVISORY COMMITTEE

During the Year, the Supervisory Committee earnestly performed its supervisory duties and gave full play to its supervisory effectiveness in the interests of the Company and all 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, and verifying the consolidated financial reports, the Supervisory Committee timely understood and mastered the operating condition and business operation of the Company, supervised the Company's operation and management, internal control risks, financial conditions, investment and business operations. 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

INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE ON CERTAIN MATTERS

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 senior management officers operated and regulated 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 enterprising in making major business decisions, business operation and management. No act of the Directors and senior management of the Company in violation of laws, regulations or the Articles of Association or detrimental to the interests of the Company and the Shareholders as a whole in performing their duties was identified.

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 2024 of the Company was audited by KPMG Huazhen LLP, 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 2024, 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, operating results and cash flows of the Group for the Year.

Connected transactions of the Company

During the Year, the Supervisory Committee attended the meetings of the Board to consider the Company's connected transactions, and monitored the deliberation procedures, abstention, disclosure and implementation of the Board meetings. The Supervisory Committee confirmed that, during the Year, upon approving the connected transactions by the Board, the connected Directors 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.

Internal control and risk management of the Company

During the Year, the Supervisory Committee considered and reviewed the Internal Control Evaluation Report for 2024 and Risk Assessment Report for 2024 of the Company, and KPMG Huazhen LLP expressed an unqualified opinion on the Internal Control Audit Report for 2024 upon audit of the Company's internal control for 2024. 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 has been effectively implemented. The Internal Control Audit Report for 2024 truly and objectively reflected the internal control system of the Company.

Report of the Supervisory Committee

Actual use of proceeds of the Company

During the Year, 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.

At the fourth meeting of the fifth session of the Supervisory Committee in 2024 held on 27 August 2024, the Resolution on Changes in the Content of a Project to be Invested Using the Proceeds of the Company was considered to change the content of the Publications regarding the Revival of the Chinese Culture Project, and was approved at the extraordinary general meeting of Company held on 16 October 2024.

Save as the above changes, there was no actual change to the investment projects and no violation regarding the use of proceeds identified by the Company.

The Supervisory Committee earnestly performed its duties as ascribed to the Supervisory Committee by the laws and regulations and the Articles of Association during the Reporting Period. In 2025, 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 position 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

Qiu Ming

Chairman

27 March 2025

Auditor's Report

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

I. OPINION

We have audited the financial statements of Xinhua Winshare Publishing and Media Co., Ltd. ("Xinhua Winshare"), which comprise the consolidated and parent's balance sheets as at 31 December 2024, 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 are prepared and present fairly, in all material respects, the consolidated and parent's financial position as of 31 December 2024, 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 (the "ASBE").

II. 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.

III. 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.

III. KEY AUDIT MATTERS *(Continued)*

| Revenue recognition for books and publications | |
|--|---|
| Refer to the accounting policies in notes "III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES" 29 and "VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS" 39 to the financial statements. | |
| Key audit matter | How the matter was addressed in our audit |
| <p>Xinhua Winshare and its subsidiaries ("Xinhua Winshare Group") reported operating income for the year 2024 of RMB12.329 billion, of which the revenue from the sale of books and publications was RMB11.036 billion, accounting for 89.50% of the total operating income, making it the primary source of revenue for Xinhua Winshare Group.</p> <p>Revenue from the sales of books and publications by Xinhua Winshare Group is recognized when control of the goods is transferred to the customers.</p> <p>Since revenue is one of the key performance indicators of Xinhua Winshare Group, there is an inherent risk that the management may accelerate or defer the point in time of revenue recognition to achieve specific targets or expectations. Additionally, due to the frequent occurrence of sales transactions involving numerous branch institutions, there is a risk that revenue may not be accurately recorded. Therefore, we have identified the recognition of revenue from the sales of books and publications as a key audit matter.</p> | <p>The audit procedures related to the recognition of revenue from the sales of books and publications include the following procedures:</p> <ul style="list-style-type: none"> • With the assistance of KPMG IT experts, understand and evaluate the design and operational effectiveness of key financial reporting internal controls related to the recognition of revenue from the sales of books and publications; • Select sales contracts or orders for books and publications, examine the clauses related to the transfer of control of goods, and evaluate whether the accounting policies for revenue recognition from the sales of books and publications by Xinhua Winshare Group comply with the requirements of the ASBE; • For the sales revenue of general books, on a sample basis, verify against relevant supporting documents, such as contracts or orders, delivery notes, and reconciliation statements, to assess whether the related revenue has been recognized in accordance with the accounting policies of Xinhua Winshare Group; |

III. KEY AUDIT MATTERS *(Continued)*

| Key audit matter | How the matter was addressed in our audit |
|------------------|--|
| | <ul style="list-style-type: none">• For the sales revenue of textbooks and supplementary materials, check the consistency of revenue records in the financial system with order information and shipping records in the business system, and identify and investigate abnormal transaction records;• Select customers and implement confirmation procedures regarding the relevant sales transaction amounts and current account balances;• On a sample basis, select sales transactions close to the dates before and after the balance sheet date, and verify against relevant supporting documents, such as contracts or orders, delivery notes, and reconciliation statements, to assess whether the relevant revenue has been recorded in the appropriate accounting period;• Review the sales records after the balance sheet date to check for any significant sales returns, and examine the relevant supporting documents (if applicable) to assess whether the related revenue has been recorded in the appropriate accounting period;• Select accounting entries for revenue from the sales of books and publications that meet specific risk criteria and check the relevant supporting documents. |

IV. OTHER INFORMATION

The management of Xinhua Winshare is responsible for other information. The other information comprises the information included in the annual report 2024 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.

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

The management is responsible for the preparation of the financial statements that give a fair view in accordance with the ASBE, 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.

VI. 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 CSA 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.

As part of an audit in accordance with CSA, 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.

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

- (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.

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.

KPMG Huazhen LLP

Chinese Certified Public Accountant
Lei Jiang
(Engagement Partner)

Beijing, China

Fang Haijie
27 March 2025

Consolidated Balance Sheet

As at 31 December 2024

RMB

| | Notes | 31 December 2024 | 31 December 2023 |
|--|--------|--------------------------|--------------------------|
| Assets | | | |
| Current Assets: | | | |
| Cash and bank balances | VI 1 | 9,179,678,124.68 | 9,117,663,825.52 |
| Held-for-trading financial assets | | 60,122.67 | 5,220.00 |
| Notes receivable | VI 2 | 933,791.30 | 3,758,159.19 |
| Accounts receivable | VI 3 | 1,526,810,256.53 | 1,477,171,063.02 |
| Financing receivables | VI 4 | 15,232,141.87 | 4,445,475.96 |
| Prepayments | VI 5 | 64,815,102.00 | 55,483,678.87 |
| Other receivables | VI 6 | 261,437,606.97 | 121,733,914.08 |
| Including: Interests receivable | | — | — |
| Dividends receivable | VI 6.2 | 1,578,000.00 | 72,000.00 |
| Inventories | VI 7 | 2,422,588,723.48 | 2,641,169,798.03 |
| Contract assets | VI 8 | 5,584,567.76 | 8,817,641.75 |
| Non-current assets due within one year | VI 10 | 49,263,308.47 | 69,763,811.83 |
| Other current assets | VI 9 | 77,116,925.26 | 508,621,658.45 |
| Total Current Assets | | 13,603,520,670.99 | 14,008,634,246.70 |
| Assets | | | |
| Non-current Assets: | | | |
| Long-term receivables | VI 10 | 39,192,878.89 | 34,562,954.24 |
| Long-term equity investments | VI 11 | 806,322,100.70 | 771,481,018.72 |
| Other equity instrument investments | VI 12 | 2,284,471,141.07 | 1,767,951,589.74 |
| Other non-current financial assets | VI 13 | 422,828,090.06 | 449,082,949.02 |
| Investment properties | VI 14 | 76,601,687.11 | 94,146,451.73 |
| Fixed assets | VI 15 | 2,359,715,499.52 | 2,380,738,171.45 |
| Construction in progress | VI 16 | 73,670,872.15 | 39,549,969.11 |
| Right-of-use assets | VI 17 | 234,572,966.34 | 299,090,003.20 |
| Intangible assets | VI 18 | 336,018,285.26 | 369,853,435.66 |
| Development cost | | 3,745,447.13 | 1,045,459.68 |
| Goodwill | VI 19 | 622,652,907.24 | 622,652,907.24 |
| Long-term prepaid expenses | VI 20 | 26,459,764.43 | 32,940,683.68 |
| Deferred tax assets | VI 21 | 7,215,301.85 | 50,401,253.62 |
| Other non-current assets | VI 22 | 2,001,715,747.53 | 865,432,280.53 |
| Total Non-current Assets | | 9,295,182,689.28 | 7,778,929,127.62 |
| TOTAL ASSETS | | 22,898,703,360.27 | 21,787,563,374.32 |

Consolidated Balance Sheet

As at 31 December 2024

RMB

| | Notes | 31 December 2024 | 31 December 2023 |
|---|---------|-------------------------|-------------------------|
| Liabilities and shareholders' equity | | | |
| Current Liabilities: | | | |
| Short-term borrowings | VI 23 | 10,000,000.00 | 10,000,000.00 |
| Notes payable | VI 24 | 4,486,667.50 | 36,299,683.81 |
| Accounts payable | VI 25 | 5,453,032,475.59 | 5,470,058,096.76 |
| Advance receipts | | 1,662,994.41 | 519,377.31 |
| Contract liabilities | VI 26 | 603,867,865.69 | 607,861,828.48 |
| Employee benefits payable | VI 27 | 908,819,864.44 | 795,130,708.68 |
| Taxes payable | VI 28 | 42,024,302.50 | 70,497,049.35 |
| Other payables | VI 29 | 308,454,407.85 | 564,176,104.54 |
| Including: Interests payable | | — | — |
| Dividends payable | VI 29.2 | — | 222,091,380.00 |
| Non-current liabilities due within one year | VI 31 | 76,862,500.83 | 94,775,135.71 |
| Other current liabilities | VI 30 | 184,325,801.95 | 224,857,867.64 |
| Total Current Liabilities | | 7,593,536,880.76 | 7,874,175,852.28 |
| Non-current Liabilities: | | | |
| Lease liabilities | VI 31 | 179,938,995.53 | 230,930,029.86 |
| Long-term employee benefits payable | VI 32 | — | 30,581,649.90 |
| Deferred income | VI 33 | 53,436,961.20 | 20,083,863.80 |
| Deferred tax liabilities | VI 21 | 64,861,474.37 | 217,635,807.37 |
| Total Non-current Liabilities | | 298,237,431.10 | 499,231,350.93 |
| TOTAL LIABILITIES | | 7,891,774,311.86 | 8,373,407,203.21 |

Consolidated Balance Sheet

As at 31 December 2024

RMB

| | Notes | 31 December 2024 | 31 December 2023 |
|--|-------|--------------------------|---------------------|
| Liabilities and shareholders' equity | | | |
| Shareholders' Equity: | | | |
| Share capital | VI 34 | 1,233,841,000.00 | 1,233,841,000.00 |
| Capital reserve | VI 35 | 2,524,643,969.45 | 2,523,663,464.41 |
| Other comprehensive income | VI 36 | 1,855,336,515.47 | 1,137,699,551.17 |
| Surplus reserve | VI 37 | 1,431,148,312.43 | 1,294,713,238.91 |
| Retained profits | VI 38 | 7,561,485,821.67 | 6,881,030,888.86 |
| Total Shareholder's Equity Attributable to Equity Holders of the Parent | | 14,606,455,619.02 | 13,070,948,143.35 |
| Non-controlling Interests | | 400,473,429.39 | 343,208,027.76 |
| TOTAL SHAREHOLDERS' EQUITY | | 15,006,929,048.41 | 13,414,156,171.11 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 22,898,703,360.27 | 21,787,563,374.32 |

This financial statement was approved by the Board of Directors on 27 March 2025.

Zhou Qing

Person in Charge of the Company

Xu Yongping

Chief Accountant

He Xiaomao

Person in Charge of the Accounting Body

The notes to the financial statements on pages 167 to 347 form part of the financial statements.

The Parent's Balance Sheet

As at 31 December 2024

RMB

| | Notes | 31 December 2024 | 31 December 2023 |
|--|--------|--------------------------|--------------------------|
| Assets | | | |
| Current Assets: | | | |
| Cash and bank balances | | 7,953,370,298.61 | 7,788,321,636.59 |
| Held-for-trading financial assets | | 60,122.67 | 5,220.00 |
| Accounts receivable | XVII 1 | 666,320,922.00 | 699,276,340.51 |
| Prepayments | | 10,551,644.13 | 13,600,172.21 |
| Other receivables | XVII 2 | 699,911,434.93 | 616,621,299.28 |
| Including: Interests receivable | | — | — |
| Dividends receivable | | 1,470,000.00 | — |
| Inventories | | 801,196,346.11 | 435,583,442.31 |
| Contract assets | | 3,047,256.75 | 560,395.38 |
| Non-current assets due within one year | | 11,322,671.48 | 4,272,070.71 |
| Other current assets | | 83,276,464.07 | 293,133,587.07 |
| Total Current Assets | | 10,229,057,160.75 | 9,851,374,164.06 |
| Assets | | | |
| Non-current Assets: | | | |
| Long-term receivables | | 11,425,428.80 | 2,782,132.97 |
| Long-term equity investments | XVII 3 | 4,571,711,326.58 | 4,515,307,269.67 |
| Other equity instrument investments | | 2,283,657,600.00 | 1,767,048,000.00 |
| Other non-current financial assets | | 95,689,805.76 | 116,686,868.39 |
| Investment properties | | 12,653,687.94 | 13,415,454.00 |
| Fixed assets | | 1,727,692,616.16 | 1,767,532,255.92 |
| Construction in progress | | 1,657,461.28 | 1,738,513.49 |
| Right-of-use assets | | 225,900,611.30 | 283,367,159.00 |
| Intangible assets | | 133,412,623.66 | 142,558,267.49 |
| Long-term prepaid expenses | | 16,939,113.41 | 23,328,017.13 |
| Other non-current assets | | 1,376,213,196.47 | 547,188,051.78 |
| Total Non-current Assets | | 10,456,953,471.36 | 9,180,951,989.84 |
| TOTAL ASSETS | | 20,686,010,632.11 | 19,032,326,153.90 |

The Parent's Balance Sheet

As at 31 December 2024

RMB

| | Notes | 31 December 2024 | 31 December 2023 |
|---|-------|-------------------------|-------------------------|
| Liabilities and shareholders' equity | | | |
| Current Liabilities: | | | |
| Accounts payable | | 4,169,760,017.21 | 3,951,763,180.20 |
| Contract liabilities | | 365,383,734.97 | 363,598,362.96 |
| Employee benefits payable | | 636,144,582.09 | 539,200,354.31 |
| Taxes payable | | 5,627,635.13 | 18,598,509.25 |
| Other payables | | 1,985,180,288.48 | 1,776,059,392.63 |
| Including: Interests payable | | — | — |
| Dividends payable | | — | 222,091,380.00 |
| Non-current liabilities due within one year | | 75,317,677.21 | 90,884,948.34 |
| Other current liabilities | | 78,112,900.65 | 80,677,483.03 |
| Total Current Liabilities | | 7,315,526,835.74 | 6,820,782,230.72 |
| Non-current Liabilities: | | | |
| Leased liabilities | | 170,709,453.51 | 217,545,536.16 |
| Deferred income | | 5,882,147.83 | 7,172,154.03 |
| Deferred income tax liabilities | | — | 147,023,084.36 |
| Total Non-current Liabilities | | 176,591,601.34 | 371,740,774.55 |
| TOTAL LIABILITIES | | 7,492,118,437.08 | 7,192,523,005.27 |

The Parent's Balance Sheet

As at 31 December 2024

RMB

| | Notes | 31 December 2024 | 31 December 2023 |
|---|-------|--------------------------|-------------------|
| Liabilities and shareholders' equity | | | |
| Shareholders' Equity: | | | |
| Share capital | | 1,233,841,000.00 | 1,233,841,000.00 |
| Capital reserve | | 2,631,057,328.10 | 2,631,057,328.10 |
| Other comprehensive income | | 1,857,242,272.00 | 1,139,537,771.20 |
| Surplus reserve | | 1,430,313,562.30 | 1,293,878,488.78 |
| Retained profits | | 6,041,438,032.63 | 5,541,488,560.55 |
| TOTAL SHAREHOLDERS' EQUITY | | 13,193,892,195.03 | 11,839,803,148.63 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 20,686,010,632.11 | 19,032,326,153.90 |

This financial statement was approved by the Board of Directors on 27 March 2025.

Zhou Qing

Person in Charge of the Company

Xu Yongping

Chief Accountant

He Xiaomao

Person in Charge of the Accounting Body

The notes to the financial statements on pages 167 to 347 form part of the financial statements.

Consolidated Income Statement

For the year 2024

RMB

| | Notes | 2024 | 2023 |
|---|-------|-------------------|-------------------|
| I. Operating income | VI 39 | 12,328,513,892.29 | 11,868,490,425.19 |
| Less: Operating costs | VI 39 | 7,802,676,830.02 | 7,353,177,164.40 |
| Taxes and levies | VI 40 | 53,221,266.46 | 33,658,727.68 |
| Selling expenses | VI 41 | 1,438,983,986.01 | 1,402,613,434.32 |
| Administrative expenses | VI 42 | 1,673,614,925.66 | 1,618,076,543.08 |
| Research and development expenditure | | 30,463,683.64 | 19,979,888.16 |
| Finance expenses | VI 43 | (217,168,251.44) | (229,255,367.79) |
| Including: Interest expenses | | 12,441,882.61 | 17,875,456.73 |
| Interest income | | 245,460,218.10 | 262,917,080.23 |
| Add: Other income | VI 44 | 105,902,307.93 | 87,366,135.02 |
| Investment income | VI 45 | 181,423,463.59 | 58,616,191.88 |
| Including: Income from investments in associates and joint ventures | | 51,321,668.80 | 23,887,314.33 |
| Gain (loss) from changes in fair values | VI 46 | (9,942,365.68) | (57,013,180.91) |
| Gain (loss) on credit impairment | VI 47 | (31,230,043.82) | (104,498,605.94) |
| Gain (loss) on asset impairment | VI 48 | (42,899,168.97) | (52,453,238.17) |
| Gain (loss) on disposal of assets | VI 49 | 1,655,050.26 | 2,176,929.50 |
| II. Operating profit | | 1,751,630,695.25 | 1,604,434,266.72 |
| Add: Non-operating income | VI 50 | 2,682,376.70 | 5,512,274.85 |
| Less: Non-operating expenses | VI 51 | 45,386,948.81 | 46,774,480.41 |
| III. Total profit | | 1,708,926,123.14 | 1,563,172,061.16 |
| Less: Income tax expenses | VI 52 | 105,264,449.29 | (65,178,244.15) |
| IV. Net profit | | 1,603,661,673.85 | 1,628,350,305.31 |
| (I) Categorized by the nature of continuing operations: | | | |
| 1. Profit from continuing operations | | 1,603,661,673.85 | 1,628,350,305.31 |
| 2. Profit from discontinued operations | | — | — |
| (II) Categorized by ownership: | | | |
| 1. Net profit attributable to shareholders of the parent | | 1,544,856,196.33 | 1,579,146,004.64 |
| 2. Profit or loss attributable to non-controlling interests | | 58,805,477.52 | 49,204,300.67 |

Consolidated Income Statement

For the year 2024

RMB

| | Notes | 2024 | 2023 |
|---|-------|-------------------------|------------------|
| V. Other comprehensive income, net of tax | VI 36 | 717,636,964.30 | (307,718,663.01) |
| Other comprehensive income attributable to shareholders of the parent, net of tax | | 717,636,964.30 | (307,718,663.01) |
| (I) Other comprehensive income not reclassified to profit or loss | | 717,636,964.30 | (307,718,663.01) |
| 1. Changes in other equity instrument investment at fair value | | 717,636,964.30 | (307,718,663.01) |
| Other comprehensive income attributable to non-controlling interests, net of tax | | — | — |
| VI. Total comprehensive income | | 2,321,298,638.15 | 1,320,631,642.30 |
| Total comprehensive income attributable to shareholders of the parent | | 2,262,493,160.63 | 1,271,427,341.63 |
| Total comprehensive income attributable to non-controlling interests | | 58,805,477.52 | 49,204,300.67 |
| VII. Earnings per share: | | | |
| (I) Basic earnings per share (RMB/share) | VI 53 | 1.25 | 1.28 |
| (II) Diluted earnings per share (RMB/share) | | 1.25 | 1.28 |

This financial statement was approved by the Board of Directors on 27 March 2025.

Zhou Qing

Person in Charge of the Company

Xu Yongping

Chief Accountant

He Xiaomao

Person in Charge of the Accounting Body

The notes to the financial statements on pages 167 to 347 form part of the financial statements.

The Parent's Income Statement

For the year 2024

RMB

| | Notes | 2024 | 2023 |
|---|--------|-------------------------|------------------|
| I. Operating income | XVII 4 | 7,268,528,371.46 | 7,382,689,825.86 |
| Less: Operating costs | XVII 4 | 4,428,078,545.85 | 4,360,732,644.89 |
| Taxes and levies | | 24,908,552.46 | 13,598,372.77 |
| Selling expenses | | 1,014,664,551.32 | 1,026,582,692.95 |
| Administrative expenses | | 1,222,490,172.26 | 1,173,136,973.18 |
| Research and development expenses | | 11,790,850.05 | 5,102,575.76 |
| Finance expenses | | (144,913,305.42) | (162,459,556.55) |
| Including: Interest expenses | | 39,784,606.76 | 43,421,281.23 |
| Interest income | | 195,675,279.29 | 217,480,822.98 |
| Add: Other income | | 25,556,928.33 | 10,056,040.18 |
| Investment income | XVII 5 | 732,597,014.22 | 592,164,613.59 |
| Including: Income from investments in associates and joint ventures | | 50,741,431.35 | 37,602,817.15 |
| Gain (loss) from changes in fair values | | (5,983,504.45) | (28,907,952.29) |
| Gain (loss) on credit impairment | | (7,360,554.55) | (122,878,077.71) |
| Gain (loss) on asset impairment | | (309,591.59) | (29,573,177.92) |
| Gain (loss) on disposal of assets | | 661,085.33 | 571,929.18 |
| II. Operating profit | | 1,456,670,382.23 | 1,387,429,497.89 |
| Add: Non-operating income | | 529,411.94 | 3,618,901.18 |
| Less: Non-operating expenses | | 38,777,242.13 | 42,232,967.90 |
| III. Total profit | | 1,418,422,552.04 | 1,348,815,431.17 |
| Less: Income tax expenses | | 54,071,816.44 | (54,071,816.44) |
| IV. Net profit | | 1,364,350,735.60 | 1,402,887,247.61 |
| (I) Net profit from continuing operations | | 1,364,350,735.60 | 1,402,887,247.61 |
| (II) Net profit from discontinued operations | | — | — |
| V. Other comprehensive income, net of tax | | 717,704,500.80 | (307,421,300.80) |
| (I) Other comprehensive income not reclassified to profit or loss | | 717,704,500.80 | (307,421,300.80) |
| 1. Changes in other equity instrument investment at fair value | | 717,704,500.80 | (307,421,300.80) |
| (II) Other comprehensive income that will be reclassified to profit or loss | | — | — |
| VI. Total comprehensive income | | 2,082,055,236.40 | 1,095,465,946.81 |

This financial statement was approved by the Board of Directors on 27 March 2025.

Zhou Qing
Person in Charge of the Company

Xu Yongping
Chief Accountant

He Xiaomao
Person in Charge of the Accounting Body

The notes to the financial statements on pages 167 to 347 form part of the financial statements.

Consolidated Cash Flow Statement

For the year 2024

RMB

| | Notes | 2024 | 2023 |
|--|----------|--------------------------|-------------------|
| I. Cash Flows from Operating Activities: | | | |
| Cash receipts from the sale of goods and the rendering of services | | 12,939,608,391.10 | 12,832,555,129.18 |
| Receipts of tax refunds | | 97,505,449.62 | 39,783,480.66 |
| Other cash receipts relating to operating activities | VI 54(1) | 393,903,480.51 | 314,280,677.37 |
| Sub-total of cash inflows from operating activities | | 13,431,017,321.23 | 13,186,619,287.21 |
| Cash payments for goods purchased and services received | | 8,132,515,163.97 | 7,770,340,955.90 |
| Cash payments to and on behalf of employees | | 1,838,151,893.23 | 1,715,047,781.20 |
| Payments of various types of taxes | | 386,515,207.98 | 153,273,617.16 |
| Other cash payments relating to operating activities | VI 54(2) | 1,301,356,224.42 | 1,194,928,721.63 |
| Sub-total of cash outflows from operating activities | | 11,658,538,489.60 | 10,833,591,075.89 |
| Net Cash Flow from Operating Activities | VI 55(1) | 1,772,478,831.63 | 2,353,028,211.32 |
| II. Cash Flows from Investing Activities: | | | |
| Cash receipts from disposals and recovery of investments | VI 54(3) | 28,450,610.87 | 180,126,653.55 |
| Cash receipts from investment income | | 195,521,762.30 | 96,524,886.21 |
| Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets | | 2,394,927.68 | 6,095,019.42 |
| Other cash receipts relating to investing activities | VI 54(5) | 890,000,000.00 | 262,076,126.01 |
| Sub-total of cash inflows from investing activities | | 1,116,367,300.85 | 544,822,685.19 |
| Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets | | 151,196,837.47 | 180,491,129.51 |
| Cash payments to acquire investments | VI 54(4) | 211,763,664.25 | 223,412,133.02 |
| Other cash payments relating to investing activities | VI 54(6) | 1,576,352,500.00 | 601,870,238.65 |
| Sub-total of cash outflows from investing activities | | 1,939,313,001.72 | 1,005,773,501.18 |
| Net Cash Flow used in Investing Activities | | (822,945,700.87) | (460,950,815.99) |

Consolidated Cash Flow Statement

For the year 2024

RMB

| | Notes | 2024 | 2023 |
|---|----------|--------------------|------------------|
| III. Cash Flows from Financing Activities: | | | |
| Cash received from borrowings | | 10,000,000.00 | 10,000,000.00 |
| Sub-total of cash inflows from financing activities | | 10,000,000.00 | 10,000,000.00 |
| Cash payments for repayment of debts | | 10,000,000.00 | 18,000,000.00 |
| Cash payments for distribution of dividends and profits and settlement of interest expenses | | 950,884,516.13 | 420,820,187.60 |
| Including: Payments for distribution of dividends and profits to non-controlling shareholders of subsidiaries | | 559,570.85 | 569,355.87 |
| Other cash payments relating to financing activities | VI 54(7) | 114,408,583.13 | 146,999,012.22 |
| Sub-total of cash outflows from financing activities | | 1,075,293,099.26 | 585,819,199.82 |
| Net Cash Flow used in Financing Activities | | (1,065,293,099.26) | (575,819,199.82) |
| IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents | | — | — |
| V. Net (Decrease)/Increase in Cash and Cash Equivalents | VI 55(1) | (115,759,968.50) | 1,316,258,195.51 |
| Add: Opening balance of Cash and Cash Equivalents | VI 55(2) | 9,078,342,824.79 | 7,762,084,629.28 |
| VI. Closing Balance of Cash and Cash Equivalents | VI 55(2) | 8,962,582,856.29 | 9,078,342,824.79 |

This financial statement was approved by the Board of Directors on 27 March 2025.

Zhou Qing

Person in Charge of the Company

Xu Yongping

Chief Accountant

He Xiaomao

Person in Charge of the Accounting Body

The notes to the financial statements on pages 167 to 347 form part of the financial statements.

The Parent's Cash Flow Statement

For the year 2024

RMB

| | Notes | 2024 | 2023 |
|--|-------|------------------|------------------|
| I. Cash Flows from Operating Activities: | | | |
| Cash receipts from the sale of goods and the rendering of services | | 7,552,584,074.42 | 7,695,028,719.81 |
| Receipts of tax refunds | | — | — |
| Other cash receipts relating to operating activities | | 360,115,925.02 | 398,084,641.46 |
| Sub-total of cash inflows from operating activities | | 7,912,699,999.44 | 8,093,113,361.27 |
| Cash payments for goods purchased and services received | | 4,172,229,322.69 | 4,058,305,812.15 |
| Cash payments to and on behalf of employees | | 1,261,528,872.01 | 1,167,882,510.76 |
| Payments of various types of taxes | | 118,891,572.65 | 20,914,741.00 |
| Other cash payments relating to operating activities | | 1,091,087,049.45 | 895,355,257.68 |
| Sub-total of cash outflows from operating activities | | 6,643,736,816.80 | 6,142,458,321.59 |
| Net Cash Flow from Operating Activities | | 1,268,963,182.64 | 1,950,655,039.68 |
| II. Cash Flows from Investing Activities: | | | |
| Cash receipts from disposals and recovery of investments | | 35,647,539.50 | 32,036,064.08 |
| Cash receipts from investment income | | 163,665,515.35 | 86,592,800.00 |
| Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets | | 1,294,905.84 | 3,862,590.55 |
| Other cash receipts relating to investing activities | | 350,662,547.94 | 446,392,978.74 |
| Sub-total of cash inflows from investing activities | | 551,270,508.63 | 568,884,433.37 |
| Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets | | 63,592,572.63 | 129,004,090.65 |
| Cash payments to acquire investments | | 241,763,664.25 | 125,994,867.25 |
| Net cash paid for acquisition of subsidiaries and other business units | | — | — |
| Other cash payments relating to investing activities | | 810,179,045.28 | 190,000,000.00 |
| Sub-total of cash outflows from investing activities | | 1,115,535,282.16 | 444,998,957.90 |
| Net Cash Flow (used in)/from Investing Activities | | (564,264,773.53) | 123,885,475.47 |

The Parent's Cash Flow Statement

For the year 2024

RMB

| | Notes | 2024 | 2023 |
|---|-------|------------------|------------------|
| III. Cash Flows from Financing Activities: | | | |
| Other cash receipts relating to financing activities | | 491,165,341.76 | 50,000,000.00 |
| Sub-total of cash inflows from financing activities | | 491,165,341.76 | 50,000,000.00 |
| Cash payments for distribution of dividends and profits and settlement of interest expenses | | 977,222,030.78 | 448,315,000.66 |
| Other cash payments relating to financing activities | | 113,455,164.61 | 158,516,014.59 |
| Sub-total of cash outflows from financing activities | | 1,090,677,195.39 | 606,831,015.25 |
| Net Cash Flow used in Financing Activities | | (599,511,853.63) | (556,831,015.25) |
| IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents | | — | — |
| V. Net Increase in Cash and Cash Equivalents | | 105,186,555.48 | 1,517,709,499.90 |
| Add: Opening balance of Cash and Cash Equivalents | | 7,780,441,095.55 | 6,262,731,595.65 |
| VI. Closing Balance of Cash and Cash Equivalents | | 7,885,627,651.03 | 7,780,441,095.55 |

This financial statement was approved by the Board of Directors on 27 March 2025.

Zhou Qing

Person in Charge of the Company

Xu Yongping

Chief Accountant

He Xiaomao

Person in Charge of the Accounting Body

The notes to the financial statements on pages 167 to 347 form part of the financial statements.

Consolidated Statement of Changes in Shareholders' Equity

For the year 2024

RMB

| | 2024 | | | | | | |
|--------------------------------------|---|------------------|----------------------------|------------------|------------------|---------------------------|----------------------------|
| | Equity attributable to shareholders of the parent | | | | | Non-controlling interests | Total shareholders' equity |
| | Share capital | Capital reserve | Other comprehensive income | Surplus reserve | Retained profits | | |
| I. 1 January 2024 | 1,233,841,000.00 | 2,523,663,464.41 | 1,137,699,551.17 | 1,294,713,238.91 | 6,881,030,888.86 | 343,208,027.76 | 13,414,156,171.11 |
| II. Changes for the current year | | | | | | | |
| (I) Total comprehensive income | - | - | 717,636,964.30 | - | 1,544,856,196.33 | 58,805,477.52 | 2,321,298,638.15 |
| (II) Profit distribution | | | | | | | |
| 1. Transfer to surplus reserve | - | - | - | 136,435,073.52 | (136,435,073.52) | - | - |
| 2. Distributions to shareholders | - | - | - | - | (727,966,190.00) | (559,570.85) | (728,525,760.85) |
| (III) Others | | | | | | | |
| 1. Acquisition of minority interests | - | 980,505.04 | - | - | - | (980,505.04) | - |
| III. 31 December 2024 | 1,233,841,000.00 | 2,524,643,969.45 | 1,855,336,515.47 | 1,431,148,312.43 | 7,561,485,821.67 | 400,473,429.39 | 15,006,929,048.41 |

RMB

| | 2023 | | | | | | |
|--------------------------------------|---|------------------|----------------------------|------------------|------------------|---------------------------|----------------------------|
| | Equity attributable to shareholders of the parent | | | | | Non-controlling interests | Total shareholders' equity |
| | Share capital | Capital reserve | Other comprehensive income | Surplus reserve | Retained profits | | |
| I. 1 January 2023 | 1,233,841,000.00 | 2,572,524,766.32 | 1,445,418,214.18 | 1,154,424,514.15 | 6,083,770,928.98 | 172,053,936.43 | 12,662,033,360.06 |
| II. Changes for the current year | | | | | | | |
| (I) Total comprehensive income | - | - | (307,718,663.01) | - | 1,579,146,004.64 | 49,204,300.67 | 1,320,631,642.30 |
| (II) Profit distribution | | | | | | | |
| 1. Transfer to surplus reserve | - | - | - | 140,288,724.76 | (140,288,724.76) | - | - |
| 2. Distributions to shareholders | - | - | - | - | (641,597,320.00) | (569,355.87) | (642,166,675.87) |
| (III) Others | | | | | | | |
| 1. Acquisition of minority interests | - | (48,861,301.91) | - | - | - | 14,092,901.91 | (34,768,400.00) |
| 2. Changes in scope of consolidation | - | - | - | - | - | 108,426,244.62 | 108,426,244.62 |
| III. 31 December 2023 | 1,233,841,000.00 | 2,523,663,464.41 | 1,137,699,551.17 | 1,294,713,238.91 | 6,881,030,888.86 | 343,208,027.76 | 13,414,156,171.11 |

This financial statement was approved by the Board of Directors on 27 March 2025.

Zhou Qing

Person in Charge of the Company

Xu Yongping

Chief Accountant

He Xiaomao

Person in Charge of the Accounting Body

The notes to the financial statements on pages 167 to 347 form part of the financial statements.

The Parent's Statement of Changes in Shareholders' Equity

For the year 2024

RMB

| | 2024 | | | | | |
|----------------------------------|------------------|------------------|----------------------------|------------------|------------------|----------------------------|
| | Share capital | Capital reserve | Other comprehensive income | Surplus reserve | Retained profits | Total shareholders' equity |
| I. 1 January 2024 | 1,233,841,000.00 | 2,631,057,328.10 | 1,139,537,771.20 | 1,293,878,488.78 | 5,541,488,560.55 | 11,839,803,148.63 |
| II. Changes for the current year | | | | | | |
| (I) Total comprehensive income | - | - | 717,704,500.80 | - | 1,364,350,735.60 | 2,082,055,236.40 |
| (II) Profit distribution | | | | | | |
| 1. Transfer to surplus reserve | - | - | - | 136,435,073.52 | (136,435,073.52) | - |
| 2. Distributions to shareholders | - | - | - | - | (727,966,190.00) | (727,966,190.00) |
| III. 31 December 2024 | 1,233,841,000.00 | 2,631,057,328.10 | 1,857,242,272.00 | 1,430,313,562.30 | 6,041,438,032.63 | 13,193,892,195.03 |

RMB

| | 2023 | | | | | |
|----------------------------------|------------------|------------------|----------------------------|------------------|------------------|----------------------------|
| | Share capital | Capital reserve | Other comprehensive income | Surplus reserve | Retained profits | Total shareholders' equity |
| I. 1 January 2023 | 1,233,841,000.00 | 2,631,057,328.10 | 1,446,959,072.00 | 1,153,589,764.02 | 4,920,487,357.70 | 11,385,934,521.82 |
| II. Changes for the current year | | | | | | |
| (I) Total comprehensive income | - | - | (307,421,300.80) | - | 1,402,887,247.61 | 1,095,465,946.81 |
| (II) Profit distribution | | | | | | |
| 1. Transfer to surplus reserve | - | - | - | 140,288,724.76 | (140,288,724.76) | - |
| 2. Distributions to shareholders | - | - | - | - | (641,597,320.00) | (641,597,320.00) |
| III. 31 December 2023 | 1,233,841,000.00 | 2,631,057,328.10 | 1,139,537,771.20 | 1,293,878,488.78 | 5,541,488,560.55 | 11,839,803,148.63 |

This financial statement was approved by the Board of Directors on 27 March 2025.

Zhou Qing
Person in Charge of the Company

Xu Yongping
Chief Accountant

He Xiaomao
Person in Charge of the Accounting Body

The notes to the financial statements on pages 167 to 347 form part of the financial statements.

Notes to the Financial Statements

For the year ended 31 December 2024

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. ("Huasheng Industry"), 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 of Hong Kong Limited.

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.

Mr. Zhou Qing is the Chairman of the Company. The registered address of the Company is located at Unit 1, Block 1, No. 238, Sanse Road, Jinjiang District, Chengdu, China and the headquarters is located at Xinhua Star Tower A, No. 238, Sanse Road, Jinjiang District, Chengdu, Sichuan.

The Company and its subsidiaries (hereinafter referred to as the "Group") are actually and 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; printing of publications, printed matters of package and decoration and other printed matters; 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; and catering business.

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").

Notes to the Financial Statements

For the year ended 31 December 2024

I BASIC INFORMATION ABOUT THE COMPANY *(Continued)*

2 Date of Approval of Financial Statements

The Company's consolidated financial statements and the parent's financial statements were approved by the Board of the Company on 27 March 2025.

II BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1 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 2023), Hong Kong Companies Ordinance and Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2 Going concern

The Group assessed its ability to continue as a going concern for the 12 months commencing from 31 December 2024, and found no events or circumstances that may cast significant doubts upon it. Hence the financial statements have been prepared on going concern basis.

3 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 2024

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

3 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 2024, 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 2024.

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 Group operates. Therefore, the Group chooses RMB as its functional currency. The Company adopts RMB to prepare its financial statements.

Notes to the Financial Statements

For the year ended 31 December 2024

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

5 Determination method and selection basis of materiality standards

| Item | Materiality standard |
|--|---|
| Material accounts receivable | The amount of a single item of accounts receivable accounts for more than 10% of the carrying balance of corresponding accounts receivable and the amount is greater than RMB10 million |
| Material recovery or reversal of credit loss provision for accounts receivable | The amount of a single item of recovery or reversal accounts for more than 10% of the carrying balance of corresponding accounts receivable and the amount is greater than RMB10 million |
| Material writing off of accounts receivable | The amount of a single item of writing off accounts for more than 10% of the total amount of credit loss provision for corresponding accounts receivable and the amount is greater than RMB10 million |
| Material changes of carrying value of contract assets | The amount of a single change in carrying value of contract assets accounts for more than 30% of the opening balance of contract assets and the amount is greater than RMB10 million |
| Material non-wholly owned subsidiaries | The net asset of a non-wholly owned subsidiary accounts for more than 5% of the net asset of the Group, or the operating income accounts for more than 10% of the operating income of the Group |
| Material accounts payable | The amount of a single item of accounts payable accounts for more than 10% of the carrying balance of corresponding accounts payable and the amount is greater than RMB10 million |
| Material research and development projects capitalized | The aggregated capitalization of a single item is greater than RMB10 million |
| Material cash in relation to investing activities | The amount of a single investing activity accounts for more than 10% of the total cash inflow or outflow for corresponding investing activities and the amount is greater than RMB100 million |
| Material activities that do not involve cash receipts and payments in the current period but affect the Company's financial position or may affect the Company's cash flow in the future | The activity does not involve cash receipts and payments in the current period but affects the net asset in the current period by more than 10%, or is expected to affect the Company's cash flow by more than RMB100 million in the future |
| Material joint ventures and associates | The book value of a single invested unit of long-term equity investment is greater than 5% of the net assets, and the investment income recognized by a single invested unit under the equity method is greater than 1% of the total profit |

Notes to the Financial Statements

For the year ended 31 December 2024

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

6 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.

6.1 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 absorbed by surplus reserve and then retained earnings.

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

6.2 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.

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.

Notes to the Financial Statements

For the year ended 31 December 2024

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

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

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

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.

7 Judgment standard of control and preparation of consolidated financial statements

7.1 Judgment standard 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.

7.2 Preparation of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control.

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.

Notes to the Financial Statements

For the year ended 31 December 2024

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

7 Judgment standard of control and preparation of consolidated financial statements *(Continued)*

7.2 Preparation of consolidated financial statements *(Continued)*

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.

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 "profit or loss attributable to 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.

Notes to the Financial Statements

For the year ended 31 December 2024

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

7 Judgment standard of control and preparation of consolidated financial statements *(Continued)*

7.2 Preparation of consolidated financial statements *(Continued)*

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

When the Group loses control over a subsidiary due to disposal of certain equity interests or other reasons, any retained equity interests are re-measured at their fair value at the date when control is lost. The difference between the sum of the consideration obtained from the disposal of equity interests and the fair value of the remaining equity interests, and the share of the net assets of the original subsidiary calculated continuously from the date of acquisition based on the original shareholding ratio, shall be included in the investment income for the period when the control is lost, and the goodwill is reduced at the same time. Other comprehensive income associated with the equity investment in the original subsidiary shall be transferred to investment income for the period when the control is lost.

8 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 18.3.2 “Long-term equity investments accounted for using the equity method” for details.

Notes to the Financial Statements

For the year ended 31 December 2024

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

9 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.

10 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 RMB 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.

11 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 the method of determining the fair value of financial assets and financial liabilities, please refer to the relevant disclosures on the basis of accounting and principle of measurement in Note II). 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.

Notes to the Financial Statements

For the year ended 31 December 2024

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

11 Financial instruments *(Continued)*

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).

11.1 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, other current assets (term deposits), non-current assets due within one year, 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 2024

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

11 Financial instruments *(Continued)*

11.1 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.

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 2024

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

11 Financial instruments *(Continued)*

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

11.1.1 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 2024

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

11 Financial instruments *(Continued)*

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

11.1.2 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.

Notes to the Financial Statements

For the year ended 31 December 2024

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

11 Financial instruments *(Continued)*

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

11.1.3 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.

11.2 Impairment of financial assets

The Group carries out impairment testing of and recognizes the loss allowance for financial assets measured at amortized cost, financial assets at fair value through other comprehensive income and lease receivables 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 of the financial instruments. 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 instruments. 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. For the financial assets classified as at FVTOCI, the Group recognizes credit loss allowance in other comprehensive income and includes loss or gain on impairment in profit or loss, 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 2024

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

11 Financial instruments *(Continued)*

11.2 Impairment of financial assets *(Continued)*

11.2.1 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 2024

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

11 Financial instruments *(Continued)*

11.2 Impairment of financial assets *(Continued)*

11.2.2 Credit-impaired financial assets

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

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

Notes to the Financial Statements

For the year ended 31 December 2024

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

11 Financial instruments *(Continued)*

11.2 Impairment of financial assets *(Continued)*

11.2.3 Recognition of ECL

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

- For a financial asset and 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.

11.2.4 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 2024

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

11 Financial instruments *(Continued)*

11.3 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 2024

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

11 Financial instruments *(Continued)*

11.3 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.

11.4 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.

11.4.1 *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 short-term borrowings, notes payable, accounts payable, other payables, etc.

11.4.1.1 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 2024

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

11 Financial instruments *(Continued)*

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

11.4.2 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.

11.4.3 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.

11.5 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 2024

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

12 Notes receivable

12.1 Recognition and accounting treatment of expected credit loss of notes receivable

The Group determines the credit losses of notes receivable on an individual basis. The increase or reversal of the provision for expected credit loss of notes receivable is included in the current profit or loss as credit impairment losses or gains.

12.2 Judgment criteria for credit loss provision on an individual basis

The Group assesses the credit risk of notes receivable individually as sufficient evidence can be obtained at a reasonable cost about whether there is a significant increase in credit risk.

13 Accounts receivable and long-term receivables

13.1 Accounts receivable

13.1.1 Determination and accounting treatment of expected credit loss of accounts receivable

The Group uses a provision matrix to determine the credit losses of accounts receivable on a collective basis. The increase or reversal of the provision for expected credit losses of accounts receivable is included in the current profit and loss as credit impairment losses or gains.

13.1.2 Group types and basis for determining credit loss provision based on credit risk characteristics

The Group classifies its accounts receivable into different groups based on shared credit risk characteristics. Shared credit risk characteristics adopted by the Group include the date of initial recognition, remaining contractual maturity, overdue time, etc.

13.1.3 Calculation of aging for credit risk characteristic group recognized based on aging

The Group adopts the aging of accounts receivable as the credit risk characteristic and uses an impairment matrix to determine their credit loss. The aging is counted from the date of initial recognition. If the modification of terms and conditions of accounts receivable does not result in the derecognition of accounts receivable, the aging is calculated continuously. When the contract assets are transferred to accounts receivable, the aging is continuously calculated from the initial recognition date of the corresponding contract assets.

Notes to the Financial Statements

For the year ended 31 December 2024

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

13 Accounts receivable and long-term receivables *(Continued)*

13.1 Accounts receivable *(Continued)*

13.1.4 Judgment criteria for credit loss provision on an individual basis

The Group assesses the credit risk of accounts receivable transferred from overdue long-term receivables individually as sufficient evidence can be obtained at a reasonable cost about whether there is a significant increase in credit risk.

13.2 Long-term receivables

13.2.1 Determination and accounting treatment of expected credit loss of long-term receivables

The Group determines the credit loss of long-term receivables on the basis of individual assets. The increase or reversal of the provision for expected credit losses of long-term receivables is included in the current profit and loss as credit impairment losses or gains.

13.2.2 Judgment criteria for credit loss provision on an individual basis

The Group assesses the credit loss of long-term receivables individually as sufficient evidence can be obtained at a reasonable cost about whether there is a significant increase in credit risk.

14 Financing receivables

14.1 Determination and accounting treatment of expected credit loss of financing receivables

The Group determines the credit loss of financing receivables on the basis of individual assets. The Group determines the credit loss provision for financing receivables in other comprehensive income, and includes the credit impairment loss or gain in profit or loss for the current period, without reducing the carrying amount of financing receivables in the balance sheet.

14.2 Judgment criteria for credit loss provision on an individual basis

The Group assesses the credit loss of financing receivables individually as sufficient evidence can be obtained at a reasonable cost about whether there is a significant increase in credit risk.

Notes to the Financial Statements

For the year ended 31 December 2024

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

15 Other receivables

15.1 Determination and accounting treatment of expected credit loss of other receivables

The Group determines the credit loss of deposits and security deposits, petty cash and dividends receivable on the basis of individual assets. The Group uses a provision matrix to determine the credit losses of relevant financial instruments for other receivables other than deposits and security deposits, petty cash and dividends receivable on a collective basis.

The increase or reversal of the provision for expected credit losses of other receivables is included in the current profit and loss as credit impairment losses or gains.

15.2 Group types and basis for determining credit loss provision based on credit risk characteristics

The Group classifies other receivables other than deposits and security deposits, petty cash and dividends receivable into different groups based on shared credit risk characteristics. Shared credit risk characteristics adopted by the Group include the date of initial recognition, remaining contractual maturity, overdue time, etc.

15.3 Calculation of aging for credit risk characteristic group recognized based on aging

The aging is counted from the date of initial recognition. If the modification of terms and conditions of other receivables does not result in the derecognition of other receivables, the aging is calculated continuously.

15.4 Judgment criteria for credit loss provision on an individual basis

The Group assesses the credit loss of deposits and security deposits, petty cash and dividends receivable individually as sufficient evidence can be obtained at a reasonable cost about whether there is a significant increase in credit risk.

Notes to the Financial Statements

For the year ended 31 December 2024

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

16 Inventories

16.1 Categories of inventories, valuation method of inventories upon delivery, inventory count system, amortization method for low cost and short-lived consumable items and packaging materials

16.1.1 Categories of inventories

The Group's inventories mainly include raw materials, packaging materials, low cost and short-lived consumables, work in progress, finished products, 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.

16.1.2 Valuation method of inventories upon delivery

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

16.1.3 Inventory count system

The perpetual inventory system is maintained for stock system.

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

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

16.2 Basis for recognizing 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.

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.

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

16 Inventories *(Continued)*

16.3 Group types and basis for determining provision for inventories on a collective basis, basis for determining net realizable value for different categories of inventories

For large quantity and low value items of inventories of the Group, provision for impairment is made based on groups of general books, textbooks (textbooks and supplementary materials and relevant student books), paper and others (including newspapers, journals (including yearbooks), wall calendars (desk calendars), New Year pictures, electronic publications, education informatized and equipment, etc.), respectively. 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. The respective basis for determining net realizable value for different categories of inventories is:

- (1) General books: The net realizable value is determined based on the age in stock and according to the annual pricing regulations of the publishing industry.
- (2) Textbooks: The Group makes impairment provisions for textbooks produced or purchased for teaching in prior years in full amount. For those produced or purchased for current year'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 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 produced or purchased for teaching for next year will be made.
- (3) Paper: The net realizable value is determined based on the estimated selling price less the estimated sales expenses and related taxes.
- (4) Newspapers, journals (including yearbooks), wall calendars (desk calendars) and New Year pictures: For expired newspapers, journals (including yearbooks), wall calendars (desk calendars) and New Year pictures, impairment provision is made in full amount based on their costs.

Notes to the Financial Statements

For the year ended 31 December 2024

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

16 Inventories *(Continued)*

16.3 Group types and basis for determining provision for inventories on a collective basis, basis for determining net realizable value for different categories of inventories *(Continued)*

- (5) Electronic publications: Provision is made at 10% of the actual cost. In the event of an upgrade, if there is still a market for the original publications after the upgrade, the provision ratio will remain at 10%; if there is no market for the original publications after the upgrade, impairment provision will be made in full amount based on their costs.
- (6) Education informatized and equipment: The net realizable value is determined based on the estimated selling price less the estimated sales expenses and related taxes.

16.4 Calculation method of and basis for determining net realizable value for each age group of inventories whose net realizable value is determined based on its age in stock

The Group recognizes net realizable value of self-owned and outsourcing (for underwriting part) general books based on the age in stock according to the annual pricing regulations of the publishing industry, which are classified into age groups of within one year, one to two years, two to three years, and more than three years. The basis for determining net realizable value for each group is: 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.

Notes to the Financial Statements

For the year ended 31 December 2024

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

17 Contract assets

17.1 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.

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

The Group determines the credit losses of relevant contract assets on an individual asset basis.

17.3 Judgment criteria for credit loss provision on an individual basis

The Group assesses the credit risk of contract assets individually as sufficient evidence can be obtained at a reasonable cost about whether there is a significant increase in credit risk.

18 Long-term equity investments

18.1 Judgment 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.

Notes to the Financial Statements

For the year ended 31 December 2024

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

18 Long-term equity investments *(Continued)*

18.2 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 absorbed by surplus reserve and then 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 2024

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

18 Long-term equity investments *(Continued)*

18.3 Subsequent measurement and recognition of profit or loss

18.3.1 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.

18.3.2 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 2024

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

18 Long-term equity investments *(Continued)*

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

18.3.2 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.

18.4 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 2024

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

19 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, using the straight-line method to calculate depreciation over the useful life. The depreciation method, depreciation life, estimated residual value rate and annual depreciation rate of investment property are as follows:

| Category | Depreciation method | Depreciation life (year) | Residual value rate (%) | Annual depreciation rate (%) |
|-----------|----------------------|--------------------------|-------------------------|------------------------------|
| Buildings | Straight-line method | 8-40 | – | 2.50-12.50 |

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.

Notes to the Financial Statements

For the year ended 31 December 2024

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

20 Fixed assets

20.1 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.

20.2 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 depreciation life, estimated residual value rate and annual depreciation rate of each category of fixed assets are as follows:

| Category | Depreciation life (year) | Residual value rate (%) | Annual depreciation rate (%) |
|---------------------------------|-----------------------------|-------------------------------|------------------------------------|
| Buildings | 8-40 | — | 2.50-12.50 |
| Machinery and equipment | 5-10 | 0-3 | 9.70-20.00 |
| Electronic equipment and others | 5-8 | 0-3 | 12.13-20.00 |
| Transportation vehicles | 5-8 | 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.

Notes to the Financial Statements

For the year ended 31 December 2024

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

20 Fixed assets *(Continued)*

20.3 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.

21 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. The criteria and timing for transferring various categories of construction in progress to a fixed asset are as follows:

| Categories | Criteria and timing for transferring to a fixed asset | Point in time for transferring to a fixed asset |
|---------------------------------|---|---|
| Buildings | When it is ready for intended use | Completion acceptance passed |
| Machinery and equipment | When it is ready for intended use | Acceptance test passed |
| Electronic equipment and others | When it is ready for intended use | Acceptance test passed |

Notes to the Financial Statements

For the year ended 31 December 2024

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

22 Borrowing costs

The borrowing costs directly attributable to the acquisition, construction or production of assets eligible for capitalization begin to be capitalized when the asset expenditure has occurred, the borrowing costs have occurred, and the acquisition, construction or production activities necessary to make the asset ready for its intended use or sale have commenced. The capitalization shall cease when the assets eligible for capitalization acquired, constructed or produced become ready for their intended use or sale. The remaining borrowing costs are expensed in the period in which they are incurred.

The amount of interest expenses actually incurred in the current period for special borrowings less the interest income obtained by depositing the unutilized borrowing funds in the bank or the investment income obtained from temporary investment shall be capitalized. The capitalization amount of general borrowings shall be determined by multiplying the weighted average of the accumulated asset expenditures exceeding the special borrowings by the capitalization rate of such general borrowings. The capitalization rate is calculated and determined based on the weighted average interest rate of general borrowings.

23 Intangible assets

23.1 Useful life and basis for determination, valuation, amortization method or review procedure

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. An intangible asset with an uncertain useful life is not amortized. The estimated net residual value of intangible assets of the Group is zero. The amortization method, useful life and residual value rate for each category of intangible assets are as follows:

| Category | Amortization method | Useful life (year) | Basis for determination of useful life | Residual value rate (%) |
|-----------------|----------------------|--------------------|--|-------------------------|
| Land use rights | Straight-line method | 40-70 | Legal useful life | — |
| Patents | Straight-line method | 10-15 | Expected economic benefit period | — |
| Software | Straight-line method | 5-10 | Expected economic benefit period | — |
| Others | Straight-line method | 1-10 | Expected economic benefit period | — |

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.

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

23 Intangible assets *(Continued)*

23.2 Scope of research and development expenditure and related accounting treatment method

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:

- (a) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (b) the Group has the intention to complete the intangible asset and use or sell it;
- (c) 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;
- (d) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- (e) 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 in 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.

The scope of research and development expenditure includes salary and welfare expenses for personnel directly engaged in research and development activities, materials, fuel and power expenses directly consumed in research and development activities, depreciation expenses of instruments and equipment for research and development activities, leasing and maintenance expenses of research and development sites, travel, transportation and communication expenses required for research and experimental development, etc. The Group adopts technical feasibility and economic feasibility studies as the specific criteria for distinguishing between the research stage and development stage.

Notes to the Financial Statements

For the year ended 31 December 2024

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

24 Impairment of long-term assets

The Group reviews the long-term equity investments, investment properties measured by cost model, 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.

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.

25 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.

26 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 2024

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

27 Employee benefits

27.1 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 and work injury insurance 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.

27.2 Accounting treatment of post-employment benefits

The post-employment benefits of the Group are all defined contribution plan. Defined contribution plan is 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.

27.3 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 2024

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

28 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.

29 Revenue

29.1 Disclosure of accounting policies adopted for revenue recognition and measurement by business type

Revenue of the Group is primarily from following business categories:

- (1) Sales of general books where books are mainly sold through wholesales and directly through retail (including Internet) to end clients.
- (2) Sales of textbooks and supplementary materials where products are mainly sold through education system and primary and middle schools.
- (3) Printing services and supply of materials, which mainly comprises the sales of all kinds of paper and small quantities of printing machinery.
- (4) 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.
- (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.

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.

Notes to the Financial Statements

For the year ended 31 December 2024

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

29 Revenue *(Continued)*

29.1 Disclosure of accounting policies adopted for revenue recognition and measurement by business type *(Continued)*

The Group assesses the contract on the contract commencement date, identifies each individual performance obligation included in the contract, and determines whether each individual performance obligation is satisfied over time or at a point in time. 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.

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. When determining the transaction price, the Group considers the impact of variable consideration, significant financing components in the contract, non-cash consideration, consideration payable to customers and other factors.

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.

Notes to the Financial Statements

For the year ended 31 December 2024

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

29 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.

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.

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.

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.

Notes to the Financial Statements

For the year ended 31 December 2024

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

29 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.

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.

Sales involving advance payment

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 2024

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

29 Revenue *(Continued)*

Specific methods and point in time for revenue recognition:

The Group's sales of general books, sales of textbook and supplementary materials, printing services and supply of materials, and concessionaire sales typically only include the performance obligations of transferring goods, which are obligations fulfilled at a specific point in time. The Group recognizes revenue when the following conditions are met: the Group has delivered the goods to the customer in accordance with the contract terms, the customer has received the goods, the consideration that the Group is entitled to receive is likely to be recoverable, and the substantial risks and rewards of ownership of the goods have been transferred.

The Group recognizes revenue from the education informatized and equipment business upon project acceptance. For significant financing components present in the contracts, they are handled according to the principles mentioned above.

The Group as an agent recognizes revenue from the concessionaire sales as the net amount of the total consideration received or receivable, after deducting amounts payable to other related parties, when the conditions for revenue recognition are met.

Notes to the Financial Statements

For the year ended 31 December 2024

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

30 Contract costs

30.1 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.

30.2 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.

30.3 Impairment losses on assets related to contract costs

In determining the impairment loss on an asset related to contract costs, the Group first determines the impairment losses on other assets related to the contract recognized in accordance with other relevant ASBE. Then, for the asset related to contract costs, if the carrying amount of the asset is higher than the difference between the following two items, the excess is provided for impairment loss and recognized as impairment loss on asset: (1) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; and (2) the costs estimated to be incurred for the transfer of the relevant goods or services.

After the provision for impairment on asset related to contract costs is made, if the factors of impairment in the previous period change, so that the difference between the two items above is higher than the carrying amount of the asset, the original provision for impairment on asset shall be reversed and included in the current profit or loss, but the carrying amount of the asset after the reversal shall not exceed the carrying amount of the asset on the date of reversal assuming that no provision for impairment is made.

Notes to the Financial Statements

For the year ended 31 December 2024

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

31 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.

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

As the Group's government grants, apart from 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.

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

As the book subsidy included in the Group's government grants 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.

When the recognized government grants need to be returned, if there is a balance of related deferred income, the book balance of related deferred income shall be offset, and the excess shall be included in the current profit or loss.

Notes to the Financial Statements

For the year ended 31 December 2024

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

32 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.

32.1 The Group as lessee

32.1.1 *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 2024

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

32 Lease *(Continued)*

32.1 The Group as lessee *(Continued)*

32.1.2 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 2024

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

32 Lease *(Continued)*

32.1 The Group as lessee *(Continued)*

32.1.2 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.

32.1.3 Judgment criteria for simplified treatment of short-term leases as lessee and accounting treatment method

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.

Notes to the Financial Statements

For the year ended 31 December 2024

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

32 Lease *(Continued)*

32.1 The Group as lessee *(Continued)*

32.1.4 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.

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. For other lease modifications resulting in the remeasurement of lease liabilities, the Group adjusts the carrying amount of the right-of-use assets accordingly.

Notes to the Financial Statements

For the year ended 31 December 2024

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

32 Lease *(Continued)*

32.2 The Group as lessor

32.2.1 Classification of leases and accounting treatment as lessor

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.

32.2.1.1 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.

33 Deferred tax assets/deferred tax liabilities

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

33.1 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.

33.2 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.

Notes to the Financial Statements

For the year ended 31 December 2024

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

33 Deferred tax assets/deferred tax liabilities *(Continued)*

33.2 Deferred tax assets and deferred tax liabilities *(Continued)*

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) and does not result in equal amount of taxable temporary difference and deductible temporary difference 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.

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.

Notes to the Financial Statements

For the year ended 31 December 2024

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

33 Deferred tax assets/deferred tax liabilities *(Continued)*

33.3 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.

34 Changes in significant accounting policies

34.1 In 2024, the Group implemented the relevant regulations and guidelines of the ASBE issued by the MoF in recent years, mainly including:

- The provisions on “Classification of Current Liabilities and Non-current Liabilities” in the ASBE Interpretation No. 17 (Cai Kuai [2023] No. 21) (“Interpretation No. 17”);
- The provisions on “Accounting Treatment for Warranty-type Quality Guarantees that do not Belong to Individual Performance Obligations” in the ASBE Interpretation No. 18 (Cai Kuai [2024] No. 24) (“Interpretation No. 18”).

The above changes in accounting policies have no significant impact on the financial statements for the current period.

Notes to the Financial Statements

For the year ended 31 December 2024

IV APPLYING 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 judgments, 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 judgments, 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 judgments, 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. Judgments 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.

Notes to the Financial Statements

For the year ended 31 December 2024

IV APPLYING KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES (Continued)

Impairment loss of goodwill

The Group tests at least at the end of each year 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.

Deferred tax assets

Deferred tax assets are recognized for all unused deductible temporary differences and deductible losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and deductible losses can be utilized. Significant management judgment is required to estimate the timing and amount of future taxable profits. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets in the periods in which such estimate is modified.

Provisions

The Company estimates the return rate, product quality assurance, and other factors based on the contract terms, existing knowledge, and historical experience, and makes corresponding provisions. In the event that such contingent liabilities have created a present obligation, and the fulfillment of such present obligation is likely to result in an outflow of economic benefits from the Company, the Company recognizes the best estimate of the expenditure required to settle the related present obligation as a provision. The recognition and measurement of provisions are largely dependent on the management's judgment. In the process of making judgments, the Company needs to assess the risks, uncertainties, time value of money, and other factors relevant to such contingent liabilities.

Fair value of financial instruments

For financial instruments with no active trading market, the Group determines their fair value using various valuation methods. These valuation methods include discounted cash flow model analysis, among others. When conducting valuation, the Group needs to estimate future cash flows, credit risk, market volatility, and correlation, and select an appropriate discount rate. These related assumptions have uncertainties, and changes in them will affect the fair value of financial instruments.

Notes to the Financial Statements

For the year ended 31 December 2024

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% |
| Property tax | Cost of property less 10%-30%/rental income of property | 1.2%, 12% |

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 Announcement on Tax Policies for the Transformation of Operating Cultural Institutions into Enterprises of Cultural System Reform (Announcement of the MoF, State Administration of Taxation and Publicity Department No. 20 of 2024) issued by the MoF, State Administration of Taxation and Publicity Department, the Company and its subsidiaries, Beijing Shuchuan Xinhua Bookstore Book Distribution Co., Ltd. ("Beijing Shuchuan"), Sichuan Xinhua Online Network Co., Ltd. ("Xinhua Online"), Sichuan Winshare Cultural Communication Co., Ltd. (former name: Sichuan Xinhua Cultural Communication Co., Ltd., "Sichuan Cultural Communication"), and the Company's fourteen publishing units enjoyed enterprise income tax exemption from the registration date of transformation until 31 December 2027.

In accordance with the Notice on the Continuous Implementation of Several Tax Policies for the Transformation of Operating Cultural Institutions into Enterprises of Cultural System Reform (Announcement of the MoF, State Administration of Taxation and Publicity Department No. 71 of 2023), the Announcement on the List of the First Batch of State-transformed Cultural Enterprises (Liang Cai Fa Shui [2021] No. 4) and the Announcement on Tax Policies for the Transformation of Operating Cultural Institutions into Enterprises of Cultural System Reform (Announcement of the MoF, State Administration of Taxation and Publicity Department No. 20 of 2024) issued by the MoF, State Administration of Taxation and Publicity Department, Liangshanzhou Xinhua Bookstore Co., Ltd. ("Liangshanzhou Xinhua Bookstore"), a subsidiary of the Company, was entitled to the enterprise income tax exemption policy from 1 January 2021 to 31 December 2027.

Notes to the Financial Statements

For the year ended 31 December 2024

V TAXES *(Continued)*

2 Tax incentives and official approvals *(Continued)*

Enterprise income tax *(Continued)*

In accordance with the Announcement on Renewing the Enterprise Income Tax Policy for Great Western Development (Announcement of the MoF, State Administration of Taxation and National Development and Reform Commission No. 23 of 2020) issued by the MoF, the State Administration of Taxation, and the National Development and Reform Commission, the Company and some of its subsidiaries were included in encouraged industries in Western China, which were subject to enterprise income tax calculated at the rate of 15% of the assessable income.

Value-added tax

Pursuant to Notice on Renewing the Implementation of Promoting Cultural Value-added Tax Preferential Policies (Announcement of MoF and the State Administration of Taxation No. 60 of 2023) issued by the MoF and the State Administration of Taxation, for the period from 1 January 2024 to 31 December 2027, the Group's publications of newspapers and journals published for children and the elderly, textbooks for students in primary and secondary schools and publications for ethnic minorities were entitled to preferential policy of 100% reimbursement of value-added tax during publishing phase; apart from the above publications that were entitled to preferential policy of 100% reimbursement of value-added tax, other publications such as books, journals, audio-visual products and electronic publications were entitled to preferential policy of 50% reimbursement of value-added tax during publishing phase; and the book wholesale and retail business was entitled to exemption from value-added tax.

Notes to the Financial Statements

For the year ended 31 December 2024

VI NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1 Cash and bank balances

| Item | 31 December 2024 | | | 31 December 2023 | | |
|-----------------------|---|---------------|----------------------|---|---------------|----------------------|
| | Amounts of the original currencies RMB | Exchange rate | Amount in RMB RMB | Amounts of the original currencies RMB | Exchange rate | Amount in RMB RMB |
| Cash on hand: | | | | | | |
| RMB | 202,669.04 | 1.0000 | 202,669.04 | 179,253.14 | 1.0000 | 179,253.14 |
| Bank balances: | | | | | | |
| RMB (Note 1) | 9,133,000,046.19 | 1.0000 | 9,133,000,046.19 | 9,069,239,592.57 | 1.0000 | 9,069,239,592.57 |
| USD | 19,573.09 | 7.1884 | 140,699.20 | 21,844.91 | 7.0827 | 154,720.94 |
| EUR | 68.69 | 7.5257 | 516.94 | 68.69 | 7.8592 | 539.85 |
| HKD | 73,144.44 | 0.9260 | 67,734.67 | 53,408.16 | 0.9062 | 48,398.47 |
| Other currency funds: | | | | | | |
| RMB (Note 2) | 46,266,458.64 | 1.0000 | 46,266,458.64 | 48,041,320.55 | 1.0000 | 48,041,320.55 |
| Total | | | 9,179,678,124.68 | | | 9,117,663,825.52 |

Note 1: As at 31 December 2024, the bank balances include 3-month above term deposits amounting to RMB4,874,193,671.25 (31 December 2023: RMB4,395,140,000.00). The management held the time deposits for the period with the intention of flexible arrangement of funds and withdrew funds at any time depending on the capital needs. The bank balances include time deposits with a term exceeding 3 months and maturing within 1 year, which the management intended to hold to maturity with a principal of RMB165,000,000.00, and accrued interest calculated based on the effective interest rate method of RMB11,895,522.33.

Note 2: As at 31 December 2024, other cash and bank balances include the balances with Alipay App account, WeChat App account, E-commerce platform online store account and securities account of RMB6,066,712.58 (31 December 2023: RMB8,720,319.82), and the rest are restricted currency funds. Details are set out in Note VI 56.

Notes to the Financial Statements

For the year ended 31 December 2024

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

2 Notes receivable

Notes receivable by category

| Category | 31 December 2024 RMB | 31 December 2023 RMB |
|-----------------------------|-------------------------|-------------------------|
| Commercial acceptance bills | 933,791.30 | 3,758,159.19 |

As at 31 December 2024, the Group had no pledged commercial acceptance bills, and had no endorsed or discounted commercial acceptance bills that were not yet due at the balance sheet date (31 December 2023: nil).

3 Accounts receivable

(1) Disclosure by aging

| Aging | Carrying balance as at 31 December 2024 RMB | Carrying balance as at 31 December 2023 RMB |
|---|--|--|
| Within 1 year | 1,322,268,524.78 | 1,336,648,791.16 |
| More than 1 year but not exceeding 2 years | 340,665,693.99 | 528,023,489.09 |
| More than 2 years but not exceeding 3 years | 300,967,987.68 | 155,276,886.22 |
| More than 3 years | 425,031,451.14 | 282,129,814.92 |
| Subtotal | 2,388,933,657.59 | 2,302,078,981.39 |
| Less: Provision for credit loss | 862,123,401.06 | 824,907,918.37 |
| Total | 1,526,810,256.53 | 1,477,171,063.02 |

The aging analysis of accounts receivable above is based on the date on which the customer gains control over the relevant goods or services.

Notes to the Financial Statements

For the year ended 31 December 2024

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

3 Accounts receivable (Continued)

(2) Disclosure by provision method of credit loss

| Category | 31 December 2024 | | | | | 31 December 2023 | | | | |
|--|------------------|----------------|-----------------------|-----------------------------|-----------------------|------------------|----------------|-----------------------|-----------------------------|-----------------------|
| | Carrying amount | | Credit loss provision | | | Carrying amount | | Credit loss provision | | |
| | Amount RMB | Percentage (%) | Amount RMB | Provision percentage (%) | Carrying value RMB | Amount RMB | Percentage (%) | Amount RMB | Provision percentage (%) | Carrying value RMB |
| Provision for credit loss on an individual basis | 460,346,993.09 | 19.27 | 242,157,920.27 | 52.60 | 218,189,072.82 | 495,450,049.19 | 21.52 | 236,866,289.35 | 47.81 | 258,583,759.84 |
| Provision for credit loss on a collective basis | 1,928,586,664.50 | 80.73 | 619,965,480.79 | 32.15 | 1,308,621,183.71 | 1,806,628,932.20 | 78.48 | 588,041,629.02 | 32.55 | 1,218,587,303.18 |
| Total | 2,388,933,657.59 | 100.00 | 862,123,401.06 | | 1,526,810,256.53 | 2,302,078,981.39 | 100.00 | 824,907,918.37 | | 1,477,171,063.02 |

Notes to the Financial Statements

For the year ended 31 December 2024

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

3 Accounts receivable (Continued)

(2) Disclosure by provision method of credit loss (Continued)

Provision for credit loss on an individual basis

| Name of entity | Carrying balance RMB | 31 December 2024 | | Reason for provision |
|----------------|-------------------------|-------------------------------------|-----------------------------|---------------------------|
| | | Provision for credit loss RMB | Provision percentage (%) | |
| Customer A | 125,520,987.31 | 122,142,336.96 | 97.31 | Poor solvency |
| Customer D | 84,297,275.50 | 11,304,657.97 | 13.41 | Long recovery cycle |
| Customer E | 48,182,910.56 | 32,962,427.48 | 68.41 | Poor solvency |
| Others | 202,345,819.72 | 75,748,497.86 | 37.44 | Decreasing recovery speed |
| Total | 460,346,993.09 | 242,157,920.27 | 52.60 | |

Provision for credit loss on a collective basis

As part of the Group's credit risk management, the Group uses an impairment matrix to determine the expected credit losses of accounts receivable formed by various businesses based on the aging of accounts receivable. These businesses involve a large number of small customers with the same risk characteristics, and the aging information can reflect the solvency of such customers as the accounts receivable fall due.

| Aging | Carrying balance RMB | 31 December 2024 | | Carrying value RMB |
|--|-------------------------|-------------------------------------|-----------------------------|-----------------------|
| | | Provision for credit loss RMB | Provision percentage (%) | |
| Within 1 year | 1,257,173,472.57 | 114,587,498.51 | 9.11 | 1,142,585,974.06 |
| More than 1 year but not exceeding 2 years | 271,646,026.44 | 105,610,816.79 | 38.88 | 166,035,209.65 |
| More than 2 years but not exceeding 3 years | 132,215,855.08 | 132,215,855.08 | 100.00 | – |
| More than 3 years | 267,551,310.41 | 267,551,310.41 | 100.00 | – |
| Total | 1,928,586,664.50 | 619,965,480.79 | 32.15 | 1,308,621,183.71 |

Notes to the Financial Statements

For the year ended 31 December 2024

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

3 Accounts receivable *(Continued)*

(3) Credit loss provision made or reversed in the current year

See Note X for details of recognition of credit loss.

(4) Accounts receivable actually written off for the current year

See Note X for the accounts receivable actually written off for the current year.

(5) Top five debtors with the largest balances of accounts receivable at the end of the year

| Name of entity | Closing balance of accounts receivable RMB | Closing balance of contract assets RMB | Closing balance of accounts receivable and contract assets RMB | As a percentage of the total closing balance of accounts receivable and contract assets (%) | Closing balance of bad debt provision RMB |
|----------------|---|--|--|---|--|
| Customer A | 125,520,987.31 | - | 125,520,987.31 | 5.24 | 122,142,336.96 |
| Customer B | 97,838,008.38 | - | 97,838,008.38 | 4.09 | 1,922,922.42 |
| Customer D | 84,297,275.50 | - | 84,297,275.50 | 3.52 | 11,304,657.97 |
| Customer E | 48,182,910.56 | 19,601.27 | 48,202,511.83 | 2.01 | 32,962,427.48 |
| Customer O | 27,867,497.04 | - | 27,867,497.04 | 1.16 | 14,047,293.35 |
| Total | 383,706,678.79 | 19,601.27 | 383,726,280.06 | 16.02 | 182,379,638.18 |

The total transaction volume between the above-mentioned customers A, D, E and O and the Group in 2024 accounted for less than 0.1% of the Group's operating income.

Notes to the Financial Statements

For the year ended 31 December 2024

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

4 Financing receivables

(1) Classification of financing receivables

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|---|-------------------------|-------------------------|
| Bank acceptance bills measured at fair value (Note 1) | 15,232,141.87 | 4,445,475.96 |

(2) Financing receivables endorsed by the Group at the end of year and not yet due as at 31 December 2024

| Item | Amounts derecognized as at 31 December 2024 RMB | Amounts not yet derecognized as at 31 December 2024 RMB |
|---|--|--|
| Bank acceptance bills measured at fair value (Note 2) | 41,512,566.59 | — |

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 notes receivable under such business model are classified as financial assets at FVTOCI. Please refer to Note XI 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 2024, the Group had bank acceptance bills endorsed and not yet due of RMB41,512,566.59 (31 December 2023: RMB26,986,856.89). Please refer to Note X 2 for details.

Notes to the Financial Statements

For the year ended 31 December 2024

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

5 Prepayments

(1) Aging analysis of prepayments is as follows:

| Aging | 31 December 2024 | | 31 December 2023 | |
|---|------------------|----------------|------------------|----------------|
| | Amount | Proportion (%) | Amount | Proportion (%) |
| | RMB | | RMB | |
| Within 1 year | 39,438,582.68 | 60.85 | 26,252,365.06 | 47.31 |
| More than 1 year but not exceeding 2 years | 6,266,157.71 | 9.67 | 7,657,525.19 | 13.80 |
| More than 2 years but not exceeding 3 years | 3,968,486.16 | 6.12 | 10,029,036.59 | 18.08 |
| More than 3 years | 15,141,875.45 | 23.36 | 11,544,752.03 | 20.81 |
| Total | 64,815,102.00 | 100.00 | 55,483,678.87 | 100.00 |

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

(2) Top five entities with the largest balances of prepayments at the end of the year by subjects of prepayment

| Name of entity | Relationship with the Company | 31 December 2024 RMB | Proportion to total prepayments (%) |
|---|-------------------------------|-------------------------|-------------------------------------|
| Chengdu Quyoumi Network Technology Co., Ltd. | Third party | 6,197,924.52 | 9.56 |
| Mikekailun (Shenzhen) Culture Media Co., Ltd. | Third party | 2,500,110.00 | 3.86 |
| Chengdu Dongji Six Senses Information Technology Co., Ltd. | Third party | 2,475,247.52 | 3.82 |
| Shanghai Yihai Culture Dissemination Center (General Partnership) | Third party | 2,380,482.00 | 3.67 |
| Xuyong County Longchuan Dingfeng Paper Co., Ltd. | Third party | 2,204,229.40 | 3.40 |
| Total | | 15,757,993.44 | 24.31 |

Notes to the Financial Statements

For the year ended 31 December 2024

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

6 Other receivables

6.1 Presentation of items

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|----------------------|-------------------------|-------------------------|
| Dividend receivables | 1,578,000.00 | 72,000.00 |
| Other receivables | 259,859,606.97 | 121,661,914.08 |
| Total | 261,437,606.97 | 121,733,914.08 |

6.2 Dividend receivables

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|--|-------------------------|-------------------------|
| The Commercial Press (Chengdu) Co., Ltd. ("Commercial Press") | 1,470,000.00 | – |
| Sichuan Education and Science Forum Magazine Press Co., Ltd. ("Education Forum") | 108,000.00 | 72,000.00 |
| Total | 1,578,000.00 | 72,000.00 |

Notes to the Financial Statements

For the year ended 31 December 2024

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

6 Other receivables (Continued)

6.3 Other receivables

(1) Other receivables by aging

| Aging | Carrying balance as at 31 December 2024 RMB | Carrying balance as at 31 December 2023 RMB |
|--|--|--|
| Within 1 year | 175,539,251.01 | 37,650,205.71 |
| More than 1 year but not exceeding 2 years | 5,784,103.73 | 24,417,276.66 |
| More than 2 years but not exceeding 3 years | 22,332,274.48 | 32,596,120.80 |
| More than 3 years | 70,227,643.87 | 43,062,648.80 |
| Subtotal | 273,883,273.09 | 137,726,251.97 |
| Less: Provision for credit loss | 14,023,666.12 | 16,064,337.89 |
| Total | 259,859,606.97 | 121,661,914.08 |

Notes to the Financial Statements

For the year ended 31 December 2024

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

6 Other receivables (Continued)

6.3 Other receivables (Continued)

(2) Disclosure by provision method of credit loss

| Category | 31 December 2024 | | | | 31 December 2023 | | | |
|--|------------------|----------------|-----------------------|--------------------------|------------------|----------------|-----------------------|--------------------------|
| | Carrying amount | | Credit loss provision | | Carrying amount | | Credit loss provision | |
| | Amount | Percentage (%) | Amount | Provision percentage (%) | Amount | Percentage (%) | Amount | Provision percentage (%) |
| | RMB | | RMB | | RMB | | RMB | |
| Provision for credit loss on an individual basis | 90,620,695.85 | 33.09 | - | - | 90,837,939.84 | 65.96 | - | - |
| Provision for credit loss on a collective basis | 183,262,577.24 | 66.91 | 14,023,666.12 | 7.65 | 46,888,312.13 | 34.04 | 16,064,337.89 | 34.26 |
| Total | 273,883,273.09 | 100.00 | 14,023,666.12 | | 137,726,251.97 | 100.00 | 16,064,337.89 | |
| | | | | | | | | 121,661,914.08 |

Notes to the Financial Statements

For the year ended 31 December 2024

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

6 Other receivables (Continued)

6.3 Other receivables (Continued)

(2) Disclosure by provision method of credit loss (Continued)

Provision for credit loss on an individual basis

| Name of entity | Carrying balance RMB | 31 December 2024 | | Reason for provision |
|-------------------------------------|-------------------------|----------------------------------|--------------------------|----------------------|
| | | Provision for credit loss RMB | Provision percentage (%) | |
| Deposit/security deposit/petty cash | 90,620,695.85 | – | – | N/A |

Provision for credit loss on a collective basis

| Aging | Carrying balance RMB | 31 December 2024 | | Carrying value RMB |
|---|-------------------------|----------------------------------|--------------------------|-----------------------|
| | | Provision for credit loss RMB | Provision percentage (%) | |
| Within 1 year | 167,829,389.93 | 204,260.47 | 0.12 | 167,625,129.46 |
| More than 1 year but not exceeding 2 years | 1,844,221.58 | 230,439.92 | 12.50 | 1,613,781.66 |
| More than 2 years but not exceeding 3 years | 1,735,375.65 | 1,735,375.65 | 100.00 | – |
| More than 3 years | 11,853,590.08 | 11,853,590.08 | 100.00 | – |
| Total | 183,262,577.24 | 14,023,666.12 | 7.65 | 169,238,911.12 |

Notes to the Financial Statements

For the year ended 31 December 2024

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

6 Other receivables *(Continued)*

6.3 Other receivables *(Continued)*

(3) *Credit loss provision made or reversed in the current year*

See Note X for details of recognition of credit loss.

(4) *Other receivables actually written off for the current year*

See Note X for details of other receivables actually written off for the current year.

(5) *Other receivables presented by nature*

| Nature of other receivables | 31 December 2024 RMB | 31 December 2023 RMB |
|---|-------------------------|-------------------------|
| Amount due from related parties | 116,478.80 | 116,478.80 |
| Deposit and security deposit | 89,353,221.45 | 89,505,996.46 |
| Petty cash | 1,267,474.40 | 1,331,943.38 |
| Enterprise income tax refund receivable | 129,627,012.70 | — |
| Others | 53,519,085.74 | 46,771,833.33 |
| Total | 273,883,273.09 | 137,726,251.97 |

Notes to the Financial Statements

For the year ended 31 December 2024

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

6 Other receivables *(Continued)*

6.3 Other receivables *(Continued)*

(6) *Top five debtors with the largest balances of other receivables at the end of the year*

| Name of entity | Nature | Balance as at 31 December 2024 RMB | Aging | As a percentage of the total other receivables (%) | Balance of credit loss provision as at 31 December 2024 RMB |
|--|-----------------------------|--|---|---|--|
| State Administration of Taxation Chengdu Jinjiang District Taxation Service | Tax refund receivable | 96,577,857.26 | Less than 1 year | 35.26 | – |
| Higher Education Press Co., Ltd. | Deposit/security deposit | 30,000,000.00 | Less than 1 year, 2-3 years, more than 3 years | 10.95 | – |
| Education Department of Tibet Autonomous Region | Deposit/security deposit | 5,230,000.00 | More than 3 years | 1.91 | – |
| Guangan Jiasiwei Logistics Co., Ltd. | Deposit | 5,181,500.00 | Less than 1 year | 1.89 | – |
| Dazhou Senior High School Peiwen School | Deposit/security deposit | 3,158,938.20 | More than 3 years | 1.15 | – |
| Total | | 140,148,295.46 | | 51.16 | |

Notes to the Financial Statements

For the year ended 31 December 2024

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

7 Inventories

(1) Categories of inventories

| Item | 31 December 2024 | | | 31 December 2023 | | |
|------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
| | Book balance | Provision for impairment | Carrying amount | Book balance | Provision for impairment | Carrying amount |
| | RMB | RMB | RMB | RMB | RMB | RMB |
| Goods on hand | 2,450,567,885.32 | 224,290,040.35 | 2,226,277,844.97 | 2,699,626,136.87 | 253,610,441.20 | 2,446,015,695.67 |
| Work-in-progress | 167,871,078.11 | – | 167,871,078.11 | 135,593,328.09 | – | 135,593,328.09 |
| Raw materials | 31,926,748.45 | 3,486,948.05 | 28,439,800.40 | 60,861,877.62 | 1,301,103.35 | 59,560,774.27 |
| Total | 2,650,365,711.88 | 227,776,988.40 | 2,422,588,723.48 | 2,896,081,342.58 | 254,911,544.55 | 2,641,169,798.03 |

There was no inventory pledged at the end of the current year.

(2) Provision for impairment of inventories

| Categories of inventories | 1 January 2024 | Provision for the current year | Write-off for the current year | Decrease in the current year | | 31 December 2024 |
|---------------------------|----------------|--------------------------------|--------------------------------|-------------------------------|----------------|------------------|
| | | | | Reversal for the current year | Other decrease | |
| | RMB | RMB | RMB | RMB | RMB | RMB |
| Goods on hand | 253,610,441.20 | 43,859,620.62 | 20,839,594.98 | 52,340,426.49 | – | 224,290,040.35 |
| Raw materials | 1,301,103.35 | 2,185,844.70 | – | – | – | 3,486,948.05 |
| Total | 254,911,544.55 | 46,045,465.32 | 20,839,594.98 | 52,340,426.49 | – | 227,776,988.40 |

Notes to the Financial Statements

For the year ended 31 December 2024

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

7 Inventories (Continued)

(2) Provision for impairment of inventories (Continued)

Provision for impairment of inventories on group basis

| Group name | 31 December 2024 | | | 31 December 2023 | | |
|---------------------------|------------------------|------------------------------------|---|------------------------|------------------------------------|---|
| | Carrying amount RMB | Provision for impairment RMB | Proportion of provision for impairment (%) | Carrying amount RMB | Provision for impairment RMB | Proportion of provision for impairment (%) |
| Goods on hand – | | | | | | |
| General books | 1,859,579,869.21 | 139,478,045.50 | 7.50 | 2,083,005,450.42 | 158,652,774.47 | 7.62 |
| Goods on hand – Textbooks | 445,352,428.98 | 35,581,319.76 | 7.99 | 376,367,792.88 | 67,966,690.40 | 18.06 |
| Goods on hand – Paper | 28,917,136.02 | 2,983,770.82 | 10.32 | 35,679,978.46 | 3,046,054.48 | 8.54 |
| Goods on hand – Others | 116,718,451.11 | 46,246,904.27 | 39.62 | 204,572,915.11 | 23,944,921.85 | 11.70 |
| Work in progress | 167,871,078.11 | – | – | 135,593,328.09 | – | – |
| Raw materials | 31,926,748.45 | 3,486,948.05 | 10.92 | 60,861,877.62 | 1,301,103.35 | 2.14 |
| Total | 2,650,365,711.88 | 227,776,988.40 | | 2,896,081,342.58 | 254,911,544.55 | |

8 Contract assets

(1) Details of contract assets

| Item | 31 December 2024 | | | 31 December 2023 | | |
|--|---------------------|------------------------------------|---------------------------|---------------------|------------------------------------|---------------------------|
| | Book balance RMB | Provision for impairment RMB | Carrying amount RMB | Book balance RMB | Provision for impairment RMB | Carrying amount RMB |
| Contract assets arising from contracts with customers | 5,584,567.76 | – | 5,584,567.76 | 8,817,641.75 | – | 8,817,641.75 |
| Total | 5,584,567.76 | – | 5,584,567.76 | 8,817,641.75 | – | 8,817,641.75 |

Contract assets are the quality guarantee deposits due within one year recognized in accordance with the contract. The Group presents the contract assets due over one year in other non-current assets. Please refer to Note VI 22.

Notes to the Financial Statements

For the year ended 31 December 2024

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

8 Contract assets (Continued)

(2) 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.

9 Other current assets

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|---------------------------------------|-------------------------|-------------------------|
| Refund costs receivable (Note 1) | 49,946,368.86 | 49,026,417.13 |
| VAT input tax to be deducted (Note 2) | 26,874,390.21 | 8,122,102.43 |
| Term deposits | — | 451,473,138.89 |
| Others | 296,166.19 | — |
| Total | 77,116,925.26 | 508,621,658.45 |

Note 1: As at 31 December 2024, the refund costs receivable was RMB49,946,368.86 (31 December 2023: RMB49,026,417.13), including the original value of the refund costs receivable of RMB65,540,063.61 (31 December 2023: RMB67,766,408.23), and the provision for asset impairment of RMB15,593,694.75 (31 December 2023: RMB18,739,991.10).

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

Notes to the Financial Statements

For the year ended 31 December 2024

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

10 Long-term receivables

(1) Details of long-term receivables

| Item | 31 December 2024 | | | 31 December 2023 | | | Range of discount rate |
|--|------------------|---------------------------|---------------------|------------------|---------------------------|---------------------|------------------------|
| | Book balance RMB | Credit loss provision RMB | Carrying amount RMB | Book balance RMB | Credit loss provision RMB | Carrying amount RMB | |
| Goods sold by installments (Note) | 91,589,834.55 | 3,133,647.19 | 88,456,187.36 | 111,461,175.30 | 7,134,409.23 | 104,326,766.07 | 3.45%-5% |
| Less: Long-term receivables included in non-current assets due within one year | 51,068,383.73 | 1,805,075.26 | 49,263,308.47 | 74,921,437.10 | 5,157,625.27 | 69,763,811.83 | |
| Total | 40,521,450.82 | 1,328,571.93 | 39,192,878.89 | 36,539,738.20 | 1,976,783.96 | 34,562,954.24 | |

Note: Receivables of goods sold by installments are the Group's receivables of sales of education informatized and equipment 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 3.45%-5% (31 December 2023: 3.65%-5%).

(2) Details of credit loss provisions

See Note X for details of recognition of credit loss.

Notes to the Financial Statements

For the year ended 31 December 2024

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

11 Long-term equity investments

(1) Summary of long-term equity investments:

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|--|-------------------------|-------------------------|
| Book balance of long-term equity investments | 812,969,446.27 | 778,128,364.29 |
| Less: Provision for impairment of long-term equity investments | 6,647,345.57 | 6,647,345.57 |
| Carrying amount of long-term equity investments | 806,322,100.70 | 771,481,018.72 |

Notes to the Financial Statements

For the year ended 31 December 2024

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

11 Long-term equity investments (Continued)

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

| Investee | 1 January 2024 RMB | Changes for the current year | | | | | | | Closing balance of provision for impairment RMB | | | |
|--|--------------------------|----------------------------------|-----------------------------------|---|--|-----------------------------------|---|--|---|---------------|----------------------------|----------------|
| | | Addition in investment RMB | Reduction in investment RMB | Investment profit or loss recognized under equity method RMB | Adjustment of other comprehensive income RMB | Changes in other equity RMB | Distribution of cash dividends or profits declared RMB | Provision for impairment loss RMB | | Others RMB | 31 December 2024 RMB | |
| | | | | | | | | | | | | |
| I. Joint Ventures | | | | | | | | | | | | |
| Hainan Publishing House Co., Ltd. ("Hainan Publishing House") | 298,746,253.56 | - | - | 39,303,439.93 | - | - | - | - | - | - | 338,049,693.49 | - |
| Sichuan Fudou Technology Co., Ltd. ("Fudou Technology") | - | - | - | - | - | - | - | - | - | - | - | - |
| Sanya Xuancai Venture Capital Investment Fund Management Co., Ltd. ("Sanya Xuancai") (Note 1) | 4,981,850.94 | - | - | (280,576.44) | - | - | (1,600,000.00) | - | - | - | 3,101,274.50 | - |
| Subtotal | 303,728,104.50 | - | - | 39,022,863.49 | - | - | (1,600,000.00) | - | - | - | 341,150,967.99 | - |
| II. Associates | | | | | | | | | | | | |
| Sichuan Winshare BLOGIS Supply Chain Co., Ltd. ("Winshare BLOGIS") (Note 2) | 46,150,974.36 | - | - | 1,007,263.34 | - | - | - | - | - | - | 47,158,237.70 | - |
| The Commercial Press Ren Min Eastern (Beijing) Book Industry Co., Ltd. ("Ren Min Eastern") | 4,662,316.69 | - | - | 616,747.39 | - | - | (1,470,000.00) | - | - | - | 3,809,064.08 | - |
| Guizhou Xinhua Winshare Book Audio-Visual Product Chainstore Co., Ltd. ("Guizhou Winshare") | 7,959,776.74 | - | - | (505,637.81) | - | - | - | - | - | - | 7,454,138.93 | - |
| Ming Bo Education Technology Holdings Co., Ltd. ("Ming Bo Education") | - | - | - | - | - | - | - | - | - | - | - | - |
| Shanghai Jingjie Information Technology Co., Ltd. ("Shanghai Jingjie") | 9,469,749.55 | - | - | 20,270.29 | - | - | - | - | - | - | 9,490,019.84 | - |
| Sichuan Centennial Preschool Educational Management Co., Ltd. ("Preschool Educational") | 6,264,056.63 | - | - | (505,989.23) | - | - | - | - | - | - | 5,758,067.40 | (1,604,619.30) |

Notes to the Financial Statements

For the year ended 31 December 2024

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

11 Long-term equity investments (Continued)

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

| Investee | 1 January 2024 RMB | Changes for the current year | | | | | | | 31 December 2024 RMB | Closing balance of provision for impairment RMB |
|--|--------------------------|----------------------------------|-----------------------------------|---|--|-----------------------------------|---|--|----------------------------|---|
| | | Addition in investment RMB | Reduction in investment RMB | Investment profit or loss recognized under equity method RMB | Adjustment of other comprehensive income RMB | Changes in other equity RMB | Distribution of cash dividends or profits declared RMB | Provision for impairment loss RMB | Others RMB | |
| II. Associates (Continued) | | | | | | | | | | |
| Chengdu Winshare Venture Capital Investment Fund Management Co., Ltd. ("Winshare Venture Investment Fund") | 22,941,231.37 | - | - | (842,869.50) | - | - | (960,000.00) | - | - | 21,138,361.87 |
| Education Forum | 1,486,532.86 | - | - | 87,531.95 | - | - | (36,000.00) | - | - | 1,538,064.81 |
| Fuzhou Winshare Technology Partnership (Limited Partnership) ("Fuzhou Winshare") (Note 3) | 4,670,233.08 | - | - | (910,645.25) | - | - | (585,915.50) | - | - | 3,173,672.33 |
| Sichuan Jiaoyang Sifuo Film Co., Ltd. | 125,591.57 | - | - | - | - | - | - | - | - | 125,591.57 |
| Xinhua Yingxuan (Beijing) Screen Culture Co., Ltd. ("Xinhua Yingxuan") | - | - | - | - | - | - | - | - | - | (5,042,726.27) |
| Tianjin Tianxi Zhongda Cultural Development Co., Ltd. ("Tianxi Zhongda") (Note 4) | 21,801,177.68 | - | - | 1,855,027.94 | - | - | - | - | - | 23,656,205.62 |
| Huaxuan Yinshi (Beijing) Cultural Communication Co., Ltd. ("Huaxuan Yinshi") (Note 5) | 538,292.30 | - | - | 34,962.94 | - | - | (28,000.00) | - | - | 545,255.24 |
| Hainan Phoenix Xinhua Publishing and Distribution Co., Ltd. ("Hainan Phoenix") (Note 6) | 336,629,133.67 | - | - | 10,673,504.03 | - | - | (16,700,671.32) | - | - | 330,601,966.38 |
| Sichuan Cuiya Education Technology Co., Ltd. ("Cuiya Education") (Note 7) | - | - | - | 96,870.47 | - | - | - | - | - | 96,870.47 |
| Sichuan Digital World Culture Technology Co., Ltd. ("Digital World") (Note 8) | 5,053,847.72 | 4,900,000.00 | - | 671,768.75 | - | - | - | - | - | 10,625,616.47 |
| Subtotal | 467,752,914.22 | 4,900,000.00 | - | 12,298,805.31 | - | - | (19,780,586.82) | - | - | 465,171,132.71 |
| Total | 771,481,018.72 | 4,900,000.00 | - | 51,321,668.80 | - | - | (21,380,586.82) | - | - | 806,322,100.70 |
| | | | | | | | | | | (6,647,345.57) |

Notes to the Financial Statements

For the year ended 31 December 2024

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

11 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 June 2017, Sichuan Xinhua Winshare Logistics Co., Ltd. (former name: Sichuan Wenchuan Logistics Co., Ltd.) ("**Winshare Logistics**"), a subsidiary of the Company, entered into an 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. On 20 April 2023, Winshare Logistics transferred 45% of the equity interests in Winshare BLOGIS it held to the Company at RMB46,234,600.00. According to the latest articles of association of Winshare BLOGIS, 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. Therefore, Winshare BLOGIS is an associate of the Group.

Note 3: 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 4: 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. 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.

Note 5: 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 Huaxuan Yinshi, with a shareholding proportion of 40%, 30% and 30% respectively. According to the articles of association, the resolutions of Huaxuan 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, Huaxuan Yinshi is an associate of the Group.

Notes to the Financial Statements

For the year ended 31 December 2024

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

11 Long-term equity investments (Continued)

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

Note 6: 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 7: 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, Chengdu 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.

Note 8: On 12 March 2023, Sichuan Digital Publishing Co., Ltd. ("Digital Publishing"), a subsidiary of the Company, and Sichuan New Media Group Co., Ltd. jointly established Digital World, with the shareholding ratios of the two parties being 49% and 51%, respectively. According to the articles of association of Digital World, the Group has appointed a director to Digital World, and can exert significant influence on Digital World. Therefore, Digital World is an associate of the Group.

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

| Item | 31 December 2024 | | 31 December 2023 | |
|------------------|--|---|--|---|
| | Unrecognized investment losses for the current year RMB | Accumulated unrecognized investment losses RMB | Unrecognized investment losses for the current year RMB | Accumulated unrecognized investment losses RMB |
| Guizhou Winshare | – | 5,557,990.70 | – | 5,557,990.70 |
| Fudou Technology | 273,977.79 | 4,381,733.36 | 520,055.33 | 4,107,755.57 |
| Cuiya Education | (2,737.51) | – | (95,946.05) | 2,737.51 |
| Xinhua Yingxuan | 14,996,970.24 | 31,115,971.50 | 15,322,580.56 | 16,119,001.26 |
| Total | 15,268,210.52 | 41,055,695.56 | 15,746,689.84 | 25,787,485.04 |

Notes to the Financial Statements

For the year ended 31 December 2024

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

12 Other equity instrument investments

(1) Details of other equity instruments investments

| Item | Changes in the current year | | | | | | | | | |
|--|------------------------------|------------------------|------------------------|--|--|--------|--------------------------------|--|---|---|
| | Balance as at 1 January 2024 | Increase in investment | Decrease in investment | Gain included in other comprehensive income for the current year | Loss included in other comprehensive income for the current year | Others | Balance as at 31 December 2024 | Dividend income recognized in the current year | Accumulated gain included in other comprehensive income | Accumulated loss included in other comprehensive income |
| | RMB | RMB | RMB | RMB | RMB | RMB | RMB | RMB | RMB | RMB |
| Anhui Xinhua Media Co., Ltd. ("Wan Xin Media") | 866,248,000.00 | - | - | 48,609,600.00 | - | - | 914,857,600.00 | 50,479,200.00 | 728,442,272.00 | - |
| Jiangsu Hagon Intelligent Robot Co., Ltd. ("HGZN") | 528,195.93 | - | - | - | 90,048.67 | - | 438,147.26 | - | - | 345,409.58 |
| Bank of Chengdu Co., Ltd. ("Bank of Chengdu") | 900,800,000.00 | - | - | 468,000,000.00 | - | - | 1,368,800,000.00 | 71,744,000.00 | 1,128,800,000.00 | - |
| Others | 375,393.81 | - | - | - | - | - | 375,393.81 | - | - | 1,646,699.35 |
| Total | 1,767,951,589.74 | - | - | 516,609,600.00 | 90,048.67 | - | 2,284,471,141.07 | 122,223,200.00 | 1,857,242,272.00 | 1,992,108.93 |

(2) There was no derecognition in the current year.

Notes to the Financial Statements

For the year ended 31 December 2024

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

13 Other non-current financial assets

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|---|-------------------------|-------------------------|
| Citic Buyout Investment Fund (Shenzhen) Partnership (Limited Partnership) (Note 1) | 54,735,996.10 | 73,747,350.58 |
| Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership (Limited Partnership) ("Winshare Hengxin") (Note 2) | 37,271,655.94 | 44,208,480.95 |
| Qingdao Goldstone Zhixin Investment Center (Limited Partnership) ("Qingdao Goldstone") (Note 3) | 110,225.19 | 293,410.55 |
| Ningbo Meishan Free Trade Port Winshare Dingsheng Equity Investment Partnership (Limited Partnership) (Note 4) | 77,397,665.02 | 77,426,838.97 |
| Xinhua Internet E-commerce Co., Ltd. ("Xinhua Internet") (Note 5) | 1,055,422.24 | 3,000,000.00 |
| Sichuan Culture Investment Jinwen Equity Investment Fund Partnership (Limited Partnership) (Note 6) | 39,898,387.42 | 39,939,517.81 |
| Goldstone Growth Equity Investment (Hangzhou) Partnership (Limited Partnership) (Note 7) | 31,263,184.99 | 29,927,440.57 |
| CICC Qichen Phase II (Wuxi) Emerging Industry Equity Investment Fund Partnership (Limited Partnership) ("CICC Qichen") (Note 8) | 119,730,029.16 | 122,853,320.14 |
| Sinopec Marketing Co., Ltd. ("Sinopec Marketing Company") (Note 9) | 61,365,524.00 | 57,686,589.45 |
| Total | 422,828,090.06 | 449,082,949.02 |

Notes to the Financial Statements

For the year ended 31 December 2024

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

13 Other non-current financial assets *(Continued)*

Note 1: Losses from changes in fair values for 2024 were RMB4,010,872.57 (2023: losses of RMB28,850,254.10), and the recovery of the exit money due to liquidation of investment project totaled RMB15,000,481.91 (2023: RMB31,877,636.39).

Note 2: Losses from changes in fair values for 2024 were RMB6,936,825.01 (2023: gains of RMB29,952,477.91), and the recovery of the exit money due to liquidation of investment project totaled RMB0 (2023: RMB127,687,257.39).

Note 3: The fund was in liquidation. In 2023, the fund transferred the equity interest it held in Sinopec Marketing Company to Winshare Investment. Losses from changes in fair values for the current period were RMB183,185.36.

Note 4: Gains from changes in fair values for 2024 were RMB177,403.60 (2023: losses of RMB27,659,333.65), new investment cost amounted to RMB0 (2023: RMB28,420,265.77) and the recovery of the exit money due to liquidation of investment project amounted to RMB206,577.55 (2023: RMB20,403,332.08).

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 1.39%. Losses from changes in fair value for 2024 were RMB1,944,577.76.

Note 6: On 1 August 2023, the Company entered into a partnership agreement to invest RMB40,000,000.00 in Sichuan Culture Investment Jinwen Equity Investment Fund Partnership (Limited Partnership), holding 19.90% subscription ratio of its limited partner interest. Losses from changes in fair value for the current year were RMB41,130.39.

Under the partnership agreement, the general partner is the executive partner of the partnership who has exclusive power over the management and control of the partnership's operations, partnership investment business, and other matters. The distributable cash generated by the partnership from project investment shall be distributed to each partner in proportion to their respective paid-in capital contribution.

Note 7: On 21 July 2023, Winshare Investment, a subsidiary of the Company, signed a partnership agreement to invest RMB30,000,000.00 in Goldstone Growth Equity Investment (Hangzhou) Partnership (Limited Partnership), holding 3.05% subscription ratio of its limited partner shares. Gains from changes in fair value for the current year were RMB1,335,744.42.

According to the partnership agreement, the general partner is the executive partner of the partnership and has exclusive power to manage and control the operation of the partnership, the investment business of the partnership and other matters. The distributable cash generated by the partnership due to the project investment shall be distributed among all partners according to the proportion of their interests in the relevant investment, and the part attributable to the limited partners shall first be returned to their capital contributions until the accumulative distributed amount reaches their current actual capital contributions. The partnership shall give priority to the limited partners according to the simple interest calculation of 8% per annum. After the above distribution, 80% of the balance shall go to the limited partners and 20% to the general partner.

Notes to the Financial Statements

For the year ended 31 December 2024

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

13 Other non-current financial assets *(Continued)*

Note 8: On 18 April 2023, Winshare Investment, a subsidiary of the Company, signed a partnership agreement to invest in CICC Qichen at an amount of RMB120,000,000.00, holding 8.73% subscription ratio of its limited partner share. In the current year, losses from changes in fair value were RMB2,030,933.43, and liquidation and exit funds of RMB1,092,357.55 (2023: RMB0) were recovered from the investment project.

According to the partnership agreement, the general partner is the executive partner of the partnership and has exclusive power to manage and control the operation of the partnership, the investment business of the partnership and other matters. The distributable cash generated by the partnership due to the project investment shall be distributed among all partners according to the proportion of their interests in the relevant investment, and the part attributable to the limited partners shall first be returned to their capital contributions until the accumulative distributed amount reaches their current actual capital contributions. The partnership shall give priority to the limited partners according to the simple interest calculation of 8% per annum. Under the premise of meeting the agreed distribution order, the general partners shall withdraw the income share, and the total income share shall be 20% of the total income of the limited partners. After the above distribution, 80% of the balance shall go to the limited partners and 20% to the general partner.

Note 9: Gains from changes in fair value for 2024 were RMB3,678,934.55.

Please refer to Notes XI 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 2024

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

14 Investment properties

Investment properties measured at cost

| Item | Buildings RMB |
|------------------------------|------------------|
| I. Cost | |
| 1 January 2024 | 137,379,557.27 |
| Increase in the current year | – |
| Decrease in the current year | 17,287,668.90 |
| Transfer to fixed assets | 17,287,668.90 |
| 31 December 2024 | 120,091,888.37 |
| II. Accumulated depreciation | |
| 1 January 2024 | 43,233,105.54 |
| Increase in the current year | 6,089,532.57 |
| Provision | 6,089,532.57 |
| Decrease in the current year | 5,832,436.85 |
| Transfer to fixed assets | 5,832,436.85 |
| 31 December 2024 | 43,490,201.26 |
| III. Carrying amount | |
| 31 December 2024 | 76,601,687.11 |
| 31 December 2023 | 94,146,451.73 |

Investment properties of which certificates of title that have not been obtained at the end of the current year

| Item | Carrying amount RMB | Reasons why certificates of title have not been obtained |
|--|---------------------------|---|
| Buildings of Zhonggulou under Mianning Branch of Liangshanzhou Xinhua Bookstore | 10,456,334.22 | 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 2024

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

15 Fixed assets

(1) Fixed assets

| Item | Buildings RMB | Machinery and equipment RMB | Electronic equipment and others RMB | Transportation vehicles RMB | Total RMB |
|---|------------------|-----------------------------------|--|-----------------------------------|------------------|
| I. Cost | | | | | |
| 1 January 2024 | 3,022,488,079.44 | 352,318,764.52 | 225,112,096.92 | 128,254,795.27 | 3,728,173,736.15 |
| Increase in the current year | 90,365,378.09 | 27,422,969.62 | 17,547,173.55 | 223,898.63 | 135,559,419.89 |
| (1) Acquisition | 48,563,608.29 | 27,422,969.62 | 17,547,173.55 | 223,898.63 | 93,757,650.09 |
| (2) Transfer from construction in progress | 24,514,100.90 | - | - | - | 24,514,100.90 |
| (3) Transfer from investment properties | 17,287,668.90 | - | - | - | 17,287,668.90 |
| Decrease in the current year | 3,677,596.61 | 10,577,874.28 | 22,423,232.73 | 3,759,693.08 | 40,438,396.70 |
| (1) Disposal | 3,677,596.61 | 10,577,874.28 | 22,423,232.73 | 3,759,693.08 | 40,438,396.70 |
| 31 December 2024 | 3,109,175,860.92 | 369,163,859.86 | 220,236,037.74 | 124,719,000.82 | 3,823,294,759.34 |
| II. Accumulated depreciation | | | | | |
| 1 January 2024 | 831,690,505.10 | 276,075,320.84 | 164,093,317.56 | 75,560,424.68 | 1,347,419,568.18 |
| Increase in the current year | 101,662,990.55 | 14,325,131.30 | 26,437,354.89 | 13,428,874.33 | 155,854,351.07 |
| (1) Provision | 95,830,553.70 | 14,325,131.30 | 26,437,354.89 | 13,428,874.33 | 150,021,914.22 |
| (2) Transfer from investment properties | 5,832,436.85 | - | - | - | 5,832,436.85 |
| Decrease in the current year | 3,675,457.68 | 10,109,356.30 | 22,320,319.87 | 3,605,522.10 | 39,710,655.95 |
| (1) Disposal | 3,675,457.68 | 10,109,356.30 | 22,320,319.87 | 3,605,522.10 | 39,710,655.95 |
| 31 December 2024 | 929,678,037.97 | 280,291,095.84 | 168,210,352.58 | 85,383,776.91 | 1,463,563,263.30 |
| III. Provision for impairment of fixed assets | | | | | |
| 1 January 2024 | 15,996.52 | - | - | - | 15,996.52 |
| Increase in the current year | - | - | - | - | - |
| 31 December 2024 | 15,996.52 | - | - | - | 15,996.52 |
| IV. Carrying amount | | | | | |
| 31 December 2024 | 2,179,481,826.43 | 88,872,764.02 | 52,025,685.16 | 39,335,223.91 | 2,359,715,499.52 |
| 31 December 2023 | 2,190,781,577.82 | 76,243,443.68 | 61,018,779.36 | 52,694,370.59 | 2,380,738,171.45 |

Notes to the Financial Statements

For the year ended 31 December 2024

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

15 Fixed assets (Continued)

(2) Fixed assets of which certificates of title have not been obtained at the end of the year

| Item | Carrying amount RMB | Reasons why certificates of title have not been obtained |
|--|------------------------|--|
| Office building (Beijing Branch) | 50,940,314.24 | In process |
| Warehouse and office building (Sichuan Longquan) | 6,791,008.91 | In process |
| Warehouse and office building (Sichuan Peng'an) | 4,138,293.70 | In process |
| Warehouse and office building (Sichuan Guang'an) | 7,606,006.87 | In process |
| Warehouse and office building (Yilong) | 12,530,563.00 | In process |
| Warehouse and office building (Bazhong) | 13,149,989.72 | In process |
| Warehouse and office building (Suining) | 20,931,540.47 | In process |
| Warehouse and office building (Dazhu) | 22,039,702.85 | In process |
| Warehouse and office building (Yingshan) | 17,200,766.35 | In process |
| Total | 155,328,186.11 | |

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.

Notes to the Financial Statements

For the year ended 31 December 2024

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

16 Construction in progress

Details of construction in progress are as follows:

| Item | 31 December 2024 | | | 31 December 2023 | | |
|--|------------------|---------------|---------------|------------------|---------------|---------------|
| | Book | Provision for | Carrying | Book | Provision for | Carrying |
| | balance | impairment | amount | balance | impairment | amount |
| | RMB | RMB | RMB | RMB | RMB | RMB |
| Publishing and Media Creativity | | | | | | |
| Centre secondary installation project | - | - | - | 93,073.99 | - | 93,073.99 |
| Yuexi County Xinhua Bookstore comprehensive building construction project | 3,555,482.36 | - | 3,555,482.36 | 14,488,393.95 | - | 14,488,393.95 |
| Muli County Xinhua Bookstore complex building construction project | - | - | - | 9,799,530.00 | - | 9,799,530.00 |
| Xichang Xinhua Bookstore storage and logistics base construction project | 30,909,699.44 | - | 30,909,699.44 | 10,807,822.51 | - | 10,807,822.51 |
| Liangshanzhou Xinhua Bookstore Co., Ltd. | | | | | | |
| Yanyuan County Branch's textbook warehouse and business comprehensive room project | 35,735,835.83 | - | 35,735,835.83 | 1,224,046.98 | - | 1,224,046.98 |
| Xinhua Winshare Bazhong Study and Practice Education Camp | 1,657,461.28 | - | 1,657,461.28 | 1,645,439.48 | - | 1,645,439.48 |
| Others | 1,812,393.24 | - | 1,812,393.24 | 1,491,662.20 | - | 1,491,662.20 |
| Total | 73,670,872.15 | - | 73,670,872.15 | 39,549,969.11 | - | 39,549,969.11 |

Notes to the Financial Statements

For the year ended 31 December 2024

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

16 Construction in progress (Continued)

Changes in construction in progress for the current year

| Name of item | Budget amount RMB | 1 January 2024 RMB | Increase in the current year RMB | Transfer to fixed assets for the current year RMB | Transfer to others RMB | 31 December 2024 RMB | Amount injected as a proportion of budget amount (%) | Construction progress (%) | Amount of accumulated capitalized interest for the current year RMB | Including: Capitalized interest for the current year RMB | Interest capitalization rate for the year (%) | Source of funds |
|---|----------------------|-----------------------|-------------------------------------|--|---------------------------|-------------------------|--|---------------------------|--|---|---|------------------|
| Publishing and Media Creativity Centre secondary installation project | 9,440,000.00 | 93,073.99 | 110,075.60 | 203,149.59 | - | - | 91.01 | 100.00 | - | - | - | - self-financing |
| Yuexi County Xinhua Bookstore comprehensive building construction project | 24,500,000.00 | 14,488,393.95 | 3,544,301.46 | 14,477,213.05 | - | 3,555,482.36 | 73.60 | 73.60 | - | - | - | - self-financing |
| Muli County Xinhua Bookstore complex building construction project | 9,989,400.00 | 9,799,530.00 | - | 9,799,530.00 | - | - | 98.10 | 100.00 | - | - | - | - self-financing |
| Xichang Xinhua Bookstore storage and logistics base construction project | 48,000,000.00 | 10,807,822.51 | 20,101,876.93 | - | - | 30,909,699.44 | 64.40 | 64.40 | - | - | - | - self-financing |
| Liangshanzhou Xinhua Bookstore Co., Ltd. Yanyuan County Branch's textbook warehouse and business comprehensive room project | 75,797,700.00 | 1,224,046.98 | 34,511,788.85 | - | - | 35,735,835.83 | 47.15 | 47.15 | - | - | - | - self-financing |
| Xinhua Winshare Bazhong Study and Practice Education Camp | 93,414,600.00 | 1,645,439.48 | 12,021.80 | - | - | 1,657,461.28 | 1.77 | 1.77 | - | - | - | - self-financing |
| Others | - | 1,491,662.20 | 354,939.30 | 34,208.26 | - | 1,812,393.24 | - | - | - | - | - | self-financing |
| Total | | 39,549,969.11 | 58,635,003.94 | 24,514,100.90 | - | 73,670,872.15 | | | - | - | - | - |

Notes to the Financial Statements

For the year ended 31 December 2024

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

17 Right-of-use assets

(1) Details of right-of-use assets

| Item | Buildings RMB |
|-------------------------------|------------------|
| I. Cost | |
| 1 January 2024 | 673,227,436.40 |
| Increase in the current year | 32,246,376.50 |
| Decrease in the current year | 117,909,691.71 |
| 31 December 2024 | 587,564,121.19 |
| II. Accumulated depreciation | |
| 1 January 2024 | 374,137,433.20 |
| Provision in the current year | 94,616,036.23 |
| Decrease in the current year | 115,762,314.58 |
| 31 December 2024 | 352,991,154.85 |
| III. Carrying amount | |
| 31 December 2024 | 234,572,966.34 |
| 31 December 2023 | 299,090,003.20 |

The lease term of buildings of the Group mainly ranged from 1 to 15 years.

(2) Amount recognized in the profit or loss

| Building | 2024 RMB | 2023 RMB |
|--|---------------|---------------|
| Depreciation expense for right-of-use assets (Note 1) | 94,616,036.23 | 94,322,043.91 |
| Interest expense on lease liabilities (Note 2) | 12,174,507.63 | 17,132,565.00 |
| Short-term lease expenses | 11,689,316.40 | 19,476,278.66 |
| Variable lease payments not included in the measurement of lease liabilities | 2,432,477.46 | 2,303,583.50 |

Note 1: In 2024, there was no depreciation expense for right-of-use assets capitalized (2023: nil).

Note 2: In 2024, there was no interest expense on lease liabilities capitalized (2023: nil).

Notes to the Financial Statements

For the year ended 31 December 2024

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

17 Right-of-use assets (Continued)

(3) The total cash outflow for leases for 2024 was RMB128,530,376.99 (2023: RM134,010,474.38).

18 Intangible assets

Intangible assets

| Item | Land use rights RMB | Patent RMB | Software RMB | Others RMB | Total RMB |
|------------------------------------|---------------------------|---------------|-----------------|---------------|----------------|
| I. Cost | | | | | |
| 1 January 2024 | 409,991,434.62 | 12,545,446.42 | 278,225,929.41 | 10,544,319.86 | 711,307,130.31 |
| Increase in the current year | – | 953,896.94 | 7,920,330.47 | 1,087,410.23 | 9,961,637.64 |
| (1) Acquisition | – | – | 4,085,836.98 | 943,396.23 | 5,029,233.21 |
| (2) Transfer from development cost | – | 953,896.94 | 3,834,493.49 | 144,014.00 | 4,932,404.43 |
| Decrease in the current year | – | – | 672,641.51 | 3,129.90 | 675,771.41 |
| (1) Disposal | – | – | 672,641.51 | 3,129.90 | 675,771.41 |
| 31 December 2024 | 409,991,434.62 | 13,499,343.36 | 285,473,618.37 | 11,628,600.19 | 720,592,996.54 |
| II. Accumulated amortization | | | | | |
| 1 January 2024 | 128,209,613.50 | 9,252,931.94 | 196,130,286.60 | 5,431,320.58 | 339,024,152.62 |
| Increase in the current year | 9,515,855.42 | 1,357,666.94 | 31,505,639.48 | 932,609.87 | 43,311,771.71 |
| (1) Provision | 9,515,855.42 | 1,357,666.94 | 31,505,639.48 | 932,609.87 | 43,311,771.71 |
| Decrease in the current year | – | – | 190,755.08 | – | 190,755.08 |
| (1) Disposal | – | – | 190,755.08 | – | 190,755.08 |
| 31 December 2024 | 137,725,468.92 | 10,610,598.88 | 227,445,171.00 | 6,363,930.45 | 382,145,169.25 |
| III. Provision for impairment | | | | | |
| 1 January 2024 | – | 1,339,595.45 | 1,089,946.58 | – | 2,429,542.03 |
| Increase in the current year | – | – | – | – | – |
| Decrease in the current year | – | – | – | – | – |
| 31 December 2024 | – | 1,339,595.45 | 1,089,946.58 | – | 2,429,542.03 |
| IV. Carrying amount | | | | | |
| 31 December 2024 | 272,265,965.70 | 1,549,149.03 | 56,938,500.79 | 5,264,669.74 | 336,018,285.26 |
| 31 December 2023 | 281,781,821.12 | 1,952,919.03 | 81,005,696.23 | 5,112,999.28 | 369,853,435.66 |

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 7.57% (31 December 2023: 10.71%).

Notes to the Financial Statements

For the year ended 31 December 2024

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

19 Goodwill

(1) Cost of goodwill

| Name of the investee or item resulting in goodwill | 1 January 2024 RMB | Increase in the current year Incurred by business combination RMB | Decrease in the current year Changes in scope of consolidation RMB | 31 December 2024 RMB |
|--|-----------------------|--|---|-------------------------|
| Acquisitions of fifteen publishing companies | 500,571,581.14 | - | - | 500,571,581.14 |
| Acquisition of Liangshanzhou Xinhua Bookstore | 122,081,326.10 | - | - | 122,081,326.10 |
| Others | 544,629.46 | - | - | 544,629.46 |
| Total | 623,197,536.70 | - | - | 623,197,536.70 |

(2) Provision for impairment loss of goodwill

| Name of the investee or item resulting in goodwill | 1 January 2024 RMB | Increase in the current year Incurred by business combination RMB | Decrease in the current year Changes in scope of consolidation RMB | 31 December 2024 RMB |
|--|-----------------------|--|---|-------------------------|
| Acquisitions of fifteen publishing companies | - | - | - | - |
| Acquisition of Liangshanzhou Xinhua Bookstore | - | - | - | - |
| Others | 544,629.46 | - | - | 544,629.46 |
| Total | 544,629.46 | - | - | 544,629.46 |

Notes to the Financial Statements

For the year ended 31 December 2024

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

19 Goodwill (Continued)

(3) Information related to the asset group or asset group combination where goodwill is located

| Name | Composition and basis of asset group or asset group combination | Business segment and basis | Consistent with previous year |
|---|--|---|-------------------------------|
| Three of the fifteen publishing companies | The Group acquired fifteen publishing companies on 31 August 2010, resulting in goodwill of RMB500,571,581.14, which was allocated to the relevant asset group, namely three of the fifteen publishing companies in the publication segment. | The business type is publishing business, so it belongs to the publication segment. | Yes |
| Liangshanzhou Xinhua Bookstore | The Group acquired Liangshanzhou Xinhua Bookstore on 31 December 2022, resulting in goodwill of RMB122,081,326.10, which was allocated to the relevant asset group, namely Liangshanzhou Xinhua Bookstore. | The business type is textbooks and supplementary materials distribution and general books sale business, so it belongs to the distribution segment. | Yes |
| Others | N/A | N/A | Yes |

Notes to the Financial Statements

For the year ended 31 December 2024

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

19 Goodwill (Continued)

(4) Detailed determination method of recoverable amount

The recoverable amount is determined according to the present value of the expected future cash flow

| Item | Carrying value (Note 1) | Recoverable amount | Impairment amount | Forecast period | Key parameters of forecast | | Basis for the determination of parameters of forecast period | Key parameters of stable period | | Basis for the determination of key parameters of stable period |
|---|-------------------------|--------------------|-------------------|-----------------|---|-------------------------------|--|--|-------------------------------------|--|
| | | | | | period | profit margin, etc.) (Note 2) | | period | profit margin, discount rate, etc.) | |
| Three of the fifteen publishing companies | 3,161,660,395.29 | 5,038,114,133.39 | - | 5 years | Growth rate: -8%-3% Profit margin: 34.07%-40.64% | | Determined based on the performance achieved in the previous five years of the historical years (2020 to 2024) | Growth rate: 1% Profit margin: 35.01% Discount rate: 13%-14% | | The growth rate and profit margin are consistent with the last forecast year; the discount rate is formulated based on the specific risks of the publishing business. |
| Liangshanzhou Xinhua Bookstore | 1,069,727,888.10 | 1,472,477,593.17 | - | 5 years | Growth rate: 1%-2% Profit margin: 21.39%-28.61% | | Determined based on the performance achieved in the previous five years of the historical years (2020 to 2024) | Growth rate: 1% Profit margin: 21.39% Discount rate: 13%-14% | | The growth rate and profit margin are consistent with the last forecast year; the discount rate is formulated based on the specific risks of the textbooks and supplementary materials distribution and general books sale business. |
| Total | 4,231,388,283.39 | 6,510,591,726.56 | - | | | | | | | |

Note 1: Carrying value is the amount of an asset or an asset group with goodwill included.

Note 2: Mainly affected by factors including the adjustments of national education policies and internal business adjustment, it is expected that the revenue of the asset group "three of the fifteen publishing companies" will decrease by 8% in 2025, and the growth rate of revenue will be 2%-3% from 2026 to 2029.

Notes to the Financial Statements

For the year ended 31 December 2024

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

20 Long-term prepaid expenses

| Item | 1 January 2024 RMB | Increase in the current year RMB | Amortization for the year RMB | 31 December 2024 RMB |
|-----------------------|-----------------------|--|-------------------------------------|-------------------------|
| Leasehold improvement | 32,912,739.26 | 13,916,139.99 | 21,385,710.29 | 25,443,168.96 |
| Others | 27,944.42 | 1,283,185.84 | 294,534.79 | 1,016,595.47 |
| Total | 32,940,683.68 | 15,199,325.83 | 21,680,245.08 | 26,459,764.43 |

21 Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets not yet offset

| Item | 31 December 2024 | | 31 December 2023 | |
|---|-------------------------------------|---------------------|-------------------------------------|---------------------|
| | Deductible temporary differences | Deferred tax assets | Deductible temporary differences | Deferred tax assets |
| | RMB | RMB | RMB | RMB |
| Provision for impairment losses of assets | 31,818,343.56 | 7,215,301.85 | 808,139,056.44 | 124,465,419.71 |
| Employee benefits payable | - | - | 60,774,016.72 | 9,116,102.51 |
| Deferred income | - | - | 32,457,656.43 | 4,868,648.46 |
| Expected returns of goods | - | - | 117,788,324.69 | 17,668,248.70 |
| Lease liabilities | 37,429,271.34 | 5,614,390.70 | 308,430,484.50 | 46,264,572.68 |
| Total | 69,247,614.90 | 12,829,692.55 | 1,327,589,538.78 | 202,382,992.06 |

Note: In accordance with the Announcement on the Continuous Implementation of Tax Policies for the Transformation of Operating Cultural Institutions into Enterprises of Cultural System Reform (Cai Shui [2023] No. 71) issued by the MoF, State Taxation Administration and Publicity Department, in 2023, the management of the Group expected that the Company and its subsidiaries, Beijing Shuchuan, Xinhua Online, Sichuan Cultural Communication and the Company's thirteen publishing units would no longer enjoy enterprise income tax exemption from 1 January 2024. Accordingly, the management of the Group recognized deferred tax assets and deferred tax liabilities respectively for the temporary differences of the above-mentioned companies according to their future applicable tax rate of 15%.

On 6 December 2024, the MoF, State Administration of Taxation and Publicity Department issued the Announcement on Tax Policies for the Transformation of Operating Cultural Institutions into Enterprises of Cultural System Reform (Announcement of the MoF, State Administration of Taxation and Publicity Department No. 20 of 2024), pursuant to which the Company and its subsidiaries, Beijing Shuchuan, Xinhua Online, Sichuan Cultural Communication and the Company's fourteen publishing units enjoy enterprise income tax exemption from the registration date of transformation until 31 December 2027. Accordingly, the abovementioned companies is expected to reverse the corresponding deferred tax assets and deferred tax liabilities from the temporary differences realized before 31 December 2027.

Notes to the Financial Statements

For the year ended 31 December 2024

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

21 Deferred tax assets/deferred tax liabilities (Continued)

(2) Deferred tax liabilities not yet offset

| Item | 31 December 2024 | | 31 December 2023 | |
|---|----------------------|--------------------------|----------------------|--------------------------|
| | Deductible temporary | Deferred tax liabilities | Deductible temporary | Deferred tax liabilities |
| | differences | | differences | |
| | RMB | RMB | RMB | RMB |
| Asset valuation appreciation due to business combination not involving enterprises under common control | 61,260,903.66 | 15,315,225.91 | 64,981,412.98 | 16,245,353.24 |
| Changes in the fair value of other equity instrument investments | 138,879.88 | 34,719.97 | 1,340,861,600.62 | 201,152,132.96 |
| Changes in the fair value of other non-current financial assets | 5,604,886.57 | 1,401,221.64 | 54,442,851.30 | 9,122,802.48 |
| Asset valuation appreciation of subsidiaries due to restructuring (Note 1) | 192,399,633.76 | 48,099,908.44 | 207,635,209.00 | 51,908,802.25 |
| Right-of-use assets | 37,429,271.34 | 5,614,390.70 | 283,367,159.00 | 42,505,073.85 |
| Investment in associates accounted for using the equity method | - | - | 220,314,312.23 | 33,047,146.83 |
| Refund costs receivable | - | - | 104,169,454.67 | 15,625,418.19 |
| Others | 41,593.64 | 10,398.41 | 210,752.30 | 10,816.01 |
| Total | 296,875,168.85 | 70,475,865.07 | 2,275,982,752.10 | 369,617,545.81 |

Note 1: The item refers to the deferred tax liabilities recognized as a result of the asset appreciation during the restructuring of Liangshanzhou Xinhua Bookstore.

Notes to the Financial Statements

For the year ended 31 December 2024

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

21 Deferred tax assets/deferred tax liabilities (Continued)

(3) Deferred tax assets or liabilities, net of offsetting amount

| Item | Offsetting amount of deferred tax assets and liabilities at the end of the current year RMB | Balance of deferred tax assets or liabilities, net of offsetting amount, at the end of the current year RMB | Offsetting amount of deferred tax assets and liabilities at the beginning of the current year RMB | Balance of deferred tax assets or liabilities, net of offsetting amount, at the beginning of the current year RMB |
|--------------------------|--|--|--|--|
| Deferred tax assets | 5,614,390.70 | 7,215,301.85 | 151,981,738.44 | 50,401,253.62 |
| Deferred tax liabilities | 5,614,390.70 | 64,861,474.37 | 151,981,738.44 | 217,635,807.37 |

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

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|----------------------------------|-------------------------|-------------------------|
| Deductible temporary differences | 704,437,478.80 | 667,962,551.16 |
| Deductible taxable losses | 112,939,364.59 | 135,859,733.81 |
| Total | 817,376,843.39 | 803,822,284.97 |

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

Notes to the Financial Statements

For the year ended 31 December 2024

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

21 Deferred tax assets/deferred tax liabilities (Continued)

- (5) Deductible losses, for which no deferred tax assets are recognized, will expire in the following years

| Year | 31 December 2024 RMB | 31 December 2023 RMB |
|-------|-------------------------|-------------------------|
| 2024 | — | 25,586,383.06 |
| 2025 | 13,721,486.61 | 16,809,175.90 |
| 2026 | 18,151,489.04 | 21,407,684.45 |
| 2027 | 19,894,932.07 | 34,581,267.42 |
| 2028 | 37,475,222.98 | 37,475,222.98 |
| 2029 | 23,696,233.89 | — |
| Total | 112,939,364.59 | 135,859,733.81 |

22 Other non-current assets

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|--|-------------------------|-------------------------|
| VAT input tax to be deducted | — | 8,670,076.79 |
| Prepaid purchase price for property | — | 41,875,311.40 |
| Term deposits and bank certificates of large amount deposit (Note 1) | 1,930,007,651.28 | 756,272,309.80 |
| Quality guarantee money | 11,067,468.46 | 13,497,664.54 |
| Prepaid price for equipment | 19,554,798.00 | 9,761,080.00 |
| Others | 41,085,829.79 | 35,355,838.00 |
| Total | 2,001,715,747.53 | 865,432,280.53 |

Note 1: Time deposits and bank certificates of large amount deposit and interests that the Group does not intend to withdraw in advance within one year, with corresponding interest rates ranging 2.15%-3.55% (31 December 2023: 2.90%-3.55%).

Notes to the Financial Statements

For the year ended 31 December 2024

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

23 Short-term borrowings

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|-------------------|-------------------------|-------------------------|
| Credit borrowings | 10,000,000.00 | 10,000,000.00 |
| Total | 10,000,000.00 | 10,000,000.00 |

At the end of 2024, short-term borrowing was a “Tianfu Wenchandai” borrowing by Winshare International Cultural Communication Co., Ltd. (“Winshare International”), a subsidiary of the Group, from Bank of Chengdu Co., Ltd. Qintai Sub-branch in 2024. The principal of the borrowing was RMB10,000,000.00, and the loan period was from 5 December 2024 to 4 December 2025. The contractual interest rate was the 1-year loan prime rate announced by the National Interbank Funding Center on the working day before the contract signing date.

24 Notes payable

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|-----------------------------|-------------------------|-------------------------|
| Commercial acceptance bills | — | 25,998,203.87 |
| Bank acceptance bills | 4,486,667.50 | 10,301,479.94 |
| Total | 4,486,667.50 | 36,299,683.81 |

As at 31 December 2024, the Group’s deposit for the above-mentioned bank acceptance bills was RMB1,143,195.20 (31 December 2023: RMB3,315,689.99).

At the end of the current year, the Group’s bank acceptance bills were due within three months.

Notes to the Financial Statements

For the year ended 31 December 2024

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

25 Accounts payable

Details of aging analysis of accounts payable are as follows:

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|---|-------------------------|-------------------------|
| Within 1 year | 4,281,192,649.53 | 4,146,690,498.29 |
| More than 1 year but not exceeding 2 years | 529,920,928.25 | 719,572,866.87 |
| More than 2 years but not exceeding 3 years | 186,994,251.27 | 260,061,257.71 |
| More than 3 years | 454,924,646.54 | 343,733,473.89 |
| Total | 5,453,032,475.59 | 5,470,058,096.76 |

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

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|----------------------------------|-------------------------|-------------------------|
| Advanced receipts for sold goods | 603,137,849.05 | 607,247,731.49 |
| Membership card points | 730,016.64 | 614,096.99 |
| Total | 603,867,865.69 | 607,861,828.48 |

- (2) The important contract liabilities aged over 1 year were mainly pre-stored recharge cards amounted to RMB302,918,723.09.

Notes to the Financial Statements

For the year ended 31 December 2024

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

26 Contract liabilities (Continued)

- (3) The significant changes in the balance of the Group's contract liabilities this year were as follows:

| Item | Amount of changes RMB | Reason for change |
|----------------------------------|--------------------------|---|
| Advanced receipts for sold goods | 304,329,008.40 | Revenue recognized for the amount included in the opening carrying amount of contract liabilities |
| Advanced receipts for sold goods | 300,219,125.96 | Amount increased due to cash received |

(4) 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

| Item | 1 January 2024 RMB | Increase in the current year RMB | Decrease in the current year RMB | 31 December 2024 RMB |
|--|-----------------------|--|--|-------------------------|
| I. Short-term benefits | 786,773,639.37 | 1,700,983,582.85 | 1,585,184,347.64 | 902,572,874.58 |
| II. Post-employment benefits – defined contribution plan | 8,357,069.31 | 249,960,170.71 | 252,070,250.16 | 6,246,989.86 |
| III. Termination benefits | – | 897,295.46 | 897,295.46 | – |
| Total | 795,130,708.68 | 1,951,841,049.02 | 1,838,151,893.26 | 908,819,864.44 |

Notes to the Financial Statements

For the year ended 31 December 2024

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

27 Employee benefits payable (Continued)

(2) Short-term benefits

| Item | 1 January 2024 RMB | Increase in the current year RMB | Decrease in the current year RMB | 31 December 2024 RMB |
|---|-----------------------|--|--|-------------------------|
| I. Wages or salaries, bonuses, allowances and subsidies | 670,176,946.86 | 1,416,779,248.16 | 1,316,401,418.56 | 770,554,776.46 |
| II. Staff welfare | – | 24,978,129.31 | 24,978,129.31 | – |
| III. Social security contributions | 315,117.10 | 86,641,190.25 | 86,384,425.24 | 571,882.11 |
| Including: Medical insurance | 299,884.27 | 81,785,364.50 | 81,714,275.96 | 370,972.81 |
| Work injury insurance | 15,232.83 | 2,344,290.88 | 2,342,664.41 | 16,859.30 |
| Other insurances | – | 2,511,534.87 | 2,327,484.87 | 184,050.00 |
| IV. Housing funds | 1,557,940.27 | 120,135,597.75 | 119,833,799.99 | 1,859,738.03 |
| V. Union running costs and employee education costs | 114,620,498.24 | 50,142,665.86 | 35,279,823.02 | 129,483,341.08 |
| VI. Others | 103,136.90 | 2,306,751.52 | 2,306,751.52 | 103,136.90 |
| Total | 786,773,639.37 | 1,700,983,582.85 | 1,585,184,347.64 | 902,572,874.58 |

(3) Defined contribution plan

| Item | 1 January 2024 RMB | Increase in the current year RMB | Decrease in the current year RMB | 31 December 2024 RMB |
|------------------------------------|-----------------------|--|--|-------------------------|
| I. Basic pension insurance | 434,157.09 | 156,965,330.36 | 156,849,058.14 | 550,429.31 |
| II. Unemployment insurance expense | 18,120.46 | 5,983,121.73 | 5,979,313.91 | 21,928.28 |
| III. Enterprise annuity | 7,904,791.76 | 87,011,718.62 | 89,241,878.11 | 5,674,632.27 |
| Total | 8,357,069.31 | 249,960,170.71 | 252,070,250.16 | 6,246,989.86 |

Notes to the Financial Statements

For the year ended 31 December 2024

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

27 Employee benefits payable (Continued)

(3) Defined contribution plan (Continued)

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 2023: 16% 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 RMB156,965,330.36 and RMB5,983,121.73 (2023: RMB144,740,793.66 and RMB5,402,175.72) to the pension insurance and unemployment insurance plans respectively. As at 31 December 2024, the outstanding contributions payable of RMB550,429.31 and RMB21,928.28 (31 December 2023: RMB434,157.09 and RMB18,120.46) of the Group are contributions due during the reporting period and yet to be paid to the pension insurance and unemployment insurance plans.

28 Taxes payable

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|---------------------------------------|-------------------------|-------------------------|
| Enterprise income tax | 6,228,024.72 | 6,070,260.69 |
| Value added tax | 25,714,163.17 | 41,069,510.55 |
| City construction and maintenance tax | 982,185.43 | 1,261,069.58 |
| Education surcharges | 711,527.04 | 919,240.22 |
| Individual income tax | 7,279,895.15 | 2,957,363.17 |
| Others | 1,108,506.99 | 18,219,605.14 |
| Total | 42,024,302.50 | 70,497,049.35 |

Notes to the Financial Statements

For the year ended 31 December 2024

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

29 Other payables

29.1 Total other payables

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|-------------------|-------------------------|-------------------------|
| Dividend payables | – | 222,091,380.00 |
| Other payables | 308,454,407.85 | 342,084,724.54 |
| Total | 308,454,407.85 | 564,176,104.54 |

29.2 Dividend payables

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|---|-------------------------|-------------------------|
| Dividend payables – Huasheng Industry | – | 9,600,480.00 |
| Dividend payables – Sichuan Xinhua Publishing and Distribution Group | – | 95,794,610.94 |
| Dividend payables – Other A Shareholders | – | 37,147,611.06 |
| Dividend payables – Other H Shareholders | – | 79,548,678.00 |
| Total | – | 222,091,380.00 |

Notes to the Financial Statements

For the year ended 31 December 2024

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

29 Other payables (Continued)

29.3 Other payables by nature

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|--|-------------------------|-------------------------|
| Amounts due to related parties | 5,828,100.16 | 7,455,829.98 |
| Security deposit/deposit/quality warranty/ performance security | 74,788,528.47 | 90,104,757.33 |
| Construction and infrastructure construction expenses | 41,613,253.23 | 39,583,858.78 |
| Amounts due to/from other entities | 4,193,341.42 | 6,844,834.63 |
| Others | 182,031,184.57 | 198,095,443.82 |
| Total | 308,454,407.85 | 342,084,724.54 |

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

30 Other current liabilities

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|---------------------------------|-------------------------|-------------------------|
| Government grants (Note IX 1) | 57,650,674.10 | 95,381,814.64 |
| Expected sales returns (Note 1) | 118,313,791.52 | 122,059,320.46 |
| Output tax to be transferred | 7,030,668.33 | 6,086,064.54 |
| Others | 1,330,668.00 | 1,330,668.00 |
| Total | 184,325,801.95 | 224,857,867.64 |

Note 1: 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 2024

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

31 Lease liabilities

| | 31 December 2024 RMB | 31 December 2023 RMB |
|---|-------------------------|-------------------------|
| Rents | 256,801,496.36 | 325,705,165.57 |
| Less: Lease liabilities included in non-current liabilities due within one year | 76,862,500.83 | 94,775,135.71 |
| Net | 179,938,995.53 | 230,930,029.86 |

32 Long-term employee benefits payable

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|--|-------------------------|-------------------------|
| Special payables – retirement benefits | – | 30,581,649.90 |

The amount represents the one-off provision for living allowance and other expenses of Liangshanzhou Xinhua Bookstore as approved by the Liangshanzhou State-owned Assets Supervision and Administration Commission (Liang Guo Zi [2022] No. 79) for retired employees who have completed the procedures for retirement before 30 November 2020, family members of deceased employees who have obtained the qualification before 30 November 2020 and employed staff who have completed the procedures for retirement before 30 November 2020.

33 Deferred income

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|-------------------|-------------------------|-------------------------|
| Government grants | 53,436,961.20 | 20,083,863.80 |

Notes to the Financial Statements

For the year ended 31 December 2024

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

33 Deferred income (Continued)

Items involving government grants:

| Item | 1 January 2024 RMB | New grants for the current year RMB | Credited to other income | | 31 December 2024 RMB | Reason of formation |
|-------------------|--------------------------|--|--------------------------------|---|----------------------------|-------------------------------------|
| | | | for the current year RMB | Other decrease for the current year RMB | | |
| Government grants | 16,081,896.46 | 5,786,870.62 | 6,247,905.59 | – | 15,620,861.49 | Government grants related to assets |
| Government grants | 4,001,967.34 | 56,518,071.09 | 22,703,938.72 | – | 37,816,099.71 | Government grants related to income |
| Total | 20,083,863.80 | 62,304,941.71 | 28,951,844.31 | – | 53,436,961.20 | |

34 Share capital

| Item | 1 January 2024 RMB | Changes for the current year | | | | | 31 December 2024 RMB |
|------------------------|-----------------------|-------------------------------|--------------------|--|---------------|-----------------|----------------------------|
| | | Issue of new shares RMB | Bonus issue RMB | Capitalization of surplus reserve RMB | Others RMB | Subtotal RMB | |
| 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 2024

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

35 Capital reserve

| Item | 1 January 2024 RMB | Increase in the current year RMB | Decrease in the current year RMB | 31 December 2024 RMB |
|--|--------------------------|--|--|----------------------------|
| Share capital premium | 2,491,560,219.79 | 980,505.04 | - | 2,492,540,724.83 |
| 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 (Note) | (107,141,918.06) | 980,505.04 | - | (106,161,413.02) |
| 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 | 2,523,663,464.41 | 980,505.04 | - | 2,524,643,969.45 |

Note: The capital reserve increased by RMB980,505.04 for the current year due to the transfer of 49% equity interests in Liangshan Education Technology by the Company to its non-wholly owned subsidiary Liangshan Xinhua Bookstore.

36 Other comprehensive income

| Item | Changes for the current year | | | | | | 31 December 2024 RMB |
|--|------------------------------|--|-------------------------------------|---|---|--|----------------------------|
| | 1 January 2024 RMB | Amount before income tax for the current year RMB | Less: Income tax expenses RMB | Post-tax amount attributable to the owner of the parent RMB | Post-tax amount attributable to the non-controlling shareholders RMB | Less: Other comprehensive income that is transferred to retained earnings RMB | |
| Changes in fair value of other equity instrument investments | 1,137,699,551.17 | 516,519,551.33 | (201,117,412.97) | 717,636,964.30 | - | - | 1,855,336,515.47 |

Notes to the Financial Statements

For the year ended 31 December 2024

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

37 Surplus reserve

| Item | 1 January 2024 RMB | Increase in the current year RMB | Decrease in the current year RMB | 31 December 2024 RMB |
|---------------------------|--------------------------|--|--|----------------------------|
| Statutory surplus reserve | 1,294,713,238.91 | 136,435,073.52 | - | 1,431,148,312.43 |

38 Retained profits

| Item | 31 December 2024 RMB | 31 December 2023 RMB | Proportion of appropriation or distribution |
|--|-------------------------|-------------------------|---|
| Retained profits at the beginning of the year | 6,881,030,888.86 | 6,083,770,928.98 | |
| Add: Net profit attributable to shareholders of the parent for the current year | 1,544,856,196.33 | 1,579,146,004.64 | |
| Less: Appropriation to statutory surplus reserve | 136,435,073.52 | 140,288,724.76 | (1) |
| Distribution of dividends on ordinary shares | 727,966,190.00 | 641,597,320.00 | (2) |
| Retained profits at the end of the year | 7,561,485,821.67 | 6,881,030,888.86 | (3) |

(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 2024, the resolution regarding the Company's 2023 Annual Profit Distribution Proposal was approved at 2023 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 RMB0.40 (tax-inclusive). On 16 October 2024, the resolution regarding the Company's 2024 Interim Profit Distribution Proposal was approved at 2024 first extraordinary 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 RMB0.19 (tax-inclusive).

Notes to the Financial Statements

For the year ended 31 December 2024

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

38 Retained profits (Continued)

(3) 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 RMB182,982,907.55 (31 December 2023: RMB182,108,211.63) appropriated to subsidiaries.

39 Operating income and operating costs

(1) Classification

| Item | 2024 RMB | 2023 RMB |
|--|--------------------------|--------------------------|
| Operating income from main business (Note 1) | 12,148,425,666.72 | 11,689,548,656.46 |
| Other operating income (Note 2) | 180,088,225.57 | 178,941,768.73 |
| Total operating income | 12,328,513,892.29 | 11,868,490,425.19 |
| Operating costs of main business | 7,785,810,419.98 | 7,335,035,882.02 |
| Other operating costs | 16,866,410.04 | 18,141,282.38 |
| Total operating costs | 7,802,676,830.02 | 7,353,177,164.40 |

Note 1: Included in operating income from main business was sales revenue of books and publications of RMB11,036,326,687.03 (2023: RMB10,667,057,103.17).

Note 2: Included in other operating income was commissions from concessionaire sales of RMB29,117,048.20. Among which, gross revenue from concessionaire sales was RMB218,883,072.35 and gross cost from concessionaire sales was RMB189,766,024.15 (2023: commissions from concessionaire sales of RMB30,784,987.39. Among which, gross revenue from concessionaire sales was RMB219,302,094.76 and gross cost from concessionaire sales was RMB188,517,107.37).

Notes to the Financial Statements

For the year ended 31 December 2024

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

39 Operating income and operating costs (Continued)

(2) Income incurred by contracts is as follows:

| Sub-channel | Operating income from the main business | | Operating costs of the main business | |
|---------------------------------------|---|--------------------------|--------------------------------------|-------------------------|
| | 2024 | 2023 | 2024 | 2023 |
| | RMB | RMB | RMB | RMB |
| I. Publication segment | | | | |
| Textbooks and supplementary materials | 1,463,887,374.56 | 1,556,271,062.60 | 833,086,241.66 | 897,538,938.66 |
| General books | 1,096,817,629.26 | 1,008,286,358.42 | 830,122,455.46 | 753,499,264.25 |
| Printing and supplies | 305,154,372.65 | 350,284,808.10 | 266,841,821.86 | 311,644,684.79 |
| Newspapers and journals | 54,650,009.54 | 52,413,052.22 | 31,430,288.08 | 27,700,888.19 |
| Others | 59,749,966.00 | 20,202,146.52 | 41,814,863.45 | 8,860,439.42 |
| Subtotal | 2,980,259,352.01 | 2,987,457,427.86 | 2,003,295,670.51 | 1,999,244,215.31 |
| II. Distribution segment | | | | |
| Textbooks and supplementary materials | 4,385,168,212.78 | 4,612,499,335.07 | 2,784,456,848.57 | 2,843,675,739.34 |
| General books | 6,034,041,676.62 | 5,522,469,769.30 | 4,407,347,262.80 | 4,005,050,825.24 |
| Education informatized and others | 447,804,772.89 | 352,000,531.99 | 363,460,642.83 | 276,714,387.10 |
| Subtotal | 10,867,014,662.29 | 10,486,969,636.36 | 7,555,264,754.20 | 7,125,440,951.68 |
| III. Others | 439,467,392.40 | 433,181,626.51 | 372,440,388.52 | 379,833,831.95 |
| Less: Inter-segment elimination | 2,138,315,739.98 | 2,218,060,034.27 | 2,145,190,393.25 | 2,169,483,116.92 |
| Total | 12,148,425,666.72 | 11,689,548,656.46 | 7,785,810,419.98 | 7,335,035,882.02 |

Details of publication segment and distribution segment and other details are set out in Note XVI 2.

Notes to the Financial Statements

For the year ended 31 December 2024

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

39 Operating income and operating costs (Continued)

(3) Details of performance obligation

| Item | Time of obligation performance | Important payment term | Nature of goods transferred as committed by the Company | Main responsible person? | Amounts borne by the Company that are expected to be returned to customers | Types of quality assurance provided by the Company and related obligation |
|---|--------------------------------|---------------------------|---|--------------------------|--|--|
| Sales of books and printing supplies | At the time of delivery | Nil | Self-owned, stenciling-rent or outsourcing | Yes | - | Providing guarantee-type quality assurance does not form a separate performance obligation |
| Education informatized and equipment business | At the time of delivery | 2-5 years by installments | Self-developed or outsourcing | Yes | - | Providing guarantee-type quality assurance does not form a separate performance obligation |

In addition to the education informatized and equipment business, the Group's operating income from main business mainly comes from the sales of general books and textbooks and supplementary materials, sales of printing and supplies, etc. The Group, as the main responsible person, performs the performance business at the time of delivery. The contracts do not contain important payment terms and important amounts expected to be returned to customers, and providing guarantee-type quality assurance does not form a separate performance obligation.

For revenue from the education informatized and equipment business, the Group, as the main responsible person, performs the performance business at the time of delivery. The contracts stipulate that payments shall be collected in installments over 2-5 years. The contracts do not contain important amounts expected to be returned to customers, and providing guarantee-type quality assurance does not form a separate performance obligation.

The Group has adopted a simplified practical expedient for service contracts originally expected to have a contract term of no more than one year, and therefore the information disclosed above does not include the transaction price allocated to the remaining performance obligations under such contracts.

Notes to the Financial Statements

For the year ended 31 December 2024

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

40 Taxes and levies

| Item | 2024 RMB | 2023 RMB |
|---------------------------------------|---------------|---------------|
| City construction and maintenance tax | 7,787,475.84 | 6,217,460.74 |
| Education surcharges | 5,655,747.32 | 4,485,694.85 |
| Property tax | 29,262,470.36 | 16,083,494.56 |
| Land use tax | 5,291,132.78 | 2,400,369.14 |
| Stamp duty | 4,846,564.92 | 4,035,828.31 |
| Vessel and vehicle tax | 239,880.88 | 290,711.74 |
| Others | 137,994.36 | 145,168.34 |
| Total | 53,221,266.46 | 33,658,727.68 |

41 Selling expenses

| Item | 2024 RMB | 2023 RMB |
|------------------------------------|------------------|------------------|
| Wages and other human costs | 757,833,841.14 | 700,182,240.33 |
| Logistics and transportation costs | 160,187,671.92 | 192,949,441.02 |
| Business conference fees | 2,104,084.57 | 2,813,725.27 |
| Vehicle fees | 13,245,108.01 | 16,679,831.24 |
| Travel expenses | 18,966,666.93 | 20,622,308.69 |
| Advertising and promotion fees | 309,358,049.17 | 291,586,487.97 |
| Handling fees | 17,458,163.05 | 17,649,784.19 |
| E-commerce platform service fees | 89,097,596.10 | 73,600,337.10 |
| Packing expenses | 34,704,558.25 | 31,697,506.06 |
| Others | 36,028,246.87 | 54,831,772.45 |
| Total | 1,438,983,986.01 | 1,402,613,434.32 |

Notes to the Financial Statements

For the year ended 31 December 2024

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

42 Administrative expenses

| Item | 2024 RMB | 2023 RMB |
|--|------------------|------------------|
| Wages and other human costs | 1,100,093,533.08 | 1,014,783,966.27 |
| Business entertainment fees | 35,431,129.06 | 42,040,838.68 |
| Lease payments | 14,121,793.86 | 21,779,862.16 |
| Depreciation and amortization expenses | 263,917,965.31 | 266,733,643.91 |
| Conference fees | 5,076,174.99 | 8,625,199.28 |
| Property management fees | 70,549,359.17 | 68,297,467.28 |
| Travelling expenses | 13,569,510.97 | 16,460,723.77 |
| Energy costs | 20,969,741.12 | 20,164,966.75 |
| Office expenses | 8,168,318.70 | 8,786,717.91 |
| Repair charges | 26,746,153.69 | 28,271,460.01 |
| Remuneration of accounting firm – audit services | 3,169,811.33 | 3,556,603.77 |
| Others | 111,801,434.38 | 118,575,093.29 |
| Total | 1,673,614,925.66 | 1,618,076,543.08 |

43 Finance expenses

| Item | 2024 RMB | 2023 RMB |
|--|------------------|------------------|
| Interest expense | 267,374.98 | 742,891.73 |
| Interest expense on lease liabilities | 12,174,507.63 | 17,132,565.00 |
| Less: Interest income | 242,977,800.54 | 257,891,175.32 |
| Less: Interest income of long-term receivables | 2,482,417.56 | 5,025,904.91 |
| Others | 15,850,084.05 | 15,786,255.71 |
| Total | (217,168,251.44) | (229,255,367.79) |

Notes to the Financial Statements

For the year ended 31 December 2024

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

44 Other income

| Item | 2024 RMB | 2023 RMB |
|--|----------------|---------------|
| Book publishing subsidies | 37,259,442.43 | 27,359,624.44 |
| Income from VAT first levied then returned | 37,486,261.27 | 39,783,480.66 |
| Other financial subsidies | 31,156,604.23 | 20,223,029.92 |
| Total | 105,902,307.93 | 87,366,135.02 |

45 Investment income

| Item | 2024 RMB | 2023 RMB |
|---|----------------|-----------------|
| Income from long-term equity investments under equity method | 51,321,668.80 | 23,887,314.33 |
| Investment income obtained during the holding of other non-current financial assets | 7,451,752.83 | 4,323,820.64 |
| Dividend income obtained during the holding of other equity instrument investments | 122,223,200.00 | 84,496,652.00 |
| Investment income from disposal of held-for-trading financial assets | 426,841.96 | 68,996.44 |
| Investment loss from disposal of long-term equity investments (Note) | — | (54,160,591.53) |
| Total | 181,423,463.59 | 58,616,191.88 |

Note: It refers to the investment loss as a result of the Group's losing control over Sichuan Xinhua Shang Paper Co., Ltd. ("Xinhua Shang") and Xinhua Winshare Commercial Chain (Beijing) Co., Ltd. ("Beijing Winshare Commercial"), which resulted in the Group no longer including them in the scope of consolidation for its financial statements.

Notes to the Financial Statements

For the year ended 31 December 2024

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

46 Gain from fair value change

| Source of gains from fair value change | 2024 RMB | 2023 RMB |
|---|----------------|-----------------|
| Financial assets at FVTPL | (9,942,365.68) | (57,013,180.91) |
| Including: Other non-current financial assets | (9,955,441.95) | (57,015,964.91) |
| Held-for-trading financial assets | 13,076.27 | 2,784.00 |
| Total | (9,942,365.68) | (57,013,180.91) |

47 Loss on credit impairment

| Item | 2024 RMB | 2023 RMB |
|--|-----------------|------------------|
| Loss on credit impairment of accounts receivable | (33,142,666.71) | (94,739,362.19) |
| Reversal of bad debt of other receivables | 2,039,671.77 | 749,185.05 |
| Loss on bad debt of long-term receivables | (127,048.88) | (10,508,428.80) |
| Total | (31,230,043.82) | (104,498,605.94) |

48 Loss on asset impairment

| Item | 2024 RMB | 2023 RMB |
|-----------------------------------|-----------------|-----------------|
| Loss on impairment of inventories | (46,045,465.32) | (48,941,147.20) |
| Others | 3,146,296.35 | (3,512,090.97) |
| Total | (42,899,168.97) | (52,453,238.17) |

Notes to the Financial Statements

For the year ended 31 December 2024

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

49 Gains on asset disposal

| Item | 2024 RMB | 2023 RMB |
|--------------------------------------|--------------|--------------|
| Gains on fixed asset disposal | 975,475.26 | 1,864,061.18 |
| Gains on right-of-use asset disposal | 679,575.00 | 312,868.32 |
| Total | 1,655,050.26 | 2,176,929.50 |

50 Non-operating income

| Item | 2024 RMB | 2023 RMB | Amount included in non-recurring profit or loss for the current year RMB |
|--|--------------|--------------|--|
| Total gains on retirement of non-current assets | 235,665.77 | 397,777.86 | 235,665.77 |
| Including: Gains on retirement of fixed assets | 235,665.77 | 397,777.86 | 235,665.77 |
| Others | 2,446,710.93 | 5,114,496.99 | 2,446,710.93 |
| Total | 2,682,376.70 | 5,512,274.85 | 2,682,376.70 |

Notes to the Financial Statements

For the year ended 31 December 2024

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

51 Non-operating expenses

| Item | 2024 RMB | 2023 RMB | Amount included in non-recurring profit and loss for the current year RMB |
|--|---------------|---------------|---|
| Total losses on retirement of non-current assets | 32,774.02 | 58,213.92 | 32,774.02 |
| Including: Losses on retirement of fixed assets | 32,774.02 | 58,213.92 | 32,774.02 |
| Donations | 43,651,752.97 | 44,280,806.72 | 43,651,752.97 |
| Penalty cost | 26,835.15 | 9,827.33 | 26,835.15 |
| Others | 1,675,586.67 | 2,425,632.44 | 1,675,586.67 |
| Total | 45,386,948.81 | 46,774,480.41 | 45,386,948.81 |

52 Income tax expenses

| Item | 2024 RMB | 2023 RMB |
|--|----------------|-----------------|
| Current tax calculated according to tax laws and relevant requirements | 12,781,253.15 | 19,419,803.82 |
| Tax filing differences | 954,164.40 | (860,757.28) |
| Deferred income tax expenses | 91,529,031.74 | (83,737,290.69) |
| Total | 105,264,449.29 | (65,178,244.15) |

Notes to the Financial Statements

For the year ended 31 December 2024

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

52 Income tax expenses (Continued)

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

| Item | 2024 RMB | 2023 RMB |
|---|------------------|------------------|
| Accounting profit | 1,708,926,123.14 | 1,563,172,061.16 |
| Income tax expenses calculated at 25% | 427,231,530.79 | 390,793,015.29 |
| Tax concessions | (428,952,735.31) | (457,515,429.89) |
| Effect of non-deductible expenses | 1,797,903.84 | 25,205,652.66 |
| Effect of non-assessable income | (1,348,504.40) | (21,655,990.99) |
| Effect of utilization of deductible losses for which no deferred income tax asset was recognized in the prior period | (1,067,680.29) | (2,439,038.06) |
| Effect of utilization of deductible temporary differences for which no deferred income tax asset was recognized in the prior period | (318,298.49) | (8,000,173.29) |
| Effect of deductible temporary differences or deductible losses for which no deferred income tax asset was recognized during the current year | 13,633,192.37 | 123,110,830.17 |
| Tax filing differences | 954,164.40 | (860,757.28) |
| Tax effect of tax rate adjustment on the balance of deferred tax assets and deferred tax liabilities at the beginning of the period | 93,334,876.38 | (113,816,352.76) |
| Total | 105,264,449.29 | (65,178,244.15) |

Notes to the Financial Statements

For the year ended 31 December 2024

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

53 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:

| | 2024 RMB | 2023 RMB |
|---|------------------|------------------|
| Net profit for the current period attributable to ordinary shareholders | 1,544,856,196.33 | 1,579,146,004.64 |
| Including: Net profit from continuing operations | 1,544,856,196.33 | 1,579,146,004.64 |

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:

| | 2024 Number of shares | 2023 Number of shares |
|--|--------------------------|--------------------------|
| Number of ordinary shares outstanding at the beginning of year | 1,233,841,000.00 | 1,233,841,000.00 |
| Number of ordinary shares outstanding at the end of year | 1,233,841,000.00 | 1,233,841,000.00 |

Earnings per share:

| | 2024 RMB | 2023 RMB |
|--|-------------|-------------|
| Net profit for the current period attributable to ordinary shareholders divided by number of ordinary shares outstanding at the end of year | 1.25 | 1.28 |
| Net profit for the current period attributable to ordinary shareholders and attributable to continuing operation divided by number of ordinary shares outstanding at the end of year | 1.25 | 1.28 |

The Company has no dilutive potential ordinary shares.

Notes to the Financial Statements

For the year ended 31 December 2024

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

54 Notes to items in the cash flow statement

(1) Other cash receipts relating to operating activities

| Item | 2024 RMB | 2023 RMB |
|-------------------|----------------|----------------|
| Interest income | 197,027,934.58 | 221,637,628.52 |
| Government grants | 64,509,701.63 | 26,967,857.60 |
| Others | 132,365,844.30 | 65,675,191.25 |
| Total | 393,903,480.51 | 314,280,677.37 |

(2) Other cash payments relating to operating activities

| Item | 2024 RMB | 2023 RMB |
|--|------------------|------------------|
| Selling expenses | 681,150,144.87 | 702,312,705.85 |
| Of which: Logistics and transportation costs | 160,187,671.92 | 192,949,441.02 |
| Business conference fees | 2,104,084.57 | 2,813,725.27 |
| Vehicle fees | 13,245,108.01 | 16,679,831.24 |
| Travel expenses | 18,966,666.93 | 20,622,308.69 |
| Advertising and promotion fees | 309,358,049.17 | 291,586,487.97 |
| E-commerce platform service fees | 89,097,596.10 | 73,600,337.10 |
| Administrative expenses | 309,603,427.27 | 336,558,932.90 |
| Of which: Business entertainment fees | 35,431,129.06 | 42,040,838.68 |
| Lease payment | 14,121,793.86 | 21,779,862.16 |
| Conference fees | 5,076,174.99 | 8,625,199.28 |
| Property management fees | 70,549,359.17 | 68,297,467.28 |
| Energy costs | 20,969,741.12 | 20,164,966.75 |
| Repair charges | 26,746,153.69 | 28,271,460.01 |
| Others | 310,602,652.28 | 156,057,082.88 |
| Total | 1,301,356,224.42 | 1,194,928,721.63 |

Notes to the Financial Statements

For the year ended 31 December 2024

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

54 Notes to items in the cash flow statement (Continued)

(3) Material cash receipts relating to investing activities

| Item | 2024 RMB | 2023 RMB |
|---|---------------|----------------|
| Recovery of liquidation and exit money from investment fund | 25,924,626.26 | 127,687,257.39 |

(4) Material cash payments relating to investing activities

| Item | 2024 RMB | 2023 RMB |
|--|----------------|----------------|
| Investment in CICC Qichen fund | — | 120,000,000.00 |
| Subscription of transferable large deposit certificate | 206,222,222.22 | — |
| Total | 206,222,222.22 | 120,000,000.00 |

(5) Other cash receipts relating to investing activities

| Item | 2024 RMB | 2023 RMB |
|--|----------------|----------------|
| Receipt of term deposit over 3 months | 890,000,000.00 | 240,000,000.00 |
| Recovery of interest from term deposit | — | 22,076,126.01 |
| Total | 890,000,000.00 | 262,076,126.01 |

Notes to the Financial Statements

For the year ended 31 December 2024

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

54 Notes to items in the cash flow statement (Continued)

(6) Other cash payments relating to investing activities

| Item | 2024 RMB | 2023 RMB |
|---|------------------|----------------|
| Decrease in cash and bank balances due to changes in scope of consolidation | – | 1,870,238.65 |
| Increase in term deposit over 3 months | 1,576,352,500.00 | 600,000,000.00 |
| Total | 1,576,352,500.00 | 601,870,238.65 |

(7) Other cash payments relating to financing activities

| Item | 2024 RMB | 2023 RMB |
|--|----------------|----------------|
| Acquisition of minority equity interests | – | 34,768,400.00 |
| Payment for lease payments | 114,408,583.13 | 112,230,612.22 |
| Total | 114,408,583.13 | 146,999,012.22 |

(8) Changes in liabilities arising from financing activities

| Item | Balance as at 1 January 2024 RMB | Increase in the current year Change in cash RMB | Change in non-cash RMB | Decrease in the current year Change in cash RMB | Change in non-cash RMB | Balance as at 31 December 2024 RMB |
|--------------------------|---|--|------------------------------|--|------------------------------|---|
| Short-term borrowings | 10,000,000.00 | 10,000,000.00 | – | 10,000,000.00 | – | 10,000,000.00 |
| Dividends payable | 222,091,380.00 | – | 728,525,760.83 | 950,617,140.83 | – | – |
| Interests payable | – | – | 267,375.30 | 267,375.30 | – | – |
| Lease liabilities (Note) | 325,705,165.57 | – | 50,287,859.87 | 114,408,583.13 | 4,782,945.95 | 256,801,496.36 |
| Total | 557,796,545.57 | 10,000,000.00 | 779,080,996.00 | 1,075,293,099.26 | 4,782,945.95 | 266,801,496.36 |

Note: Including lease liabilities included in non-current liabilities due within one year.

Notes to the Financial Statements

For the year ended 31 December 2024

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

55 Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

| Supplementary information | 2024 RMB | 2023 RMB |
|--|------------------|------------------|
| 1. Reconciliation of net profit to cash flow from operating activities: | | |
| Net profit | 1,603,661,673.85 | 1,628,350,305.31 |
| Add: Impairment losses of assets | 42,899,168.97 | 52,453,238.17 |
| Loss on credit impairment | 31,230,043.82 | 104,498,605.94 |
| Depreciation of fixed assets | 150,021,914.22 | 145,055,788.96 |
| Depreciation of right-of-use assets | 94,616,036.23 | 94,322,043.91 |
| Depreciation of investment properties | 6,089,532.57 | 4,029,269.19 |
| Amortization of intangible assets | 43,311,771.71 | 42,669,541.74 |
| Amortization of long-term prepaid expenses | 21,680,245.08 | 30,178,058.64 |
| Loss (gain) on disposal of assets | (1,655,050.26) | (2,176,929.50) |
| Loss (gain) on retirement of non-current assets | (202,891.75) | (339,563.94) |
| Loss from changes in fair value | 9,942,365.68 | 57,013,180.91 |
| Finance expenses | (35,990,400.91) | (18,378,090.07) |
| Investment loss (income) | (181,423,463.59) | (58,616,191.88) |
| Decrease (increase) in deferred tax assets | 43,185,951.72 | (26,510,113.30) |
| Increase (decrease) in deferred tax liabilities | 48,343,080.02 | (57,227,177.39) |
| Decrease (increase) in inventories | 172,532,609.23 | (138,668,646.11) |
| Decrease (increase) in receivables | | |
| from operating activities | (229,803,141.00) | 170,826,757.70 |
| Increase (decrease) in payables from operating activities | (45,960,613.96) | 325,548,133.04 |
| Net cash flow from operating activities | 1,772,478,831.63 | 2,353,028,211.32 |
| 2. Material investment and financing activities not involving cash receipts and payments: | | |
| Right-of-use assets recognized on lease on fixed assets | 32,246,376.50 | 21,078,689.19 |
| 3. Net changes in cash and cash equivalents: | | |
| Closing balance of cash and cash equivalents | 8,962,582,856.29 | 9,078,342,824.79 |
| Less: Opening balance of cash and cash equivalents | 9,078,342,824.79 | 7,762,084,629.28 |
| Net increase in cash and cash equivalents | (115,759,968.50) | 1,316,258,195.51 |

Notes to the Financial Statements

For the year ended 31 December 2024

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

55 Supplementary information to the cash flow statement (Continued)

(2) Cash and cash equivalents

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|--|-------------------------|-------------------------|
| Cash | 8,962,582,856.29 | 9,078,342,824.79 |
| Including: Cash on hand | 202,669.04 | 179,253.14 |
| Bank deposits readily available for payment | 8,956,313,474.67 | 9,069,443,251.83 |
| Other cash and bank balances readily available for payment | 6,066,712.58 | 8,720,319.82 |
| Balance of cash and cash equivalents | 8,962,582,856.29 | 9,078,342,824.79 |

(3) Cash and bank balances not belonging to cash and cash equivalents

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|-----------------------------------|-------------------------|-------------------------|
| Time deposits over 3 months | 176,895,522.33 | — |
| Restricted cash and bank balances | 40,199,746.06 | 39,321,000.73 |
| Total | 217,095,268.39 | 39,321,000.73 |

Notes to the Financial Statements

For the year ended 31 December 2024

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

56 Assets with restricted ownership or right-of-use

| Item | 31 December 2024 | | | | 31 December 2023 | | | |
|------------------------|----------------------------|--------------------------|------------------------|-----------------------------|----------------------------|--------------------------|------------------------|-----------------------------|
| | Carrying balance RMB | Carrying value RMB | Type of restriction | Condition of restriction | Carrying balance RMB | Carrying value RMB | Type of restriction | Condition of restriction |
| Cash and bank balances | 38,983,462.06 | 38,983,462.06 | Other | Note | 37,540,930.42 | 37,540,930.42 | Other | Note |
| | 1,216,284.00 | 1,216,284.00 | Frozen | Note | 1,780,070.31 | 1,780,070.31 | Frozen | Note |
| Total | 40,199,746.06 | 40,199,746.06 | | | 39,321,000.73 | 39,321,000.73 | | |

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 RMB1,143,195.20;
- (2) security deposit placed in bank for the issuance of guarantee letter of RMB11,711,980.02;
- (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;
- (4) special fund for housing reform and housing repair of RMB25,028,286.84;
- (5) bank deposits frozen as a result of the litigation of a subsidiary of the Group of RMB1,216,284.00.

Notes to the Financial Statements

For the year ended 31 December 2024

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

57 Net current assets

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|---------------------------|-------------------------|-------------------------|
| Current assets | 13,603,520,670.99 | 14,008,634,246.70 |
| Less: Current liabilities | 7,593,536,880.76 | 7,874,175,852.28 |
| Net current assets | 6,009,983,790.23 | 6,134,458,394.42 |

58 Total assets less current liabilities

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|---------------------------------------|-------------------------|-------------------------|
| Total assets | 22,898,703,360.27 | 21,787,563,374.32 |
| Less: Current liabilities | 7,593,536,880.76 | 7,874,175,852.28 |
| Total assets less current liabilities | 15,305,166,479.51 | 13,913,387,522.04 |

VII CHANGES IN SCOPE OF CONSOLIDATION

The Group had no relevant matters on changes in scope of consolidation for the current year.

Notes to the Financial Statements

For the year ended 31 December 2024

VIII INTERESTS IN OTHER ENTITIES

1 Subsidiaries

(1) Subsidiaries incorporated by investments

| Full name of subsidiary | Type of the subsidiary | Principal place of business and place of incorporation | Nature of business | Registered capital RMB | Business scope | Proportion of direct ownership interests (%) | Proportion of indirect ownership interests (%) | Consolidated statements or not |
|---|------------------------|--|----------------------------|---------------------------|---|--|--|--------------------------------|
| Sichuan Xinhua Winshare Media Co., Ltd. ("Winshare Media") | LLC | Chengdu | Journals | 3,990,000.00 | Sales of books and journals, etc. | - | 100.00 | Y |
| Winshare Education Technology | LLC | Chengdu | Technical services | 330,000,000.00 | Software development and sales of electronic equipment | 100.00 | - | Y |
| Winshare Logistics | LLC | Chengdu | Storage and distribution | 350,000,000.00 | Storage and distribution of goods | 100.00 | - | 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 | - | Y |
| Winshare Online | LLC | Chengdu | Sales of publications | 60,000,000.00 | Online sales of various products | 92.00 | - | Y |
| Sichuan Watch Panda Magazine Co., Ltd. ("Watch Panda") | LLC | Chengdu | Journals | 12,000,000.00 | Sales of journals | - | 100.00 | Y |
| Winshare Investment | LLC | Chengdu | Investment | 300,000,000.00 | Venture investment, business investment | 100.00 | - | Y |
| 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 | - | Y |

Notes to the Financial Statements

For the year ended 31 December 2024

VIII INTERESTS IN OTHER ENTITIES (Continued)

1 Subsidiaries (Continued)

(1) Subsidiaries incorporated by investments (Continued)

| Full name of subsidiary | Type of the subsidiary | Principal place of business and place of incorporation | Nature of business | Registered capital RMB | Business scope | Proportion of direct ownership interests (%) | Proportion of indirect ownership interests (%) | Consolidated statements or not |
|---|------------------------|--|----------------------------|---------------------------|--|--|--|--------------------------------|
| 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 | 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 | - | Y |
| Beijing Aerospace Cloud Education Technology Co., Ltd. ("Beijing Aerospace Cloud") | LLC | Beijing | Technical Services | 41,783,300.00 | Computer software development and system services | 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 | 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 | - | Y |
| Chengdu Gangqiong Online Technology Co., Ltd. | LLC | Chengdu | Technical services | 30,000.00 | Computer system services, production and agency, etc. | - | 100.00 | Y |
| Sichuan Moyuan Cultural Communication Co., Ltd. | LLC | Chengdu | Sales | 1,000,000.00 | Sales of books | - | 100.00 | Y |
| Sichuan Xinyaxuan Cultural Communication Co., Ltd. | LLC | Chengdu | Sales | 1,000,000.00 | Sales of books | - | 100.00 | Y |
| Sichuan Aiyuecheng Cultural Communication Co., Ltd. | LLC | Chengdu | Sales | 1,000,000.00 | Sales of publications | - | 100.00 | Y |

Notes to the Financial Statements

For the year ended 31 December 2024

VIII INTERESTS IN OTHER ENTITIES (Continued)

1 Subsidiaries (Continued)

(1) Subsidiaries incorporated by investments (Continued)

| Full name of subsidiary | Type of the subsidiary | Principal place of business and place of incorporation | Nature of business | Registered capital RMB | Business scope | Proportion of direct ownership interests (%) | Proportion of indirect ownership interests (%) | Consolidated statements or not |
|---|------------------------|--|--------------------|---------------------------|-----------------------|--|--|--------------------------------|
| Sichuan Xingyue Cultural Communication Co., Ltd. | LLC | Chengdu | Sales | 1,000,000.00 | Sales of publications | - | 100.00 | Y |
| Sichuan Tianyue Cultural Communication Co., Ltd. | LLC | Chengdu | Sales | 1,000,000.00 | Sales of publications | - | 100.00 | Y |
| Sichuan Xuehaizhou Cultural Communication Co., Ltd. | LLC | Chengdu | Sales | 1,000,000.00 | Sales of publications | - | 100.00 | Y |

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

| Full name of subsidiary | Type of the subsidiary | Principal place of business and place of incorporation | Nature of business | Registered capital RMB | Business scope | Proportion of direct ownership interests (%) | Proportion of indirect ownership interests (%) | Consolidated statements or not |
|--------------------------------|------------------------|--|--------------------------------|---------------------------|--|--|--|--------------------------------|
| Xinhua Online | LLC | Chengdu | Sales of publications | 50,000,000.00 | Internet publishing, wholesale and retail of commodities | 100.00 | - | Y |
| Beijing Shuchuan | LLC | Beijing | Sales of publications | 2,000,000.00 | Sales of publications | - | 100.00 | Y |
| Sichuan Cultural Communication | LLC | Chengdu | Advertising agency and leasing | 20,520,000.00 | Advertising agency and leasing | - | 100.00 | Y |

Notes to the Financial Statements

For the year ended 31 December 2024

VIII INTERESTS IN OTHER ENTITIES (Continued)

1 Subsidiaries (Continued)

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

| Full name of subsidiary | Type of the subsidiary | Principal place of business and place of incorporation | Nature of business | Registered capital RMB | Business scope | Proportion of direct ownership interests (%) | Proportion of indirect ownership interests (%) | Consolidated statements or not |
|---|------------------------|--|--------------------|---------------------------|---|--|--|--------------------------------|
| 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 | - | Y |
| Sichuan People's Publishing House Co., Ltd. ("People's Publishing House") | LLC | Chengdu | Publication | 34,000,000.00 | Publication of books | 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 | - | Y |
| Sichuan Education Publishing House Co., Ltd. ("Education Publishing House") | LLC | Chengdu | Publication | 10,000,000.00 | Publication of books | 100.00 | - | Y |
| Youth and Children's Publishing House | LLC | Chengdu | Publication | 110,000,000.00 | Publication of books and journals | 100.00 | - | Y |
| Sichuan Science & Technology Publishing House Co., Ltd. ("Science & Technology Publishing House") | LLC | Chengdu | Publication | 13,000,000.00 | Publication of books | 100.00 | - | Y |
| Sichuan Discovery of Nature Magazine Press Co., Ltd. | LLC | Chengdu | Publication | 300,000.00 | Publication of journals | - | 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 | - | Y |
| Sichuan Lexicographical Publishing House Co., Ltd. ("Lexicographical Publishing House") | LLC | Chengdu | Publication | 20,000,000.00 | Publication of books | 100.00 | - | Y |
| Sichuan Literature & Art Publishing House Co., Ltd. ("Literature & Art Publishing House") | LLC | Chengdu | Publication | 62,300,000.00 | Publication of books | 100.00 | - | Y |
| Tiandi Publishing House | LLC | Chengdu | Publication | 230,634,700.00 | Publication of books | 100.00 | - | Y |

VIII INTERESTS IN OTHER ENTITIES (Continued)

1 Subsidiaries (Continued)

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

| Full name of subsidiary | Type of the subsidiary | Principal place of business and place of incorporation | Nature of business | Registered capital RMB | Business scope | Proportion of direct ownership interests (%) | Proportion of indirect ownership interests (%) | 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 | Y |
| Sichuan Bashu Publishing House Co., Ltd. ("Bashu Publishing House") | LLC | Chengdu | Publication | 42,000,000.00 | Publication of books | 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 | - | Y |
| Digital Publishing | LLC | Chengdu | Publication | 39,800,000.00 | Publication of audio and video product, Internet publishing | 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 | Y |
| Sichuan Pictorial Co., Ltd. ("Pictorial") | LLC | Chengdu | Publication | 39,584,300.00 | Publication of journals | 100.00 | - | Y |
| Sichuan Xinhua Printing Co., Ltd. ("Sichuan Xinhua Printing") | LLC | Chengdu | Publication | 100,160,000.00 | Printing of publications | 100.00 | - | Y |
| Sichuan Yunhan Internet and Media Co., Ltd. ("Sichuan Yunhan") | LLC | Chengdu | Wholesale | 50,000,000.00 | Wholesale of publications | - | 100.00 | Y |
| Liangshanzhou Xinhua Bookstore | LLC | Liangshanzhou | Sales | 683,000,000.00 | Sales of books | 51.00 | - | Y |
| Liangshan Xinhua Winshare Education Technology Co., Ltd. ("Liangshan Winshare Education Technology") | LLC | Liangshanzhou | Technology service | 40,000,000.00 | Sales of software and electronic equipment | - | 100.00 | Y |
| Liangshan Yuntu Xunjie Logistics Co., Ltd. | LLC | Liangshanzhou | Storage and distribution | 10,000,000.00 | Storage and distribution of goods | - | 100.00 | Y |

Notes to the Financial Statements

For the year ended 31 December 2024

Notes to the Financial Statements

For the year ended 31 December 2024

VIII INTERESTS IN OTHER ENTITIES (Continued)

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

| 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 | |
|--------------------------------|--|---|--|---------------|---------------------------|------------------|
| | | | 2024 | 2023 | 31 December 2024 | 31 December 2023 |
| | | | RMB | RMB | RMB | RMB |
| Liangshanzhou Xinhua Bookstore | 49.00 | 49.00 | 63,216,318.17 | 54,706,258.04 | 406,872,842.05 | 344,637,028.92 |
| Winshare Online (Note) | 8.00 | 8.00 | 687,595.55 | 1,575,671.53 | (6,386,192.86) | (7,073,788.41) |

Note: For details, please refer to Note VI 35 "Capital reserve".

a Liangshanzhou Xinhua Bookstore

| | 31 December 2024 | 31 December 2023 |
|---|------------------|------------------|
| | RMB | RMB |
| Current assets | 563,814,004.94 | 483,547,224.52 |
| Non-current assets | 403,053,607.20 | 373,818,841.89 |
| Current liabilities | 78,740,774.74 | 61,284,530.68 |
| Non-current liabilities | 57,774,098.52 | 92,740,660.38 |
| | | |
| | 2024 | 2023 |
| | RMB | RMB |
| Operating income | 482,556,110.70 | 433,290,293.58 |
| Net profit | 129,012,894.22 | 111,645,424.57 |
| Total comprehensive income | 129,012,894.22 | 111,645,424.57 |
| Net cash flow from operating activities | 120,207,704.17 | 133,095,400.65 |

Notes to the Financial Statements

For the year ended 31 December 2024

VIII INTERESTS IN OTHER ENTITIES (Continued)

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

b Winshare Online

| | 31 December 2024 RMB | 31 December 2023 RMB |
|---|-------------------------|-------------------------|
| Current assets | 2,446,553,533.76 | 2,695,463,155.74 |
| Non-current assets | 712,714,390.68 | 515,811,726.83 |
| Current liabilities | 3,238,466,335.17 | 3,299,068,237.65 |
| Non-current liabilities | 629,000.00 | 629,000.00 |
| | 2024 RMB | 2023 RMB |
| Operating income | 3,630,575,496.71 | 3,275,107,915.67 |
| Net profit | 8,594,944.35 | 2,547,092.30 |
| Total comprehensive income | 8,594,944.35 | 2,547,092.30 |
| Net cash flow from operating activities | 10,915,932.87 | 1,817,730.26 |

3 Interests in joint ventures or associates

(1) Summarized financial information of joint ventures and associates

| | 2023 RMB | 2023 RMB |
|--|----------------|----------------|
| Joint ventures | | |
| Total carrying amount of investments | 341,150,967.99 | 303,728,104.50 |
| Sum of net profit calculated according to proportion of investment | 39,022,863.49 | 27,390,288.70 |
| Sum of total comprehensive income calculated according to proportion of investment | 39,022,863.49 | 27,390,288.70 |
| Associates | | |
| Total carrying amount of investments | 465,171,132.71 | 467,752,914.22 |
| Sum of net profit calculated according to proportion of investment | 12,298,805.31 | (3,502,974.37) |
| Sum of total comprehensive income calculated according to proportion of investment | 12,298,805.31 | (3,502,974.37) |

Notes to the Financial Statements

For the year ended 31 December 2024

IX GOVERNMENT GRANTS

1 Liability items involving government grants

| Liability item | 1 January 2024 RMB | Amount of new grants for the current year RMB | Amount included in other income for the current year RMB | Other decrease for the current year RMB | 31 December 2024 RMB | Related to an asset/ related to income |
|---------------------------|-----------------------|--|---|--|----------------------------|--|
| Other current liabilities | 95,381,814.64 | – | 37,259,442.43 | 471,698.11 | 57,650,674.10 | Related to income |
| Deferred income | 16,081,896.46 | 5,786,870.62 | 6,247,905.59 | – | 15,620,861.49 | Related to an asset |
| Deferred income | 4,001,967.34 | 56,518,071.09 | 22,703,938.72 | – | 37,816,099.71 | Related to income |
| Total | 115,465,678.44 | 62,304,941.71 | 66,211,286.74 | 471,698.11 | 111,087,635.30 | |

2 Government grants included in profit or loss for the current period

| Grant item | 2024 RMB | 2023 RMB |
|---------------------------------------|----------------|---------------|
| Related to an asset | 6,247,905.59 | 9,220,576.32 |
| Related to income | 59,963,381.15 | 32,703,406.92 |
| 100% reimbursement of value-added tax | 37,486,261.27 | 39,783,480.66 |
| Others | 2,204,759.92 | 5,658,671.12 |
| Total | 105,902,307.93 | 87,366,135.02 |

X 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, short-term borrowings, 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.

Notes to the Financial Statements

For the year ended 31 December 2024

X RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS *(Continued)*

1 Risk management objectives, policies and procedures, and changes in the current year

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 | 31 December 2024 RMB | 31 December 2023 RMB |
|-------------------------------|-------------------------|-------------------------|
| Cash and bank balances | | |
| USD | 140,699.20 | 154,720.94 |
| EUR | 516.94 | 539.85 |
| HKD | 67,734.67 | 48,398.47 |

1.1.2 Interest rate risk

Fixed-rate interest-bearing financial instruments expose the Group to fair value interest rate risk and cash flow interest rate risk. The Group determines the proportion of fixed-rate instruments based on market conditions and maintains an appropriate fixed-rate instrument portfolio through regular review and monitoring.

Notes to the Financial Statements

For the year ended 31 December 2024

X RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS *(Continued)*

1 Risk management objectives, policies and procedures, and changes in the current year *(Continued)*

1.1 Market risk *(Continued)*

1.1.2 Interest rate risk *(Continued)*

- a. The interest-bearing financial instruments held by the Group as at 31 December were as follows:

Fixed-rate financial instruments:

| Item | 2024 | | 2023 | |
|---|-------------------------|------------------|-------------------------|------------------|
| | Effective interest rate | Amount RMB | Effective interest rate | Amount RMB |
| Financial assets | | | | |
| – Cash and bank balances | 0.2% | 4,128,588,931.10 | 0.2% | 4,722,523,825.52 |
| – Cash and bank balances | 2.00% – 3.55% | 5,051,089,193.58 | 2.00% – 3.55% | 4,395,140,000.00 |
| – Other current assets | – | – | 3.35% – 4.015% | 451,473,138.89 |
| – Other non-current assets | 2.15% – 3.55% | 1,930,007,651.28 | 2.90% – 3.55% | 756,272,309.80 |
| – Non-current assets due within one year | 3.45% – 5.00% | 49,263,308.47 | 3.65% – 5.00% | 69,763,811.83 |
| – Long-term receivables | 3.45% – 5.00% | 39,192,878.89 | 3.65% – 5.00% | 34,562,954.24 |
| Financial liabilities | | | | |
| – Short-term borrowings | 3.45% | 10,000,000.00 | 3.45% | 10,000,000.00 |
| – Non-current liabilities due within one year | 3.45% – 4.90% | 76,862,500.83 | 3.45% – 4.90% | 94,775,135.71 |
| – Lease liabilities | 3.45% – 4.90% | 179,938,995.53 | 3.45% – 4.90% | 230,930,029.86 |

1.1.3 Other price risk

The Group measured the investment in listed shares of Wan Xin Media, HGZN and Bank of Chengdu at fair value, which was exposed to the stock price risk as the fair value is determined based on the quoted prices from the active market (Note VI 12). The directors of the Company regularly monitor the share prices of Wan Xin Media, HGZN and Bank of Chengdu. For the current 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 income before tax of RMB48,609,600.00, loss before tax of RMB90,048.67 and income before tax of RMB468,000,000, respectively.

Notes to the Financial Statements

For the year ended 31 December 2024

X RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS *(Continued)*

1 Risk management objectives, policies and procedures, and changes in the current year *(Continued)*

1.1 Market risk *(Continued)*

1.1.3 Other price risk *(Continued)*

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:

| Item | Price fluctuation | Effect on other comprehensive income and shareholders' equity | |
|-------------------------------------|----------------------|---|-----------------|
| | | 2024 RMB | 2023 RMB |
| Other equity instrument investments | | | |
| Wan Xin Media | Stock prices rise 5% | 45,742,880.00 | 43,312,400.00 |
| HGZN | Stock prices rise 5% | 21,907.36 | 26,409.80 |
| Bank of Chengdu | Stock prices rise 5% | 68,440,000.00 | 45,040,000.00 |
| Other equity instrument investments | | | |
| Wan Xin Media | Stock prices fall 5% | (45,742,880.00) | (43,312,400.00) |
| HGZN | Stock prices fall 5% | (21,907.36) | (26,409.80) |
| Bank of Chengdu | Stock prices fall 5% | (68,440,000.00) | (45,040,000.00) |

1.2 Credit risk

As at 31 December 2024, 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, other current assets (term deposits), non-current assets due within one year, long-term receivables 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. In accordance with the relevant regulations and requirements, subsidiaries of the Group have set 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.

Notes to the Financial Statements

For the year ended 31 December 2024

X RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS *(Continued)*

1 Risk management objectives, policies and procedures, and changes in the current year *(Continued)*

1.2 Credit risk *(Continued)*

Please refer to Note III 11.2, 13 and 15 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.

The following sets out the credit risk exposure of the financial assets of the Group:

| Item | Future 12-month/lifetime expected credit losses | Book balance 31 December 2024 RMB |
|---|--|---|
| Financial assets measured at amortized cost: | | |
| Bank and cash | Future 12-month expected credit losses | 9,179,678,124.68 |
| Contract assets | Lifetime expected credit losses (not credit-impaired) | 5,584,567.76 |
| | Lifetime expected credit losses (credit-impaired) | – |
| Accounts receivable | Lifetime expected credit losses (not credit-impaired) | 1,257,173,472.57 |
| | Lifetime expected credit losses (credit-impaired) | 1,131,760,185.02 |
| Notes receivable | Lifetime expected credit losses (not credit-impaired) | 933,791.30 |
| | Lifetime expected credit losses (credit-impaired) | – |
| Other receivables | Future 12-month expected credit losses | 260,028,085.78 |
| | Lifetime expected credit losses (not credit-impaired) | – |
| | Lifetime expected credit losses (credit-impaired) | 15,433,187.31 |

Notes to the Financial Statements

For the year ended 31 December 2024

X RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

1 Risk management objectives, policies and procedures, and changes in the current year (Continued)

1.2 Credit risk (Continued)

| Item | Future 12-month/lifetime expected credit losses | Book balance 31 December 2024 RMB |
|--|---|---|
| Long-term receivables (including those expected to be recovered within one year) | Lifetime expected credit losses (not credit-impaired) | 43,312,953.57 |
| | Lifetime expected credit losses (credit-impaired) | 48,276,880.98 |
| Other non-current assets (term deposits and bank certificates of large amount deposit) | Future 12-month expected credit losses | 1,930,007,651.28 |
| Financial assets at FVTOCI: | | |
| Financing receivables | Lifetime expected credit losses (not credit-impaired) | 15,232,141.87 |

Accounts receivable

Credit loss provision for accounts receivable:

| | Full lifetime expected credit loss (not credit- impaired) RMB | Full lifetime expected credit loss (credit-impaired) RMB | Total RMB |
|--|---|--|----------------|
| Balance as at 1 January 2024 | 138,908,677.61 | 685,999,240.76 | 824,907,918.37 |
| Balance as at 1 January 2024 during the current year | | | |
| – Transfer to full lifetime expected credit loss (credit-impaired) | (30,553,708.08) | 30,553,708.08 | – |
| Provision for the current year | 6,232,528.98 | 35,107,286.16 | 41,339,815.14 |
| Reversal for the current year | – | (8,197,148.43) | (8,197,148.43) |
| Write-off for the current year | – | (54,994.94) | (54,994.94) |
| Other changes – transfer from long-term receivables | – | 4,127,810.92 | 4,127,810.92 |
| Balance as at 31 December 2024 | 114,587,498.51 | 747,535,902.55 | 862,123,401.06 |

Notes to the Financial Statements

For the year ended 31 December 2024

X RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS *(Continued)*

1 Risk management objectives, policies and procedures, and changes in the current year *(Continued)*

1.2 Credit risk *(Continued)*

Other receivables

Credit loss provision for other receivables:

| | Stage 1 | Stage 2 | Stage 3 | |
|--------------------------------|-----------------|---------------|-------------------|-----------------|
| | Future | Lifetime | Lifetime | |
| | 12-month | expected | expected | |
| | expected credit | credit losses | credit losses | |
| | losses | (not credit- | (credit-impaired) | |
| Credit loss provision | losses | impaired) | | Total |
| | RMB | RMB | RMB | RMB |
| Balance as at 1 January 2024 | 277,943.01 | – | 15,786,394.88 | 16,064,337.89 |
| Provision for the current year | – | – | 9,189,917.32 | 9,189,917.32 |
| Reversal for the current year | (73,682.54) | – | (11,155,906.55) | (11,229,589.09) |
| Write-off for the current year | – | – | (1,000.00) | (1,000.00) |
| Balance as at 31 December 2024 | 204,260.47 | – | 13,819,405.65 | 14,023,666.12 |

Notes to the Financial Statements

For the year ended 31 December 2024

X RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS *(Continued)*

1 Risk management objectives, policies and procedures, and changes in the current year *(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:

| | Lifetime expected credit losses (not credit-impaired) RMB | Lifetime expected credit losses (credit-impaired) (Note) RMB | Total RMB |
|--|--|--|-----------------|
| Balance as at 1 January 2024 | – | 7,134,409.23 | 7,134,409.23 |
| Provision for the current year | – | 14,856,518.42 | 14,856,518.42 |
| Reversal for the current year | – | (14,729,469.54) | (14,729,469.54) |
| Other changes – transfer to accounts receivable | – | (4,127,810.92) | (4,127,810.92) |
| Balance as at 31 December 2024 | – | 3,133,647.19 | 3,133,647.19 |

Note: The Group adopts the method of providing credit losses on a single-asset basis for long-term receivables of the education informatized and equipment 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.

Notes to the Financial Statements

For the year ended 31 December 2024

X RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS *(Continued)*

1 Risk management objectives, policies and procedures, and changes in the current year *(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:

31 December 2024

| Item | Within 1 year RMB | 1 to 2 years RMB | 2 to 5 years RMB | More than 5 years RMB | Total RMB | Carrying amount RMB |
|-----------------------|----------------------|---------------------|---------------------|--------------------------|------------------|------------------------|
| Short-term borrowings | 10,309,150.68 | - | - | - | 10,309,150.68 | 10,000,000.00 |
| Notes payables | 4,486,667.50 | - | - | - | 4,486,667.50 | 4,486,667.50 |
| Accounts payable | 5,453,032,475.59 | - | - | - | 5,453,032,475.59 | 5,453,032,475.59 |
| Other payables | 308,454,407.85 | - | - | - | 308,454,407.85 | 308,454,407.85 |
| Lease liabilities | 85,688,956.67 | 75,031,581.15 | 82,297,223.54 | 42,574,838.75 | 285,592,600.11 | 256,801,496.36 |
| Total | 5,861,971,658.29 | 75,031,581.15 | 82,297,223.54 | 42,574,838.75 | 6,061,875,301.73 | 6,032,775,047.30 |

31 December 2023

| Item | Within 1 year RMB | 1 to 2 years RMB | 2 to 5 years RMB | More than 5 years RMB | Total RMB | Carrying amount RMB |
|-----------------------|----------------------|---------------------|---------------------|--------------------------|------------------|------------------------|
| Short-term borrowings | 10,254,260.27 | - | - | - | 10,254,260.27 | 10,000,000.00 |
| Notes payables | 36,299,683.81 | - | - | - | 36,299,683.81 | 36,299,683.81 |
| Accounts payable | 5,470,058,096.76 | - | - | - | 5,470,058,096.76 | 5,470,058,096.76 |
| Other payables | 342,084,724.54 | - | - | - | 342,084,724.54 | 342,084,724.54 |
| Dividends payable | 222,091,380.00 | - | - | - | 222,091,380.00 | 222,091,380.00 |
| Lease liabilities | 107,901,044.74 | 81,066,940.83 | 134,339,293.12 | 43,611,638.88 | 366,918,917.57 | 325,705,165.57 |
| Total | 6,188,689,190.12 | 81,066,940.83 | 134,339,293.12 | 43,611,638.88 | 6,447,707,062.95 | 6,406,239,050.68 |

Notes to the Financial Statements

For the year ended 31 December 2024

X RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS *(Continued)*

2 Transfer of financial assets

(1) By transfer method

| Transfer method | Nature of financial assets transferred | Amount of financial assets transferred RMB | Derecognition | Judgment basis of derecognition |
|------------------|--|---|---------------|--|
| Note endorsement | Financing receivables | 41,512,566.59 | Derecognized | Almost all risks and rewards have been transferred |

(2) Financial assets derecognized due to transfer

| Item | Transfer method of financial assets | Amount of financial assets derecognized RMB | Gain or loss from derecognition |
|-----------------------|-------------------------------------|--|---------------------------------|
| Financing receivables | Endorsement | 41,512,566.59 | – |

At the end of 2024, the amount of bank acceptance bills that the Group had endorsed but not yet due was RMB41,512,566.59 (2023: RMB26,986,856.89), which was the accounts payable to the suppliers. The Group believes that substantially all the risks and rewards of the endorsed bank acceptance bills have been transferred to the suppliers. Therefore, these endorsed bank acceptance bills were derecognized. In the event that the accepting bank fails to accept the bills due, the Group is jointly and severally liable for the bank acceptance bills 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 2024, if the accepting bank fails to accept the bills 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 bills.

At the end of 2024, all financing receivables endorsed to suppliers will be due within twelve months from the balance sheet date.

Notes to the Financial Statements

For the year ended 31 December 2024

XI 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 |
|--|------------------|----------------|----------------------|---------------------------------|---------------------------------|---|
| | 2024 | 2023 | | | | |
| | RMB | RMB | | | | |
| Held-for-trading financial assets – shares of A share listed companies | 60,122.67 | 5,220.00 | Level 1 | Quoted prices in active markets | N/A | N/A |
| Other equity instrument investments – shares of A share listed company – Wan Xin Media | 914,857,600.00 | 866,248,000.00 | Level 1 | Quoted prices in active markets | N/A | N/A |
| Other equity instrument investments – shares of A share listed company – HGZN | 438,147.26 | 528,195.93 | Level 1 | Quoted prices in active markets | N/A | N/A |
| Other equity instrument investments – shares of A share listed company – Bank of Chengdu | 1,368,800,000.00 | 900,800,000.00 | Level 1 | Quoted prices in active markets | N/A | N/A |

Notes to the Financial Statements

For the year ended 31 December 2024

XI 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 2024 RMB | Fair value hierarchy | Valuation method and inputs | Significant unobservable inputs | Relationship between unobservable inputs and fair value |
|--|---------------------------|-------------------------|-----------------------------|--|--|
| Other equity instrument investments – others | 375,393.81 | Level 3 | Discounted cash flow | <ul style="list-style-type: none"> Expected cash flow Discount rate in line with expected risk level | <ul style="list-style-type: none"> The higher the expected cash flow, the higher the fair value; The lower the discount rate, the higher the fair value. |
| Financing receivables – bank acceptance bills | 15,232,141.87 | Level 3 | Discounted cash flow | <ul style="list-style-type: none"> Expected cash flow Discount rate in line with expected risk level | <ul style="list-style-type: none"> The higher the expected cash flow, the higher the fair value; The lower the discount rate, the higher the fair value. |
| Other non-current financial assets – Citic Buyout Investment Fund (Shenzhen) Partnership (Limited Partnership) | 54,735,996.10 | Level 3 | Market approach | <ul style="list-style-type: none"> Value ratio, liquidity discount | <ul style="list-style-type: none"> The higher the value ratio, the higher the fair value; The lower the liquidity discount, the higher the fair value. |
| Other non-current financial assets – Winshare Hengxin | 37,271,655.94 | Level 3 | Market approach | <ul style="list-style-type: none"> Value ratio, liquidity discount | <ul style="list-style-type: none"> The higher the value ratio, the higher the fair value; The lower the liquidity discount, the higher the fair value. |

Notes to the Financial Statements

For the year ended 31 December 2024

XI 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 2024 RMB | Fair value 2023 RMB | Fair value hierarchy | Valuation method and inputs | Significant unobservable inputs | Relationship between unobservable inputs and fair value |
|--|---------------------------|---------------------------|-------------------------|-----------------------------|--|--|
| Other non-current financial assets – Qingdao Goldstone | 110,225.19 | 293,410.55 | Level 3 | Market approach | <ul style="list-style-type: none"> Value ratio, liquidity discount | <ul style="list-style-type: none"> The higher the value ratio, the higher the fair value; The lower the liquidity discount, the higher the fair value. |
| Other non-current financial assets – Ningbo Meishan Free Trade Port Winshare Dirgsheng Equity Investment Partnership (Limited Partnership) | 77,397,665.02 | 77,426,838.97 | Level 3 | Market approach | <ul style="list-style-type: none"> Value ratio, liquidity discount | <ul style="list-style-type: none"> The higher the value ratio, the higher the fair value; The lower the liquidity discount, the higher the fair value. |
| Other non-current financial assets – Xinhua Internet | 1,055,422.24 | 3,000,000.00 | Level 3 | Discounted cash flow | <ul style="list-style-type: none"> Expected cash flow Discount rate in line with expected risk level | <ul style="list-style-type: none"> The higher the expected cash flow, the higher the fair value; The lower the discount rate, the higher the fair value |
| Other non-current financial assets – Sichuan Culture Investment Jinwen Equity Investment Fund Partnership (Limited Partnership) | 39,898,387.42 | 39,939,517.81 | Level 3 | Market approach | <ul style="list-style-type: none"> Value ratio, liquidity discount | <ul style="list-style-type: none"> The higher the expected cash flow, 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 2024

XI 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 2024 RMB | Fair value 2023 RMB | Fair value hierarchy | Valuation method and inputs | Significant unobservable inputs | Relationship between unobservable inputs and fair value |
|--|---------------------------|---------------------------|-------------------------|-----------------------------|---|--|
| Other non-current financial assets – Goldstone Growth Equity Investment (Hangzhou) Partnership (Limited Partnership) | 31,263,184.99 | 29,927,440.57 | Level 3 | Market approach | <ul style="list-style-type: none"> Value ratio, liquidity discount | <ul style="list-style-type: none"> The higher the expected cash flow, the higher the fair value; The lower the discount rate, the higher the fair value. |
| Other non-current financial assets – CICC Qichen | 119,730,029.16 | 122,853,320.14 | Level 3 | Market approach | <ul style="list-style-type: none"> Value ratio, liquidity discount | <ul style="list-style-type: none"> The higher the expected cash flow, the higher the fair value; The lower the discount rate, the higher the fair value. |
| Other non-current financial assets – Sinopec Marketing Co., Ltd. | 61,365,524.00 | 57,686,589.45 | Level 3 | Market approach | <ul style="list-style-type: none"> Value ratio, liquidity discount | <ul style="list-style-type: none"> The higher the expected cash flow, 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 2024

XI 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

| | 2024 RMB | 2023 RMB |
|--|-----------------|------------------|
| Opening balance of financial assets measured at Level 3 fair value | 453,903,818.79 | 476,522,083.62 |
| Included in gains or losses arising from changes in fair value in the current year | (9,955,441.95) | (57,015,964.91) |
| Additions in the current year | 66,625,647.57 | 331,783,107.42 |
| Disposals in the current year | (72,138,398.67) | (297,385,407.34) |
| Closing balance of financial assets measured at Level 3 fair value | 438,435,625.74 | 453,903,818.79 |

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 2024

XII RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1 Parent of the Company

| Name of the parent | Type of the entity | Place of incorporation | Legal representative | Nature of business | Registered capital RMB0'000 | 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 Co., Ltd. | LLC | Chengdu | Zhou Qing | Goods wholesale and retail, property lease, real estate, project investment | 59,382.20 | 39.84 (Note) | 39.84 (Note) | SASAC of Sichuan | 915100007089237087 |

Note: Sichuan Xinhua Publishing and Distribution Group Co., Ltd. holds 400,843,465 promoter's shares of the Company, accounting for 32.48% of the total share capital of the Company. Sichuan Xinhua Publishing and Distribution Group Co., Ltd. holds 90,780,000 H shares of the Company, accounting for 7.36% of the total share capital of the Company, resulting in a total shareholding of 39.84% (rounded up to 2 decimal places) 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 3 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 |
|--|-------------------------------|
| Tianxi Zhongda | Associate |
| Hainan Phoenix | Associate |
| Ming Bo Education | Associate |
| Education Forum | Associate |
| Winshare Yinshi | Associate |
| Winshare BLOGIS | Associate |
| Digital World | Associate |
| Shanghai Jingjie | Associate |
| Hainan Publishing House | Joint venture |
| The Commercial Press | Associate |
| Winshare Venture Capital Investment Fund | Associate |
| Ren Min Eastern | Associate |

Notes to the Financial Statements

For the year ended 31 December 2024

XII RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

4 Other related parties

| Name of other related parties | Relationship between other related parties and the Company |
|---|--|
| Sichuan Minzu Publishing House Co., Ltd. ("Sichuan Minzu Publishing House") | Controlling shareholder's subsidiary |
| Xinhua Internet E-commerce Co., Ltd. ("Xinhua Internet") | Other enterprise over which the senior management of the Company has significant influence |
| Sichuan Xinhua Cultural Property Service Co., Ltd. ("Xinhua Cultural") | Controlling shareholder's subsidiary |
| Sichuan Xinhua Lezhi Cultural Technology Co., Ltd. ("Xinhua Lezhi") | Controlling shareholder's subsidiary |
| Sichuan Cultural Investment Huiwen Asset Management Co., Ltd. ("Cultural Investment Huiwen") | Subsidiary of shareholder which exerts significant influence on the Company |
| Bank of Chengdu Co., Ltd. ("Bank of Chengdu") | Other enterprise over which the senior management of the Company has significant influence |
| Sichuan Cultural Big Data Co., Ltd. ("Sichuan Cultural Big Data") | Subsidiary of shareholder which exerts significant influence on the Company |
| Sichuan Xinhua Haiyi Hotel Co., Ltd. ("Haiyi Hotel") | Controlling shareholder's subsidiary |
| Sichuan Guanghan Sanxingdui Qushanyuan Cultural Ltd. ("Sanxingdui Qushanyuan Cultural") | Controlling shareholder's subsidiary |
| Sichuan Xinhua Haiyi Cultural Development Co., Ltd. ("Xinhua Haiyi") | Controlling shareholder's subsidiary |
| Chengdu Qijia Advertising Media Co., Ltd. ("Qijia Advertising") | Other enterprise over which the senior management of the Company has significant influence |
| Sichuan Xinhua International Hotel Co., Ltd. ("Xinhua International Hotel") | Controlling shareholder's subsidiary |
| Sichuan Xinhua Fanyue Culture Media Co., Ltd. ("Xinhua Fanyue") | Controlling shareholder's subsidiary |
| Chengdu Xinhua Chuangzhi Cultural Industry Investment Co., Ltd. ("Xinhua Chuangzhi") | Controlling shareholder's subsidiary |
| Sichuan Cultural Investment Group | Subsidiary of 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 |
| Sichuan Cultural Investment Tianguang Yueying Hotel Co., Ltd. ("Tianguang Yueying Hotel") | Subsidiary of shareholder which exerts significant influence on the Company |
| Sichuan Development Asset Management Investment Management Co., Ltd. ("Sichuan Development Asset Management") | Controlling shareholder's subsidiary |
| Ke Jiming | Non-executive director of the Company |

Notes to the Financial Statements

For the year ended 31 December 2024

XII RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5 Related party transactions

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

Purchase of goods/receipt of services

| Related party | Type of related party transaction | Details of related party transaction | Pricing and decision-making procedures of related party transactions | Transaction limit | | Transaction limit exceeded? | 2023 | |
|--------------------------------|-----------------------------------|--|--|-------------------|-----|-----------------------------|----------------|----------------|
| | | | | approved | RMB | | 2024 | RMB |
| Xinhua International Hotel | Receipt of services | Receipt of hotel and conference services | Price negotiated by both parties | N/A | N | N | 63,920.28 | 96,524.01 |
| Sanxingdai Qushanyuan Cultural | Receipt of services | Receipt of hotel and conference services | Price negotiated by both parties | N/A | N | N | 78,183.51 | 172,632.56 |
| Xinhua Cultural | Receipt of services | Receipt of property management services | Price negotiated by both parties | 50,500,000.00 | N | N | 39,971,155.19 | 38,527,306.57 |
| Ming Bo Education | Purchase of goods | Purchase of software and hardware | Price negotiated by both parties | N/A | N | N | 11,195,434.03 | 3,228,549.58 |
| Ming Bo Education | Receipt of services | Provision of R&D services | Price negotiated by both parties | N/A | N | N | 882,075.47 | - |
| The Commercial Press | Purchase of goods | Purchase of books | Price negotiated by both parties | N/A | N | N | 18,084,574.83 | 21,937,129.49 |
| Ren Min Eastern | Purchase of goods | Purchase of books | Price negotiated by both parties | N/A | N | N | 1,844,062.27 | 4,270,518.66 |
| Hainan Publishing House | Purchase of goods | Purchase of books | Price negotiated by both parties | N/A | N | N | 18,181,597.89 | 11,211,986.10 |
| Xinhua Haiyi | Receipt of services | Receipt of hotel and conference services | Price negotiated by both parties | N/A | N | N | 15,794.00 | 263,243.15 |
| Haiyi Hotel | Receipt of services | Receipt of hotel and conference services | Price negotiated by both parties | N/A | N | N | 364,831.51 | 251,702.30 |
| Winshare BLOGIS | Purchase of goods | Purchase of goods | Price negotiated by both parties | N/A | N | N | 38,282.30 | 62,865.48 |
| Winshare BLOGIS | Receipt of services | Receipt of printing services | Price negotiated by both parties | N/A | N | N | 858,271.79 | 180,713.74 |
| Sichuan Minzu Publishing House | Purchase of goods | Purchase of books | Price negotiated by both parties | 130,000,000.00 | N | N | 104,493,087.26 | 68,622,267.08 |
| Tianxi Zhongda | Purchase of goods | Purchase of books and copyrights | Price negotiated by both parties | N/A | N | N | 41,394,362.62 | 27,832,902.07 |
| Tianxi Zhongda | Receipt of services | Receipt of copyrights | Price negotiated by both parties | N/A | N | N | - | 304,128.01 |
| Tianguang Yueying Hotel | Receipt of services | Receipt of hotel and conference services | Price negotiated by both parties | N/A | N | N | - | 4,811.32 |
| Qijia Advertising | Receipt of services | Receipt of advertising services | Price negotiated by both parties | N/A | N | N | - | 16,320.75 |
| Qijia Advertising | Purchase of goods | Purchase of goods | Price negotiated by both parties | N/A | N | N | 7,600.00 | - |
| Digital World | Purchase of services | Purchase of services | Price negotiated by both parties | N/A | N | N | 3,315,095.28 | - |
| Huaxuan Yinshi | Purchase of goods | Purchase of goods | Price negotiated by both parties | N/A | N | N | 341,608.25 | - |
| Ke Jiming | Purchase of goods | Purchase of copyrights | Price negotiated by both parties | N/A | N | N | 29,400.00 | - |
| Total | | | | | | | 241,159,336.48 | 176,983,600.87 |

Notes to the Financial Statements

For the year ended 31 December 2024

XII 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

| Related party | Type of related party transaction | Details of related party transaction | Pricing and decision - making procedures of related party transactions | 2024 RMB | Transaction limit approved | Transaction limit exceeded? | 2023 RMB |
|--|-----------------------------------|---|--|---------------|----------------------------|-----------------------------|---------------|
| | | | | | | | |
| Sichuan Xinhua Publishing and Distribution Group | Sales of goods | Sales of books and provision of services | Price negotiated by both parties | 85,584.59 | N/A | N | 261,607.80 |
| Sichuan Xinhua Publishing and Distribution Group | Provision of services | Provision of advertising design and production services | Price negotiated by both parties | 186,776.15 | N/A | N | 1,142,681.57 |
| Xinhua Fanyue | Sales of goods | Sales of goods and provision of services | Price negotiated by both parties | - | N/A | N | 27,937.94 |
| Hainan Phoenix | Provision of services | Provision of services | Price negotiated by both parties | - | N/A | N | 947,330.42 |
| Hainan Phoenix | Sales of goods | Sales of books | Price negotiated by both parties | 970,809.71 | N/A | N | - |
| Sichuan Minzu Publishing House | Sales of goods | Sales of paper | Price negotiated by both parties | 18,233,513.92 | 46,000,000.00 | N | 17,017,273.94 |
| Tianxi Zhongda | Sales of goods | Provision of copyright | Price negotiated by both parties | 98,697.40 | N/A | N | 565,010.34 |
| Winshare BLOGIS | Provision of services | Provision of storage services | Price negotiated by both parties | - | N/A | N | 187,536.98 |
| Winshare BLOGIS | Sales of goods | Sales of materials | Price negotiated by both parties | 22,071.95 | N/A | N | - |
| The Commercial Press | Provision of services | Provision of services | Price negotiated by both parties | 159,479.65 | N/A | N | 52,500.40 |
| Sanxingdui Qushanyuan Cultural | Sales of goods | Sales of goods | Price negotiated by both parties | - | N/A | N | 1,951.05 |
| Sichuan Development Asset Management | Sales of goods | Sales of goods | Price negotiated by both parties | - | N/A | N | 7,900.00 |
| Xinhua Internet | Sales of goods | Sales of goods | Price negotiated by both parties | 1,056,713.55 | N/A | N | - |
| Sichuan Cultural Big Data | Sales of goods | Sales of goods | Price negotiated by both parties | 149,820.00 | N/A | N | - |
| Huaxuan Yinshi | Sales of goods | Sales of goods | Price negotiated by both parties | 489,118.62 | N/A | N | - |
| Total | | | | 21,452,585.54 | | | 20,211,730.44 |

Notes to the Financial Statements

For the year ended 31 December 2024

XII RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5 Related party transactions *(Continued)*

(2) Leases with related parties

Leases where the Group is the lessor:

| 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 2024 RMB | Lease income recognized in 2023 RMB |
|----------------|--|-----------------------|-----------------------------|---------------------------|--|--|--|
| The Company | Sichuan Xinhua Publishing and Distribution Group | Buildings | 2022.1.1 | 2026.12.31 | Contractual price negotiated by both parties | - | 1,279,575.77 |
| The Company | Sichuan Xinhua Publishing and Distribution Group | Buildings | 2020.11.1 | 2026.12.31 | Contractual price negotiated by both parties | - | 1,302,486.86 |
| The Company | Sichuan Xinhua Publishing and Distribution Group | Buildings | 2024.1.1 | 2026.12.31 | Contractual price negotiated by both parties | 1,244,000.00 | - |
| The Company | Sichuan Xinhua Publishing and Distribution Group | Buildings | 2024.1.1 | 2026.12.31 | Contractual price negotiated by both parties | 1,259,047.62 | - |
| The Company | Sichuan Minzu Publishing House | Buildings | 2024.1.1 | 2026.12.31 | Contractual price negotiated by both parties | 653,495.01 | - |
| Total | | | | | | 3,156,542.63 | 2,582,062.63 |

Notes to the Financial Statements

For the year ended 31 December 2024

XII RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5 Related party transactions (Continued)

(2) Leases with related parties (Continued)

Leases where the Group is the lessee:

| Name of lessor | Name of lessee | Type of leased assets | Commencement date of leases | Expiration date of leases | Basis of determining the rent | Short-term leases using simplified method | | Transaction limit approved | | Rents paid | | Interest expense of lease liabilities born | | Increase/(decrease) in right-of-use assets | | |
|---|---|-----------------------|-----------------------------|---------------------------|--|--|-------------|----------------------------|-------------|---------------|---------------|--|--------------|--|-------------|----------------|
| | | | | | | 2024 RMB | 2023 RMB | 2024 RMB | 2023 RMB | 2024 RMB | 2023 RMB | 2024 RMB | 2023 RMB | 2024 RMB | 2023 RMB | |
| Sichuan Xinhua Publishing and Distribution Group (Note 1) | The Company | Buildings | 2022.1.1 | 2027.12.31 | Contractual price negotiated by both parties | - | - | 46,000,000.00 | N | 38,559,335.89 | 38,679,228.29 | 4,686,221.23 | 7,604,303.41 | 3,353,071.51 | - | |
| | | | | | | - | - | - | N/A | N | - | 204,339.60 | - | 1,608.13 | - | (2,299,261.37) |
| | Winshare Venture Capital Investment Fund (Note 2) | The Group | Buildings | 2020.6.1 | 2023.5.31 | Contractual price negotiated by both parties | - | - | - | - | - | - | - | - | | |
| | | | | | | | - | - | - | N/A | N | 817,358.40 | 613,018.80 | 53,947.93 | 44,357.27 | - |
| Xinhua Chuangzhi (Note 3) | The Company | Buildings | 2023.1.1 | 2025.8.31 | Contractual price negotiated by both parties | - | - | - | N/A | 117,160.47 | 117,160.47 | 4,954.10 | 10,149.25 | - | 275,222.94 | |
| | | | | | | - | - | - | N/A | N | - | - | - | - | - | - |
| Cultural Investment Huiwen (Note 4) | The Group | Buildings | 2023.1.1 | 2023.12.31 | Contractual price negotiated by both parties | - | 959,669.72 | N/A | N | - | - | - | - | - | - | |
| Cultural Investment Huiwen (Note 4) | The Group | Buildings | 2024.1.1 | 2025.12.31 | Contractual price negotiated by both parties | 959,669.72 | - | - | N/A | N | - | - | - | - | - | - |
| Total | | | | | | 959,669.72 | 959,669.72 | | | 39,493,854.76 | 39,613,747.16 | 4,745,123.26 | 7,660,418.06 | 3,353,071.51 | 370,378.96 | |

Notes to the Financial Statements

For the year ended 31 December 2024

XII RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5 Related party transactions (Continued)

(2) Leases with related parties (Continued)

Leases where the Group is the lessee: (Continued)

Note 1: In 2024, the Company changed its lease contract with Sichuan Xinhua Publishing and Distribution Group. The unrecognized financing costs were reduced by RMB3,213,648.70 due to the reduction in leased area this year, and the discount rate was reduced from 4.60% to 3.45%, resulting in an increase of RMB3,353,071.51 in the cost of right-of-use assets. Depreciation of right-of-use assets amounting to RMB33,130,887.00 was recognized. According to the contract, the rent shall be paid in one lump sum in the third quarter of each year.

Note 2: In 2024, the Group rented buildings from Winshare Venture Capital Investment Fund. In 2024, a rent payment of RMB817,358.40 was incurred, and depreciation of right-of-use assets amounting to RMB776,567.76 was recognized.

Note 3: In 2024, the Company rented buildings from Xinhua Chuangzhi. In 2024, a rent payment of RMB117,160.47 was incurred, and depreciation of right-of-use assets amounting to RMB103,208.64 was recognized.

Note 4: In 2024, the Group rented buildings from Cultural Investment Huiwen. In 2024, a rent payment amounting to RMB959,669.72 was incurred.

(3) Compensation for key management personnel

| Item | 2024 RMB | 2023 RMB |
|---|---------------|---------------|
| Compensation for key management personnel | 13,842,500.11 | 15,183,340.41 |

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 2024

XII RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5 Related party transactions *(Continued)*

(4) Remuneration for directors and supervisors and staff of top five remunerations

Details of remunerations for directors and supervisors in 2024 are as follows:

| | Director | | Supervisor | |
|---------------------------------|----------|----------|------------|----------|
| | 2024 | 2023 | 2024 | 2023 |
| | RMB' 000 | RMB' 000 | RMB' 000 | RMB' 000 |
| Emoluments | 770 | 780 | 286 | 272 |
| Other remunerations: | | | | |
| Salaries and allowances | 78 | 78 | 576 | 695 |
| Performance linked bonus | – | – | 507 | 526 |
| Retirement benefit contribution | – | – | 278 | 134 |
| Subtotal | 78 | 78 | 1,361 | 1,355 |
| Total | 848 | 858 | 1,647 | 1,627 |

(a) Independent non-executive directors

Emoluments and other remunerations paid to independent non-executive directors for the current year are as follows:

| | 2024 | | | 2023 | | |
|--------------------------------------|-----------|-------------------------|--------------------|-----------|-------------------------|--------------------|
| | Emolument | Salaries and allowances | Total remuneration | Emolument | Salaries and allowances | Total remuneration |
| | RMB' 000 | RMB' 000 | RMB' 000 | RMB' 000 | RMB' 000 | RMB' 000 |
| Independent non-executive directors: | | | | | | |
| Mr. Li Xu (Note 1) | 67 | – | 67 | 230 | 15 | 245 |
| Mr. Deng Fumin (Note 2) | 230 | 33 | 263 | – | 3 | 3 |
| Mr. Lau Tsz Bun | 320 | 36 | 356 | 320 | 27 | 347 |
| Mr. Fang Bingxi (Note 3) | – | – | – | 230 | 33 | 263 |
| Mr. Han Wenlong (Note 4) | 153 | 9 | 162 | – | – | – |
| Total | 770 | 78 | 848 | 780 | 78 | 858 |

Notes to the Financial Statements

For the year ended 31 December 2024

XII RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5 Related party transactions (Continued)

(4) Remuneration for directors and supervisors and staff of top five remunerations (Continued)

(a) Independent non-executive directors (Continued)

Note 1: Mr. Li Xu unfortunately passed away due to illness on 9 April 2024.

Note 2: This director was appointed as an independent non-executive director of the Company on 20 December 2023.

Note 3: This director retired as an independent non-executive director of the Company on 20 December 2023.

Note 4: This director was appointed as an independent non-executive director of the Company on 21 May 2024.

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.

(b) Executive and non-executive directors

| | 2024 | | | | |
|--|-----------|-------------------------|--------------------------|---------------------------------|--------------------|
| | Emolument | Salaries and allowances | Performance linked bonus | Retirement benefit contribution | Total remuneration |
| | | | | | |
| | RMB' 000 | RMB' 000 | RMB' 000 | RMB' 000 | RMB' 000 |
| Executive directors: | | | | | |
| Mr. Zhou Qing (Chairman) (Note 5) (Note 7) | - | - | - | - | - |
| Mr. Luo Yong (Chairman) (Note 7) (Note 9) | - | - | - | - | - |
| Mr. Liu Longzhang (Note 7) | - | - | - | - | - |
| Mr. Li Qiang (Note 8) | - | - | - | - | - |
| Subtotal | - | - | - | - | - |
| Non-executive directors: | | | | | |
| Mr. Dai Weidong (Note 6) | - | - | - | - | - |
| Ms. Tan Ao (Note 5) (Note 6) | - | - | - | - | - |
| Mr. Zhang Peng (Note 6) (Note 9) | - | - | - | - | - |
| Mr. Ke Jiming (Note 7) | - | - | - | - | - |
| Subtotal | - | - | - | - | - |
| Total | - | - | - | - | - |

Notes to the Financial Statements

For the year ended 31 December 2024

XII RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5 Related party transactions *(Continued)*

(4) Remuneration for directors and supervisors and staff of top five remunerations *(Continued)*

(b) Executive and non-executive directors *(Continued)*

| | 2023 | | | | |
|--|-----------|-------------------------|--------------------------|---------------------------------|--------------------|
| | Emolument | Salaries and allowances | Performance linked bonus | Retirement benefit contribution | Total remuneration |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Executive directors: | | | | | |
| Mr. Zhou Qing (Chairman) (Note 5) (Note 7) | - | - | - | - | - |
| Mr. Luo Yong (Chairman) (Note 7) (Note 9) | - | - | - | - | - |
| Mr. Liu Longzhang (Note 7) | - | - | - | - | - |
| Mr. Li Qiang (Note 8) | - | - | - | - | - |
| Subtotal | - | - | - | - | - |
| Non-executive directors: | | | | | |
| Mr. Dai Weidong (Note 6) | - | - | - | - | - |
| Ms. Tan Ao (Note 5) (Note 6) | - | - | - | - | - |
| Mr. Zhang Peng (Note 6) (Note 9) | - | - | - | - | - |
| Mr. Ke Jiming (Note 7) | - | - | - | - | - |
| Subtotal | - | - | - | - | - |
| Total | - | - | - | - | - |

Note 5: This director was appointed on 29 August 2023.

Note 6: The emoluments of this director were paid by Sichuan Cultural Investment Group, which is wholly owned by Sichuan Development Holding Co., Ltd. The Group did not pay any remuneration to this director in 2024 and 2023.

Note 7: 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 in 2024 and 2023.

Note 8: This director received remuneration in his executive position in the Company.

Note 9: This director retired on 29 August 2023.

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 2024

XII RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5 Related party transactions *(Continued)*

(4) Remuneration for directors and supervisors and staff of top five remunerations *(Continued)*

(c) Supervisors

| | 2024 | | | | |
|----------------------------------|-----------|-------------------------|--------------------------|--------------|----------|
| | Emolument | Salaries and allowances | Performance linked bonus | Retirement | Total |
| | | | | contribution | |
| | RMB' 000 | RMB' 000 | RMB' 000 | RMB' 000 | RMB' 000 |
| Supervisors | | | | | |
| Mr. Tang Xiongxing (Note 10) | – | – | – | – | – |
| Mr. Qiu Ming (Note 10) (Note 11) | – | – | – | – | – |
| Ms. Wang Yan | – | 181 | 248 | 139 | 568.00 |
| Mr. Chao Hsun (Note 12) | 26 | – | – | – | 26.00 |
| Mr. Feng Jian | 100 | 12 | – | – | 112.00 |
| Ms. Wang Li | 100 | 21 | – | – | 121.00 |
| Ms. Wang Yuanyuan | – | 353 | 259 | 139 | 751.00 |
| Mr. Xue Feng (Note 13) | 60 | 9 | – | – | 69.00 |
| Total | 286.00 | 576.00 | 507.00 | 278.00 | 1,647.00 |

Notes to the Financial Statements

For the year ended 31 December 2024

XII RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5 Related party transactions *(Continued)*

(4) Remuneration for directors and supervisors and staff of top five remunerations *(Continued)*

(c) Supervisors *(Continued)*

| | 2023 | | | | |
|----------------------------------|-----------|-------------------------|--------------------------|---------------------------------|--------------------|
| | Emolument | Salaries and allowances | Performance linked bonus | Retirement benefit contribution | Total remuneration |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Supervisors | | | | | |
| Mr. Tang Xiongxing (Note 10) | – | – | – | – | – |
| Mr. Qiu Ming (Note 10) (Note 11) | – | – | – | – | – |
| Ms. Wang Yan | – | 250 | 258 | 67 | 575 |
| Mr. Chao Hsun (Note 12) | 88 | – | – | – | 88 |
| Mr. Feng Jian | 92 | 6 | – | – | 98 |
| Ms. Wang Li | 92 | 18 | – | – | 110 |
| Ms. Wang Yuanyuan | – | 421 | 268 | 67 | 756 |
| Total | 272 | 695 | 526 | 134 | 1,627 |

Note 10: The emoluments of this supervisor were paid by Sichuan Cultural Investment Group, which is wholly owned by Sichuan Development Holding Co., Ltd. The Group did not pay any remuneration to this supervisor in 2024 and 2023.

Note 11: This supervisor was appointed on 29 August 2023.

Note 12: This supervisor resigned on 15 April 2024.

Note 13: This supervisor was appointed on 21 May 2024.

In 2024, the remuneration of the above directors and supervisors fell within the range of nil to HK\$500,000.00 (equivalent to RMB456,375.00), except for two supervisors whose remuneration fell within the range of HK\$500,000.00 (equivalent to RMB456,375.00) to HK\$1,000,000.00 (equivalent to RMB912,750.00).

In 2023, the remuneration of the above directors and supervisors fell within the range of nil to HK\$500,000.00 (equivalent to RMB453,100.00), except for two supervisors whose remuneration fell within the range of HK\$500,000.00 (equivalent to RMB453,100.00) to HK\$1,000,000.00 (equivalent to RMB906,200.00).

In 2024, no arrangement was made under which a director or supervisor has waived or agreed to waive any emoluments.

Notes to the Financial Statements

For the year ended 31 December 2024

XII RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5 Related party transactions *(Continued)*

(4) Remuneration for directors and supervisors and staff of top five remunerations *(Continued)*

(d) Staff of top five remunerations

In 2024 and 2023, 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:

| | 2024 RMB' 000 | 2023 RMB' 000 |
|---|------------------|------------------|
| Salaries, allowances and benefits-in-kind | 2,245 | 2,648 |
| Performance linked bonus | 3,650 | 5,827 |
| Retirement benefit contribution | 694 | 321 |
| Total | 6,589 | 8,796 |

In 2024, the remuneration of the above highest paid staff fell within the range of HK\$1,300,000.00 (equivalent to RMB1,186,575.00) to HK\$1,500,000.00 (equivalent to RMB1,369,125.00), except for one individual whose remuneration fell within the range of HK\$1,500,000.00 (equivalent to RMB1,369,125.00) to HK\$1,700,000.00 (equivalent to RMB1,551,675.00).

In 2023, the remuneration of the above highest paid staff fell within the range of HK\$1,500,000.00 (equivalent to RMB1,359,300.00) to HK\$2,000,000.00 (equivalent to RMB1,812,400.00), except for one individual whose remuneration fell within the range of HK\$2,500,000.00 (equivalent to RMB2,265,500.00) to HK\$3,000,000.00 (equivalent to RMB2,718,600.00).

In 2024, no amount was paid or payable by the Group to a director or supervisor of the Company or highest paid staff who were not a director or supervisor of the Company as an inducement to join or upon joining the Group or a compensation for the loss of office.

Notes to the Financial Statements

For the year ended 31 December 2024

XII RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6 Accounts receivable and payable from/to related parties and other unsettled items

| Item | Related party | 31 December 2024 RMB | 31 December 2023 RMB |
|----------------------|--|----------------------------|----------------------------|
| Accounts receivable | Shanghai Jingjie | 195,984.00 | 195,984.00 |
| | Sichuan Minzu Publishing House | 13,382,022.40 | 16,762,795.76 |
| | Hainan Phoenix | 208,429.85 | 126,120.19 |
| | Sichuan Xinhua Publishing and Distribution Group | 45,306.45 | 247,581.10 |
| | Xinhua Internet | 599,440.34 | 3,692,559.99 |
| | Huaxuan Yinshi | 533,139.30 | – |
| | Sichuan Cultural Big Data | 74,910.00 | – |
| Total | | 15,039,232.34 | 21,025,041.04 |
| Dividends receivable | Education Forum | 108,000.00 | 72,000.00 |
| | The Commercial Press | 1,470,000.00 | – |
| Total | | 1,578,000.00 | 72,000.00 |
| Other receivables | Shanghai Jingjie | 26,478.80 | 26,478.80 |
| | Cultural Investment Huiwen | 90,000.00 | 90,000.00 |
| Total | | 116,478.80 | 116,478.80 |
| Accounts payable | The Commercial Press | 9,569,353.09 | 11,650,537.85 |
| | Ming Bo Education | 6,472,458.60 | 1,344,962.31 |
| | Hainan Publishing House | 11,637,924.73 | 86,125.67 |
| | Winshare BLOGIS (Note) | 9,292,215.92 | 22,841,009.71 |
| | Sichuan Minzu Publishing House | 55,441,729.97 | 50,886,967.27 |
| | Tianxi Zhongda | 52,573,103.96 | 42,330,144.90 |
| | Digital World | 3,514,001.00 | – |
| | Huaxuan Yinshi | 362,104.74 | – |
| Total | | 148,862,892.01 | 129,139,747.71 |

Notes to the Financial Statements

For the year ended 31 December 2024

XII RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6 Accounts receivable and payable from/to related parties and other unsettled items (Continued)

| Item | Related party | 31 December 2024 RMB | 31 December 2023 RMB |
|---|--|----------------------------|----------------------------|
| Other payables | Ming Bo Education | 4,776,848.83 | 7,452,829.98 |
| | Winshare BLOGIS | 36,492.48 | 3,000.00 |
| | Sichuan Cultural Investment Group | 1,014,758.85 | – |
| Total | | 5,828,100.16 | 7,455,829.98 |
| Dividends payable | Sichuan Xinhua Publishing and Distribution Group | – | 95,794,610.94 |
| Contract liabilities | Xinhua Lezhi | 18,594.38 | 19,900.00 |
| | Digital World | 886,792.46 | 334,905.65 |
| Total | | 905,386.84 | 354,805.65 |
| Non-current liabilities due within one year | Sichuan Xinhua Publishing and Distribution Group | 35,172,444.17 | 32,671,011.02 |
| | Winshare Venture Capital Investment Fund | 791,745.89 | 763,410.47 |
| Total | | 35,964,190.06 | 33,434,421.49 |
| Lease liabilities | Sichuan Xinhua Publishing and Distribution Group | 109,259,010.06 | 107,514,638.60 |
| | Winshare Venture Capital Investment Fund | 994,232.19 | 994,232.19 |
| Total | | 110,253,242.25 | 108,508,870.79 |

Note: The amount payable represented the settlement amount with the Company arising from the supply chain financial services provided by Winshare BLOGIS to the Company's suppliers, which was not generated from related party transactions between the Company and Winshare BLOGIS.

Notes to the Financial Statements

For the year ended 31 December 2024

XII RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

7 Transactions with Bank of Chengdu and closing balance

In accordance with the Administrative Measures for Information Disclosure of Listed Companies, as Mr. Ma Xiaofeng concurrently served as a senior management of the Company and a director of Bank of Chengdu, Bank of Chengdu is a related party of the Company. During the reporting period, the Group's transactions with Bank of Chengdu and the closing balance are detailed as follows:

(1) Dividend income

| Item | 2024 | | 2023 | |
|-------------------|---------------|----------------|---------------|----------------|
| | Amount RMB | Proportion (%) | Amount RMB | Proportion (%) |
| Investment income | 71,744,000.00 | 58.70 | 61,434,400.00 | 72.71 |

The shown proportion is the proportion of the amount of the transaction to total dividend income in the current year.

(2) Interest income

| Item | 2024 | | 2023 | |
|------------------|---------------|----------------|---------------|----------------|
| | Amount RMB | Proportion (%) | Amount RMB | Proportion (%) |
| Finance expenses | 24,419,492.33 | 10.05 | 17,968,091.32 | 6.97 |

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

(3) Handling charges

| Item | 2024 | | 2023 | |
|------------------|---------------|----------------|---------------|----------------|
| | Amount RMB | Proportion (%) | Amount RMB | Proportion (%) |
| Finance expenses | 3,552.37 | 0.02 | 5,378.26 | 0.05 |

Notes to the Financial Statements

For the year ended 31 December 2024

XII RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

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

(4) Amount due to/from

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|---------------|-------------------------|-------------------------|
| Bank deposits | 1,280,387,903.63 | 544,921,042.92 |

(5) Short-term borrowings

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|----------------------|-------------------------|-------------------------|
| Short-term borrowing | 10,000,000.00 | 10,000,000.00 |

(6) Interest expenses

| Item | 2024 RMB | 2023 RMB |
|-------------------|-------------|-------------|
| Interest expenses | 267,374.99 | 742,891.73 |

Notes to the Financial Statements

For the year ended 31 December 2024

XIII CONTINGENCIES

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

XIV COMMITMENTS

Capital and other commitments

| | 31 December 2024 RMB | 31 December 2023 RMB |
|--|-------------------------|-------------------------|
| Commitment that are contracted but not yet recognized in the financial statements for acquisition and construction of long-term assets | 83,640,518.88 | 115,090,044.69 |
| Subscribed capital contribution commitments to joint venture | 100,000,000.00 | 100,000,000.00 |
| Total | 183,640,518.88 | 215,090,044.69 |

XV EVENTS AFTER THE BALANCE SHEET DATE

At the board meeting held on 27 March 2025, the resolution regarding the profit distribution for 2024 was passed where the undistributed profit at the end of 2024 would be distributed at the price of RMB0.41 (tax inclusive) and the proposed dividend amounted to RMB505,874,810.00 (tax inclusive). The resolution shall take effect upon obtaining approval at the annual general meeting for 2024 to be held in May 2025.

XVI 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:

- Short-term borrowings and lease liabilities less 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 2024

XVI 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 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 2024

XVI OTHER SIGNIFICANT EVENTS (Continued)

2 Segment reporting (Continued)

(1) Segment reporting information

2024

| | Publication segment RMB | Distribution segment RMB | Others RMB | Unallocated items RMB | Inter-segment eliminations RMB | Total RMB |
|-------------------------------------|-------------------------------|--------------------------------|------------------|-----------------------------|--------------------------------------|-------------------|
| Operating income from main business | 2,980,259,352.01 | 10,867,014,662.29 | 439,467,392.40 | – | (2,138,315,739.98) | 12,148,425,666.72 |
| Operating costs of main business | 2,003,295,670.51 | 7,555,264,754.20 | 372,440,388.52 | – | (2,145,190,393.25) | 7,785,810,419.98 |
| Total assets | 7,255,856,748.06 | 15,848,685,396.89 | 1,147,038,500.76 | 2,399,133,785.00 | (3,752,011,070.44) | 22,898,703,360.27 |
| Total liabilities | 1,716,979,151.60 | 9,170,353,843.83 | 507,862,229.20 | 80,972,755.00 | (3,584,393,667.77) | 7,891,774,311.86 |

2023

| | Publication segment RMB | Distribution segment RMB | Others RMB | Unallocated items RMB | Inter-segment eliminations RMB | Total RMB |
|-------------------------------------|-------------------------------|--------------------------------|------------------|-----------------------------|--------------------------------------|-------------------|
| Operating income from main business | 2,987,457,427.86 | 10,486,969,636.36 | 433,181,626.51 | – | (2,218,060,034.27) | 11,689,548,656.46 |
| Operating costs of main business | 1,999,244,215.31 | 7,125,440,951.68 | 379,833,831.95 | – | (2,169,483,116.92) | 7,335,035,882.02 |
| Total assets | 8,599,795,205.59 | 14,771,031,767.39 | 1,198,050,642.51 | 1,816,904,624.17 | (4,598,218,865.34) | 21,787,563,374.32 |
| Total liabilities | 3,506,818,267.08 | 8,318,972,628.12 | 505,786,859.34 | 441,797,316.49 | (4,399,967,867.82) | 8,373,407,203.21 |

(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.

Notes to the Financial Statements

For the year ended 31 December 2024

XVI OTHER SIGNIFICANT EVENTS (Continued)

2 Segment reporting (Continued)

(3) Concentration on major customers

The Group's revenue from its single largest customer for 2024 is RMB1,095,796,708.91 (2023: RMB1,065,063,854.18), 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 2024 and 2023.

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.

XVII NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT

1 Accounts receivable

(1) Disclosure of accounts receivable by aging

| Aging | Carrying balance as at 31 December 2024 RMB | Carrying balance as at 31 December 2023 RMB |
|---|--|--|
| | | |
| Within 1 year | 588,665,809.49 | 678,333,241.80 |
| More than 1 year but not exceeding 2 years | 135,438,120.56 | 304,986,560.99 |
| More than 2 years but not exceeding 3 years | 255,044,651.01 | 51,419,250.75 |
| More than 3 years | 84,289,990.07 | 57,203,821.14 |
| Subtotal | 1,063,438,571.13 | 1,091,942,874.68 |
| Less: Provision for credit loss | 397,117,649.13 | 392,666,534.17 |
| Total | 666,320,922.00 | 699,276,340.51 |

Notes to the Financial Statements

For the year ended 31 December 2024

XVII NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT (Continued)

1 Accounts receivable (Continued)

(2) Disclosure by provision method of credit loss

| Category | 31 December 2024 | | | | | 31 December 2023 | | | | |
|--|------------------|------------|-----------------------|----------------------|----------------|------------------|------------|-----------------------|----------------------|----------------|
| | Carrying amount | | Credit loss provision | | Carrying value | Carrying amount | | Credit loss provision | | Carrying value |
| | Amount | Percentage | Amount | Provision percentage | | Amount | Percentage | Amount | Provision percentage | |
| | | | | | | | | | | |
| | RMB | RMB | RMB | RMB | RMB | RMB | RMB | RMB | RMB | |
| Provision for credit loss on an individual basis | 168,989,064.25 | 15.89 | 84,216,521.77 | 49.84 | 84,772,542.48 | 190,365,989.90 | 17.43 | 82,051,283.12 | 43.10 | 108,314,706.78 |
| Provision for credit loss on a collective basis | 894,449,506.88 | 84.11 | 312,901,127.36 | 34.98 | 581,548,379.52 | 901,576,884.78 | 82.57 | 310,615,251.05 | 34.45 | 590,961,633.73 |
| Total | 1,063,438,571.13 | 100.00 | 397,117,649.13 | | 666,320,922.00 | 1,091,942,874.68 | 100.00 | 392,666,534.17 | | 699,276,340.51 |

Provision for credit loss on an individual basis

| Name of entity | 31 December 2024 | | | Reason for provision |
|----------------|------------------|---------------------------|--------------------------|---------------------------|
| | Carrying balance | Provision for credit loss | Provision percentage (%) | |
| | RMB | RMB | | |
| Customer E | 48,182,910.56 | 32,962,427.48 | 68.41 | Poor solvency |
| Customer D | 32,479,050.50 | 4,355,440.67 | 13.41 | Long recovery cycle |
| Customer K | 22,577,613.18 | 1,501,211.31 | 6.65 | Long recovery cycle |
| Customer L | 19,086,493.00 | 19,086,493.00 | 100.00 | Poor solvency |
| Others | 46,662,997.01 | 26,310,949.31 | 56.39 | Slow recovery speed, etc. |
| Total | 168,989,064.25 | 84,216,521.77 | 49.84 | |

Notes to the Financial Statements

For the year ended 31 December 2024

XVII NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT *(Continued)*

1 Accounts receivable *(Continued)*

(2) Disclosure by provision method of credit loss *(Continued)*

Provision for credit loss on a collective basis

As part of the Company's credit risk management, the Company uses an impairment matrix to determine the expected credit losses of accounts receivable formed by various businesses based on the aging of accounts receivable. These businesses involve a large number of small customers with the same risk characteristics, and the aging information can reflect the solvency of such customers as the accounts receivable fall due.

| Aging | 31 December 2024 | | | |
|--|-------------------------|-------------------------------------|-----------------------------|-----------------------|
| | Carrying balance RMB | Provision for credit loss RMB | Provision percentage (%) | Carrying value RMB |
| Within 1 year | 574,152,172.60 | 42,018,314.98 | 7.32 | 532,133,857.62 |
| More than 1 year but not exceeding 2 years | 108,790,050.59 | 59,375,528.69 | 54.58 | 49,414,521.90 |
| More than 2 years but not exceeding 3 years | 143,958,391.30 | 143,958,391.30 | 100.00 | – |
| More than 3 years | 67,548,892.39 | 67,548,892.39 | 100.00 | – |
| Total | 894,449,506.88 | 312,901,127.36 | 34.98 | 581,548,379.52 |

Notes to the Financial Statements

For the year ended 31 December 2024

XVII NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT (Continued)

1 Accounts receivable (Continued)

(3) Credit loss provision made or reversed in 2024

Credit loss provision in 2024 was RMB6,555,653.75 (2023: RMB107,056,967.75), the reversal of credit loss provision was RMB4,269,777.44 (2023: RMB17,266,706.53), and the amount transferred from credit loss provision for long-term receivables (including those expected to be recovered within one year) was RMB2,165,238.65 (2023: RMB13,832,611.32).

(4) Accounts receivable written off in 2024

There was no accounts receivable written off for the current year.

(5) Top five debtors with the largest balances of accounts receivable at the end of the year

| Name of entity | Closing balance of accounts receivable RMB | Closing balance of contract assets RMB | Closing balance of accounts receivable and contract assets RMB | Proportion of the amount to the total accounts receivable (%) | Closing balance of bad debt provision RMB |
|----------------|---|--|--|---|---|
| Customer F | 255,258,000.62 | - | 255,258,000.62 | 23.93 | - |
| Customer G | 104,680,972.75 | - | 104,680,972.75 | 9.82 | 104,680,972.75 |
| Customer E | 48,182,910.56 | 19,601.27 | 48,202,511.83 | 4.52 | 32,962,427.48 |
| Customer D | 32,479,050.50 | - | 32,479,050.50 | 3.05 | 4,355,440.67 |
| Customer K | 22,577,613.18 | - | 22,577,613.18 | 2.12 | 1,501,211.31 |
| Total | 463,178,547.61 | 19,601.27 | 463,198,148.88 | 43.44 | 143,500,052.21 |

Notes to the Financial Statements

For the year ended 31 December 2024

XVII NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT *(Continued)*

2 Other receivables

2.1 Presentation of items

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|----------------------|-------------------------|-------------------------|
| Dividend receivables | 1,470,000.00 | — |
| Other receivables | 698,441,434.93 | 616,621,299.28 |
| Total | 699,911,434.93 | 616,621,299.28 |

2.2 Other receivables

(1) Other receivables by aging

| Aging | Carrying balance as at 31 December 2024 RMB | Carrying balance as at 31 December 2023 RMB |
|--|--|--|
| Within 1 year | 590,449,292.61 | 496,176,138.31 |
| More than 1 year but not exceeding 2 years | 40,685,322.76 | 49,559,071.69 |
| More than 2 years but not exceeding 3 years | 30,192,877.97 | 25,514,564.88 |
| More than 3 years | 62,177,174.87 | 66,574,239.67 |
| Subtotal | 723,504,668.21 | 637,824,014.55 |
| Less: Provision for credit loss | 25,063,233.28 | 21,202,715.27 |
| Total | 698,441,434.93 | 616,621,299.28 |

Notes to the Financial Statements

For the year ended 31 December 2024

XVII NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT (Continued)

2 Other receivables (Continued)

2.2 Other receivables (Continued)

(2) Disclosure by provision method of credit loss

| Category | 31 December 2024 | | | | | 31 December 2023 | | | | |
|--|------------------|------------|-----------------------|------------|----------------|------------------|------------|-----------------------|------------|----------------|
| | Carrying amount | | Credit loss provision | | Carrying value | Carrying amount | | Credit loss provision | | Carrying value |
| | Amount | Percentage | Amount | Provision | | Amount | Percentage | Amount | Provision | |
| | | (%) | | percentage | | | (%) | | percentage | |
| | RMB | | RMB | (%) | RMB | RMB | | RMB | (%) | RMB |
| Provision for credit loss on an individual basis | 51,364,081.07 | 7.10 | – | – | 51,364,081.07 | 54,525,606.46 | 8.55 | – | – | 54,525,606.46 |
| Provision for credit loss on a collective basis | 672,140,587.14 | 92.90 | 25,063,233.28 | 3.73 | 647,077,353.86 | 583,298,408.09 | 91.45 | 21,202,715.27 | 3.63 | 562,095,692.82 |
| Total | 723,504,668.21 | 100.00 | 25,063,233.28 | | 698,441,434.93 | 637,824,014.55 | 100.00 | 21,202,715.27 | | 616,621,299.28 |

Provision for credit loss on an individual basis

| Name of entity | 31 December 2024 | | | |
|-------------------------------------|------------------|---------------------------|----------------------|----------------------|
| | Carrying balance | Provision for credit loss | Provision percentage | Reason for provision |
| | RMB | RMB | (%) | RMB |
| Deposit/security deposit/petty cash | 51,364,081.07 | – | – | N/A |

Notes to the Financial Statements

For the year ended 31 December 2024

XVII NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT *(Continued)*

2 Other receivables *(Continued)*

2.2 Other receivables *(Continued)*

(2) Disclosure by provision method of credit loss *(Continued)*

Provision for credit loss on a collective basis

| Aging | 31 December 2024 | | | |
|--|----------------------------|-------------------------------------|--------------------------------|-----------------------|
| | Carrying balance RMB | Provision for credit loss RMB | Provision percentage (%) | Carrying value RMB |
| Within 1 year | 589,344,211.02 | 244,184.68 | 0.04 | 589,100,026.34 |
| More than 1 year but not exceeding 2 years | 40,065,814.56 | 21,308.12 | 0.05 | 40,044,506.44 |
| More than 2 years but not exceeding 3 years | 11,544,195.28 | 35,759.94 | 0.31 | 11,508,435.34 |
| More than 3 years | 31,186,366.28 | 24,761,980.54 | 79.40 | 6,424,385.74 |
| Total | 672,140,587.14 | 25,063,233.28 | 3.73 | 647,077,353.86 |

Notes to the Financial Statements

For the year ended 31 December 2024

XVII NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT *(Continued)*

2 Other receivables *(Continued)*

2.2 Other receivables *(Continued)*

(3) Credit loss provision for 2024

The amount of credit loss provision for 2024 was RMB3,860,518.01 (2023: RMB20,466,115.65), there was no credit loss provision reversed for the current year (2023: RMB129,921.48).

(4) Other receivables actually written off in 2024

There was no other receivables written off in 2024.

(5) Other receivables disclosed by their nature

| Nature of other receivables | 31 December 2024 RMB | 31 December 2023 RMB |
|---|-------------------------|-------------------------|
| Other receivables from related parties | 539,870,594.90 | 544,445,112.45 |
| Deposit and security deposit | 50,532,130.09 | 53,862,005.72 |
| Petty cash | 554,757.98 | 663,600.74 |
| Enterprise income tax refund receivable | 87,852,580.04 | — |
| Others | 44,694,605.20 | 38,853,295.64 |
| Total | 723,504,668.21 | 637,824,014.55 |

Notes to the Financial Statements

For the year ended 31 December 2024

XVII NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT *(Continued)*

2 Other receivables *(Continued)*

2.2 Other receivables *(Continued)*

(6) Top five entities with the largest balances of other receivables at the end of the year

| Name of entity | Nature | 31 December 2024 RMB | Aging | Proportion of the amount to the total other receivables (%) | Closing balance of credit loss provision RMB |
|--|--------------------------|-------------------------|--|---|--|
| Winshare Investment | Borrowings | 201,955,958.91 | Within 1 year, 1-2 years, 2-3 years, more than 3 years | 27.91 | – |
| Printing Materials | Borrowings | 179,000,000.00 | 1-2 years, 2-3 years | 24.74 | – |
| State Administration of Taxation Chengdu Jinjiang District Taxation Service | Tax refund receivable | 54,867,798.98 | Within 1 year | 7.58 | – |
| Winshare Education Technology | Borrowings | 41,227,863.02 | 1-2 years, 2-3 years, more than 3 years | 5.70 | – |
| Reader's Journal Press | Borrowings | 40,012,414.37 | 1-2 years, 2-3 years, more than 3 years | 5.53 | – |
| Total | | 517,064,035.28 | | 71.46 | – |

Notes to the Financial Statements

For the year ended 31 December 2024

XVII NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT *(Continued)*

3 Long-term equity investments

(1) Details of long-term equity investments

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|--|-------------------------|-------------------------|
| Book balance of long-term equity investments | 4,573,783,358.58 | 4,517,379,301.67 |
| Less: Provision for impairment of long-term equity investments | 2,072,032.00 | 2,072,032.00 |
| Carrying amount of long-term equity investments | 4,571,711,326.58 | 4,515,307,269.67 |

(2) Classification of long-term equity investments

| Item | 31 December 2024 RMB | 31 December 2023 RMB |
|--|-------------------------|-------------------------|
| Investment in subsidiaries | 3,828,748,013.05 | 3,804,886,716.17 |
| Investment in joint ventures or associates | 742,963,313.53 | 710,420,553.50 |
| Total | 4,571,711,326.58 | 4,515,307,269.67 |

Notes to the Financial Statements

For the year ended 31 December 2024

XVII NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT (Continued)

3 Long-term equity investments (Continued)

(3) Investment in subsidiaries

| Investee | 1 January 2024 RMB | Change for the current year | | | | Closing balance of impairment provision RMB |
|---------------------------------------|--------------------------|----------------------------------|-----------------------------------|------------------------------------|---------------|---|
| | | Addition in investment RMB | Reduction in investment RMB | Provision for impairment RMB | Others RMB | |
| Xinhua Online | 40,000,000.00 | - | - | - | - | (2,072,032.00) |
| Winshare Media | 3,990,000.00 | - | 3,990,000.00 | - | - | - |
| Winshare Sports | 124,915,135.82 | - | - | - | - | - |
| Winshare Education Technology | 333,840,776.30 | - | - | - | - | - |
| Arts Investment | 20,680,000.00 | - | - | - | - | - |
| Winshare Online | 79,768,400.00 | - | - | - | - | - |
| Winshare Logistics | 350,000,000.00 | - | - | - | - | - |
| Watch Panda | 2,000,000.00 | - | 2,000,000.00 | - | - | - |
| Publication Printing | 598,185,830.79 | - | - | - | - | - |
| Printing Materials | 40,944,463.95 | - | - | - | - | - |
| People's Publishing House | 42,189,167.92 | - | - | - | - | - |
| Education Publishing House | 211,321,291.49 | - | - | - | - | - |
| Youth and Children's Publishing House | 361,878,541.53 | - | - | - | - | - |
| Digital Publishing | 10,505,427.63 | 24,900,000.00 | - | - | - | - |
| Literature & Art Publishing House | 60,731,819.65 | 17,300,000.00 | - | - | - | - |
| Fine Arts Publishing House | 17,559,756.46 | - | - | - | - | - |
| Science & Technology Publishing House | 24,294,897.94 | - | - | - | - | - |
| Lexicographical Publishing House | 27,809,021.68 | - | - | - | - | - |
| Bashu Publishing House | 45,244,860.20 | - | - | - | - | - |
| | | | | | | 45,244,860.20 |

Notes to the Financial Statements

For the year ended 31 December 2024

XVII NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT (Continued)

3 Long-term equity investments (Continued)

(3) Investment in subsidiaries (Continued)

| Investee | 1 January 2024 RMB | Change for the current year | | | | Closing balance of impairment provision RMB |
|---|--------------------------|----------------------------------|-----------------------------------|------------------------------------|---------------|---|
| | | Addition in investment RMB | Reduction in investment RMB | Provision for impairment RMB | Others RMB | |
| Tiandi Publishing House | 239,379,050.03 | - | - | - | - | - |
| Reader's Journal Press | 866,830.73 | - | 866,830.73 | - | - | - |
| Pictorial | 7,521,475.38 | - | - | - | - | - |
| Winshare Investment | 300,000,000.00 | - | - | - | - | - |
| Sichuan Xinhua Printing | 248,599,490.28 | - | - | - | - | - |
| Beijing Aerospace Cloud | 29,248,300.00 | - | - | - | - | - |
| Winshare International | 50,000,000.00 | - | - | - | - | - |
| Winshare Qian Media | 10,000,000.00 | - | - | - | - | - |
| Sichuan Cultural Communication | 30,710,006.28 | - | 30,710,006.28 | - | - | - |
| Stackway | 50,000,000.00 | - | - | - | - | - |
| Liangshanzhou Xinhua Bookstore | 423,846,006.00 | - | - | - | - | - |
| Liangshan Winshare Education Technology | 18,856,166.11 | - | 18,856,166.11 | - | - | - |
| Total | 3,804,886,716.17 | 80,284,300.00 | 56,423,003.12 | - | - | (2,072,032.00) |

Notes to the Financial Statements

For the year ended 31 December 2024

XVII NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT (Continued)

3 Long-term equity investments (Continued)

(4) Investment in joint ventures or associates

| Investee | 1 January 2024 RMB | Change for the year | | | | | | | | Closing balance of impairment provision RMB | |
|-------------------------|--------------------------|----------------------------------|-----------------------------------|---|--|-----------------------------------|--|--|---------------|---|----------------------------|
| | | Addition in investment RMB | Reduction in investment RMB | Investment profit or loss under equity method RMB | Adjustment of other comprehensive income RMB | Changes in other equity RMB | Distribution of cash dividends or profits declared RMB | Provision for impairment loss RMB | Others RMB | | 31 December 2024 RMB |
| I. Joint Venture | | | | | | | | | | | |
| Hainan Publishing House | 298,746,253.56 | - | - | 39,303,439.93 | - | - | - | - | - | 338,049,693.49 | - |
| Subtotal | 298,746,253.56 | - | - | 39,303,439.93 | - | - | - | - | - | 338,049,693.49 | - |
| II. Associates | | | | | | | | | | | |
| The Commercial Press | 4,662,316.69 | - | - | 616,747.39 | - | - | (1,470,000.00) | - | - | 3,809,064.08 | - |
| Ren Min Eastern | 7,959,776.74 | - | - | (505,637.81) | - | - | - | - | - | 7,454,138.93 | - |
| Ming Bo Education | 9,469,749.55 | - | - | 20,270.29 | - | - | - | - | - | 9,490,019.84 | - |
| Preschool Educational | 6,264,056.63 | - | - | (505,989.23) | - | - | - | - | - | 5,758,067.40 | - |
| Xinhua Yingxuan | - | - | - | - | - | - | - | - | - | - | - |
| Huaxuan Yinshi | 538,292.30 | - | - | 34,962.94 | - | - | (28,000.00) | - | - | 545,255.24 | - |
| Hainan Phoenix | 336,629,133.67 | - | - | 10,673,504.03 | - | - | (16,700,671.32) | - | - | 330,601,966.38 | - |
| Cuiya Education | - | - | - | 96,870.47 | - | - | - | - | - | 96,870.47 | - |
| Winshare BLOGIS | 46,150,974.36 | - | - | 1,007,263.34 | - | - | - | - | - | 47,158,237.70 | - |
| Subtotal | 411,674,299.94 | - | - | 11,437,991.42 | - | - | (18,198,671.32) | - | - | 404,913,620.04 | - |
| Total | 710,420,553.50 | - | - | 50,741,431.35 | - | - | (18,198,671.32) | - | - | 742,963,313.53 | - |

Notes to the Financial Statements

For the year ended 31 December 2024

XVII NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT *(Continued)*

4 Operating income and operating costs

(1) Operating income and operating costs

| Item | 2024 RMB | 2023 RMB |
|---|------------------|------------------|
| Operating income from main business | 7,116,507,738.08 | 7,205,677,893.97 |
| Including: Textbooks and supplementary materials | 4,195,885,983.43 | 4,407,442,197.91 |
| Other operating income (Note 1) | 152,020,633.38 | 177,011,931.89 |
| Total income | 7,268,528,371.46 | 7,382,689,825.86 |
| Operating costs of main business | 4,423,801,856.81 | 4,356,258,363.89 |
| Other operating costs | 4,276,689.04 | 4,474,281.00 |
| Total costs | 4,428,078,545.85 | 4,360,732,644.89 |

Note 1: Included in other operating income was commissions from concessionaire sales of RMB27,177,338.37. Among which, sales volume of concessionaire sales was RMB205,043,017.98 and cost of sales of concessionaire sales was RMB177,865,679.61 (2023: commissions from concessionaire sales of RMB29,359,114.37; among which, sales volume of concessionaire sales was RMB208,281,957.81 and cost of sales of concessionaire sales was RMB178,922,843.44).

Notes to the Financial Statements

For the year ended 31 December 2024

XVII NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT *(Continued)*

4 Operating income and operating costs *(Continued)*

(2) Details of performance obligation

In addition to the education informatized and equipment business, the Company's principal operating income mainly comes from the sales of textbooks and supplementary materials and general books. The Company, as the main responsible person, performs the performance business at the time of delivery. The contracts do not contain important payment terms and important amounts expected to be returned to customers, and providing guarantee-type quality assurance does not form a separate performance obligation.

For revenue from the education informatized and equipment business, the Company, as the main responsible person, performs the performance business at the time of delivery. The contracts stipulate that payments shall be collected in installments over 2-5 years. The contracts do not contain important amounts expected to be returned to customers, and providing guarantee-type quality assurance does not form a separate performance obligation.

5 Investment income

| Item | 2024 RMB | 2023 RMB |
|--|----------------|----------------|
| Income from long-term equity investments | 600,741,431.35 | 507,602,817.15 |
| Including: Investment income recognized at cost | 550,000,000.00 | 470,000,000.00 |
| Investment income recognized using equity method | 50,741,431.35 | 37,602,817.15 |
| Investment income generated from disposal of long-term equity investments | 8,581,896.88 | — |
| Investment income generated from holding other financial assets | 623,644.03 | — |
| Dividend income generated from holding other equity instrument investments | 122,223,200.00 | 84,492,800.00 |
| Investment income from disposal of held-for-trading financial assets | 426,841.96 | 68,996.44 |
| Total | 732,597,014.22 | 592,164,613.59 |

Supplementary Information

1 BREAKDOWN OF NON-RECURRING PROFIT OR LOSS

| Item | 2024 RMB |
|--|------------------|
| Gain/loss on disposal of non-current assets, including write-offs for which asset impairment provisions have been made | 1,655,050.26 |
| Government grants recognized in profit or loss (other than grants which are closely related to the Company's normal business operations, comply with national policies and regulations, are entitled according to determined standards, and have a lasting impact on the Company's profit or loss) | 31,156,604.23 |
| In addition to the effective hedging business related to the Company's normal business operations, gain/loss from changes in fair value of financial assets and financial liabilities held by non-financial enterprises, and gain/loss from disposal of financial assets and financial liabilities | (9,515,523.72) |
| One-time impact on profit or loss due to adjustments to laws and regulations such as taxation and accounting | (96,361,666.91) |
| Other non-operating income and expenses other than the aforesaid items | (42,704,572.11) |
| Less: Income tax effects | (511,007.43) |
| Effects attributable to non-controlling interests (after tax) | (1,888,024.63) |
| Total | (113,371,076.19) |

2 RETURN ON NET ASSETS AND EARNINGS PER SHARE ("EPS")

The return on net assets and EPS have been prepared by Xinhua Winshare Publishing and Media Co., Ltd.* 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 | 11.13 | 1.25 | 1.25 |
| Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company | 11.95 | 1.34 | 1.34 |

The Company has no dilutive potential ordinary shares.

* For identification purposes only

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