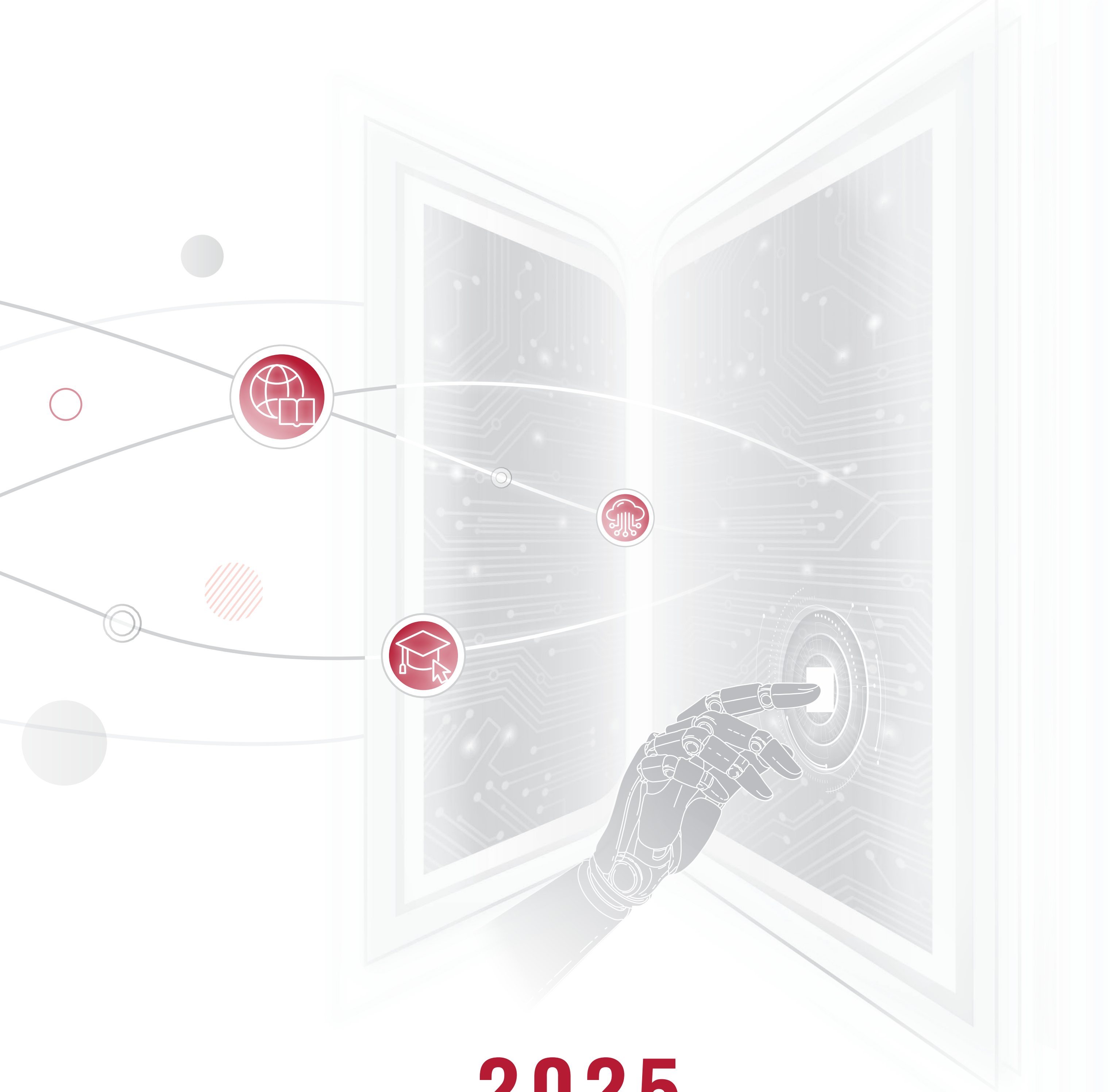
winshare 文轩

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)

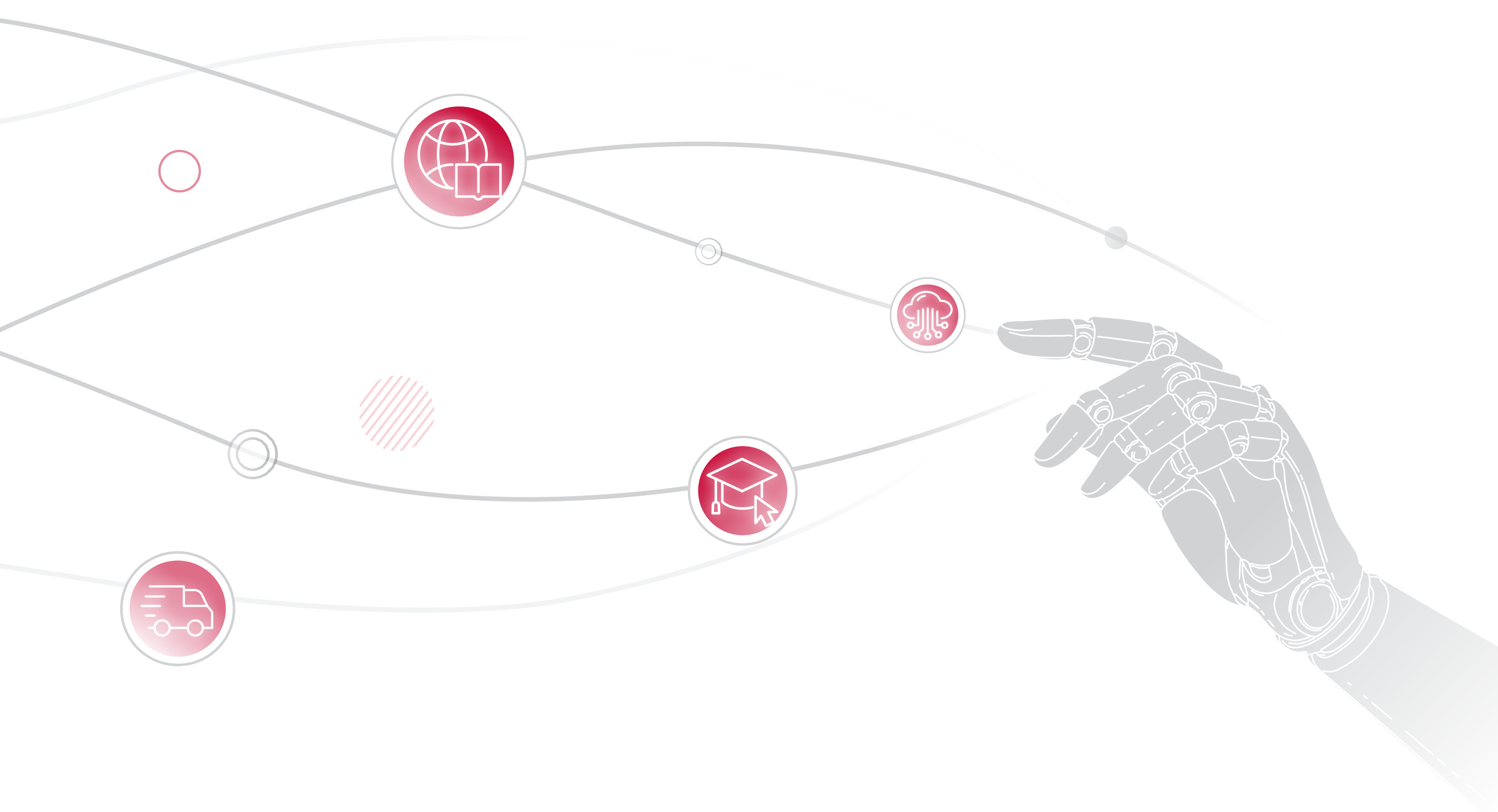
HKEX Stock Code: 00811　　SSE Stock Code: 601811



2025
ANNUAL REPORT

* For identification purposes only

Contents



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:

2025 AGM	the annual general meeting to be held by the Company on 27 May 2026
A Share(s)	Renminbi-denominated ordinary share(s) of the Company with a nominal value of RMB1.00 each, all of which are issued in China, subscribed in Renminbi and listed on the SSE
Articles of Association	the articles of association of the Company (as amended from time to time)
Audit Committee	the audit committee under the Board of the Company
Bank of Chengdu	Bank of Chengdu Co., Ltd.
Board	the board of directors of the Company
CG Code	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
CICC Qichen	CICC Qichen Phase II (Wuxi) Emerging Industry Equity Investment Fund Partnership (Limited Partnership)
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	19 May 2026
Dividend for 2025	the payment of dividend for the year ended 31 December 2025 of RMB0.42 (tax inclusive) per share recommended by the Board
ESG	Environmental, Social and Governance
ESG Report	the report prepared in accordance with 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
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
Hong Kong	Hong Kong, the PRC
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 Province)

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 Securities Regulatory Bureau	the Sichuan Securities Regulatory Bureau of China Securities Regulatory Commission
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 Hengxin	Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership (Limited Partnership)
Winshare Investment	Winshare Investment Co., Ltd.
Winshare Online	Sichuan Winshare Online E-commerce Co., Ltd.
Winshare September	the digital content reading service platform under Winshare Online
winxuan.com	the online sales platform of paper publications under Winshare Online
Xinhua Culture Property	Sichuan Xinhua Cultural Property Service Co., Ltd.
Year, Period or Reporting Period	the period from 1 January 2025 to 31 December 2025

Important Notice

I. The Board, the Directors and the 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 take full legal responsibility as to the contents herein.

II. Save as Mr. Zhou Qing (Chairman) who appointed Mr. Liu Longzhang (an executive Director) as his proxy to vote on his behalf due to other business commitments, other Directors of the Company attended the 2026 fourth Board meeting for the fifth session of the Board held on 26 March 2026 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 2025 amounted to RMB1,568 million. For the profit distribution proposal for 2025, it is proposed that, on the basis of a total share capital of 1,233,841,000 Shares in issue, a cash dividend of RMB4.20 for every 10 shares (tax inclusive) held will be distributed to the Shareholders, with total cash dividend amounting to RMB518 million (tax inclusive). The above profit distribution proposal is subject to the approval by the Shareholders at the 2025 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 Kun (appointed on 11 March 2026)
Mr. Li Qiang (retired on 10 February 2026)

Non-Executive Directors

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. Li Kun (appointed on 11 March 2026)
Mr. Li Qiang (retired on 10 February 2026)

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

COMPANY SECRETARY

Ms. Yang Miao

AUTHORIZED REPRESENTATIVES

Mr. Ke Jiming
Ms. Yang Miao

ALTERNATE AUTHORIZED REPRESENTATIVE

Mr. Lau Kwok Yin

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

RMB0'000

Key accounting data	2025	2024	2023	2022	2021
Operating income	**1,173,167.75**	1,232,851.39	1,186,849.04	1,093,030.25	1,046,036.40
Total profit	**163,692.71**	170,892.61	156,317.21	137,979.97	130,873.41
Net profit attributable to shareholders of the Company	**156,845.05**	154,485.62	157,914.60	139,667.31	130,594.15
Net profit attributable to shareholders of the Company after non-recurring profits or losses	**145,744.18**	165,822.73	162,404.20	146,269.23	126,947.84
Net cash flow from operating activities	**150,845.89**	177,247.88	235,302.82	202,438.11	204,732.96
Net assets attributable to shareholders of the Company	**1,526,068.73**	1,460,645.56	1,307,094.81	1,248,997.94	1,122,156.00
Total assets	**2,344,444.13**	2,289,870.34	2,178,756.34	2,065,138.76	1,877,394.58
Total liabilities	**779,358.24**	789,177.43	837,340.72	798,935.42	766,425.72
Basic earnings per share (RMB/share)	**1.27**	1.25	1.28	1.13	1.06
Basic earnings per share after non-recurring profits or losses (RMB/share)	**1.18**	1.34	1.32	1.19	1.03
Weighted average return on net assets (%)	**10.48**	11.13	12.25	11.78	12.23
Weighted average return on net assets after non-recurring profits or losses (%)	**9.74**	11.95	12.60	12.34	11.89

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 2025.

Zhou Qing
Chairman

In 2025, Xinhua Winshare adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, deeply studied and implemented Xi Jinping Thought on Culture. The Group conscientiously implemented the decisions and deployments of the CPC Central Committee as well as the CPC Sichuan Provincial Committee and the Provincial Government on accelerating the development of the cultural industry. Anchoring on the goal of high-quality development, the Group focused wholeheartedly on its main responsibilities and principal businesses, persistently and comprehensively deepened reform, proactively responded to industry challenges, and promoted the Company to seek changes through innovation and improve quality while maintaining stability, thereby achieving good social and economic benefits.

In 2025, the Group achieved operating income of RMB11,732 million, representing a year-on-year decrease of 4.84%; total profit was RMB1,637 million, representing a year-on-year decrease of 4.21%; net profit attributable to shareholders of the listed company was RMB1,568 million, representing a year-on-year increase of 1.53%; basic earnings per share were RMB1.27; and net profit attributable to shareholders of the listed company after non-recurring gain or loss was RMB1,457 million.

Optimizing the governance system and enhancing governance efficiency. The Group deeply advanced the construction of a modern enterprise system with Chinese characteristics, implemented the requirements of the new Company Law and new regulatory rules, and systematically amended the Articles of Association and various supporting systems, improving its corporate governance institutional system and governance mechanism. The Group strengthened risk prevention and control, and enhanced the synergistic force of financial accounting, internal control, audit, and disciplinary inspection and supervision. The Group also improved the quality of information disclosure to authentically convey corporate value and enhanced investor returns.

Strengthening the core principal businesses and consolidating the industrial foundation. Focusing on its main responsibilities and principal businesses and through optimizing its business models and operating mechanisms, the Group deeply advanced "one enterprise, one policy" for high-quality development. It deeply explored the potential of integrated operation of publishing and distribution, and improved the linkage mechanism between content publishing and distribution channels, which enhanced collaborative efficiency of the entire industry chain. The Group consolidated its leading advantages in book e-commerce, advanced the renewal of physical stores and the integrated development of online and offline businesses, innovatively carried out reading services, and created diversified consumption scenarios. It promoted product optimization, business decentralization, and service extension to build a high-quality education services system.

Deepening reform to overcome difficulties and enhancing development vitality. Centering on enhancing core functions and elevating core competitiveness, the Group promoted strategic synergy, resource synergy, industrial synergy, and management synergy, thereby improving the efficiency of resource integration and asset revitalization. Driven by deepening institutional reform, the Group streamlined and integrated headquarters institutions at all levels to improve decision-making efficiency. The Group improved the assessment and evaluation mechanism, and perfected an assessment system that encourages pioneering innovation, cost reduction, and efficiency enhancement, so as to stimulate the endogenous driving force of market entities.

Advancing digital and intelligent integration and strengthening innovation drive. The Group accelerated its digital and intelligent transformation, advanced the digital and intelligent re-creation of the entire publishing and distribution chain, deepened the innovative application of AI in the publishing and distribution field, and promoted product, service, and model innovations. It advanced the integrated development of publishing, built a "publishing+" integrated ecosystem, promoted the deep linkage of content resources with cultural tourism, education, and other scenarios, and enriched publishing formats. The Group also increased research and development investment and informatization construction efforts, vigorously implemented integrated innovation projects, and continuously launched new integrated products.

Strengthening talent support and enhancing development potential. Taking talent as the primary resource supporting development, the Group practiced a talent philosophy centered on "win-win and sharing", and introduced high-level talents through "one policy for one person", promoting the resonance between the self-realization of talents and the high-quality development of the Company. Guided by the correct orientation in selecting and employing personnel to encourage cadres to take responsibility and act, the Group established a "dual-channel" development mechanism to stimulate the innovative and creative vitality of talents. It promoted the secondment, dispatch, and rotational exchange of cadres and employees, strengthened the selection and cultivation of reserve talents, and enhanced employee training to facilitate talent growth.

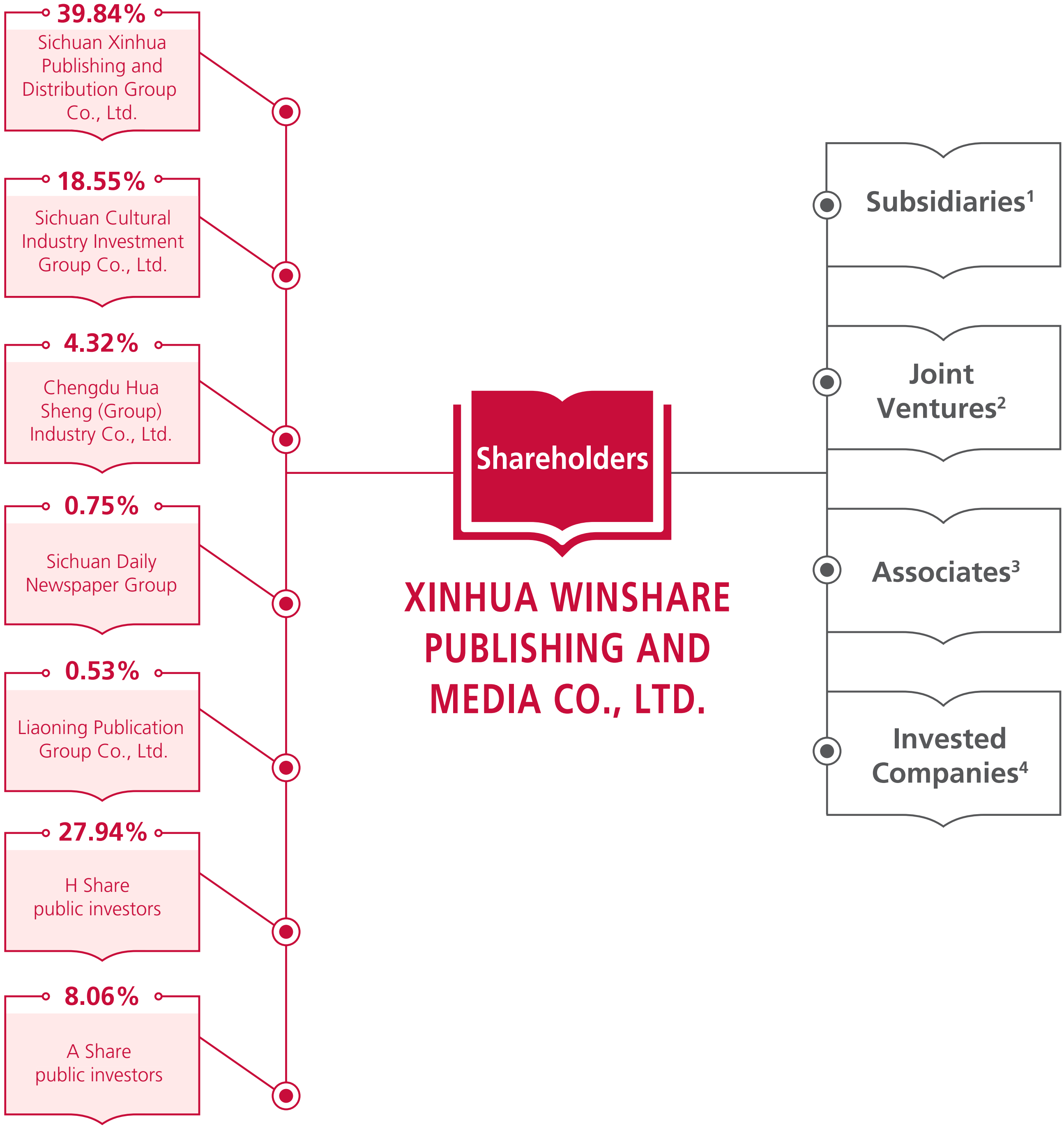
Chairman's Statement

2026 is the starting year of the "15th Five-Year Plan" and a crucial year for Xinhua Winshare to further comprehensively deepen reform and accelerate innovative development. The Company will fully integrate into and serve the national cultural development strategy, closely adhere to the main theme and thread of high-quality development, enhance the core competitiveness of content publishing, optimize the education services business system, promote the innovative development of reading services, deepen the construction of the supply chain service system, advance the improvement of quality and efficiency in capital operations, and accelerate the cultivation of new productive forces in publishing, thereby advancing the Company's high-quality development to a new level.

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
26 March 2026

Corporate Structure of the Group



* The sum of percentages of total issued share capital is smaller than 100% 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	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	Tiandi Publishing House owns 51% equity interest in such company.
14-2	Beijing Shu Chuan Xinhua Bookstore Book Distribution Co., Ltd. (北京蜀川新華書店圖書發行有限責任公司)		100.00	Tiandi Publishing House owns 100% equity interest in such company.
14-3	Beijing Huaxia Shengxuan Books Co., Ltd. (北京華夏盛軒圖書有限公司)		100.00	Tiandi Publishing House owns 100% equity interest in such company.
15	Sichuan 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	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	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	Sichuan Pictorial Co., Ltd. owns 100% equity interest in such company.
15-4	Winshare Quan Media (Beijing) Culture Communication Co., Ltd. (文軒全媒(北京)文化傳播有限公司)		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.
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 Cultural Communication Co., Ltd. owns 100% equity interest in such company.
21	Beijing Aerospace Cloud Education Technology Co., Ltd. (北京航天雲教育科技有限公司)	70.00		
22	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
23	Sichuan Winshare Online E-commerce Co., Ltd. (四川文軒在線電子商務有限公司)	92.00		
23-1	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.
23-2	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.
23-3	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.
23-4	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.
23-5	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.
23-6	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.
23-7	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.
24	Winshare Sports Culture Development Co., Ltd. (文軒體育文化發展有限公司)	100.00		
25	Liangshanzhou Xinhua Bookstore Co., Ltd. (涼山州新華書店有限責任公司)	51.00		
25-1	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.
25-2	Liangshan Xinhua Winshare Education Technology Co., Ltd. (涼山新華文軒教育科技有限公司)		100.00	Liangshanzhou Xinhua Bookstore owns 100% equity interest in such company.

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	
5	Sichuan Jiaoke Zhihui Education, Science and Technology Co., Ltd. (四川省教科智匯教育科技有限公司)	40.00	Original name: Sichuan Education and Science Forum Magazine Press Co., Ltd. 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 Deyuan Gewu Private Equity Fund Management Co., Ltd. (成都德源格物私募基金管理有限公司)	45.45	Original name: Chengdu Winshare Equity Investment Funds Management Co., Ltd. Winshare Investment owns 45.45% equity interest in such company.
11	Sichuan Wenbao Supply Chain Technology Co., Ltd. (四川文寶供應鏈科技有限公司)	45.00	Original name: Sichuan Winshare BLOGIS Supply Chain Co., Ltd.
12	Xinhua Yingxuan (Beijing) Screen Culture Co., Ltd. (新華影軒(北京)影視文化有限公司)	15.00	
13	Tianjin Tianxi Zhongda Cultural Development Co., Ltd. (天津天喜中大文化發展有限公司)	40.00	Tiandi Publishing House owns 40% equity interest in such company.
14	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	
15	Sichuan Cuiya Education Technology Co., Ltd. (四川萃雅教育科技有限公司)	18.00	
16	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	
2	Bank of Chengdu Co., Ltd. (成都銀行股份有限公司)	1.89	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 1.92% to 1.89%.

Management Discussion and Analysis

(I) BUSINESS REVIEW

Industry Overview

In 2025, the central and local governments introduced a series of policies to promote high-quality development of the cultural industry. These measures stimulated cultural consumption potential and injected new momentum into the prosperity of the industry. The implementation of the resolutions of the Third Plenary Session of the 20th CPC Central Committee on deepening the reform of the cultural system and mechanism continued to unleash strong vitality of innovation and creation among various cultural entities. The Fourth Plenary Session of the 20th CPC Central Committee adopted the Proposals of the Central Committee of the Communist Party of China on Formulating the 15th Five-Year Plan for National Economic and Social Development, which outlined a clear blueprint for cultural development and pointed the way forward for the publishing industry. The Executive Meeting of the State Council considered and adopted the Regulations on Promoting National Reading, which clarified the principles, goals, tasks, and measures for promoting national reading, laying a solid institutional foundation for building a scholarly society. The General Office of the State Council issued policy documents such as the Several Economic Policies on Promoting High-Quality Cultural Development and the Several Measures on Further Cultivating New Growth Points to Boost Cultural Tourism Consumption, providing comprehensive support and promotion for the development of the cultural industry. The CPC Sichuan Provincial Committee adopted the Decision on Promoting the Deep Integration and Development of Culture and Tourism to Expand and Strengthen the Cultural Tourism Industry, launching a series of policy measures to accelerate the deep integration and development of culture and tourism, expand and strengthen the cultural tourism industry, and provide strong support for building a modern industrial system with Sichuan characteristics and advantages. Meanwhile, with the acceleration of technological innovation, developing new productive forces has become the core engine and a commonly accepted driver for the high-quality growth of the publishing industry and the broader cultural industry, driving the industry's accelerated transformation and upgrading.

The publishing industry has entered a deeper stage of transformation and upgrading, with the overall book market undergoing structural adjustment. According to the Open Book Data, the overall book retail market recorded a sales value of RMB110.4 billion in 2025, representing a year-on-year decrease of 2.24%, and the actual value declined by 3.80% year-on-year. In terms of channel growth, market polarization intensified. Only content e-commerce maintained positive growth, increasing by 30.43% year-on-year, while platform e-commerce, vertical and other e-commerce, and physical bookstore continued to face significant pressure, with year-on-year decreases of 22.67%, 10.63%, and 4.63%, respectively. In terms of channel composition, the dominant position of online channels was consolidated. Among them, the market share of content e-commerce in the overall retail market reached 40.53%, making it the largest retail sub-channel; the shares of platform e-commerce, vertical and other e-commerce, and physical bookstore were reallocated, accounting for 32.37%, 13.44%, and 13.65%, respectively. Monitoring data released by CENTRIN ECloud Co., Ltd. showed that the sales value of the book market in 2025 was RMB98.713 billion, a year-on-year decrease of 11.20%, indicating a further widened decline. Judging from the year-on-year sales performance of each channel, the decline in traditional e-commerce channel and physical retail channel expanded year by year, remaining in a continuous downward trajectory; the short-video e-commerce channel gradually transitioned from a high-speed growth stage to a steady upward stage, with its development momentum moderating. In terms of channel composition, the shares of traditional e-commerce and short-video e-commerce channels were similar, and the two jointly constituted the core sales channels of the book market, occupying a dominant position in the overall market share. Excluding cultural and educational books, the traditional e-commerce channel accounted for 50.01%, the short-video e-commerce channel accounted for 34.93%, and physical retail (including library supply and group purchasing) accounted for 15.06%.

Management Discussion and Analysis

Facing the dual traction of accelerated technological iteration and changing consumer demands, publishing enterprises have continued to focus on their main responsibilities and businesses. By actively combining macro-policy orientation with endogenous market driving forces, and taking cultivation of new productive forces as the core engine, they are striving to enhance their capabilities in content innovation, technological integration, and precise supply, thereby steadily promoting high-quality development.

Results

In 2025, the Group conscientiously implemented the decisions and arrangements of the Party Central Committee and the Sichuan Provincial Committee on accelerating the development of the cultural industry, fully, accurately, and comprehensively implemented the new development philosophy, continued to deepen reform, focused on improving quality and efficiency, accelerated digital and intelligent transformation, and steadily promoted high-quality development.

During the Year, the Group recorded operating income of RMB11,732 million, representing a year-on-year decrease of 4.84%, which was mainly attributable to the year-on-year decrease in sales of textbooks and supplementary materials and student books impacted by the market environment of education services industry. Net profit amounted to RMB1,608 million, which was mainly attributable to the changes in preferential income tax policies for restructured cultural enterprises, which resulted in last year's reversal of the deferred income tax expenses recognized at the end of 2023 and a slight increase in net profit as compared with last year.

Revenue

During the Year, the Group's revenue amounted to RMB11,732 million, representing a decrease of 4.84% as compared to RMB12,329 million in the same period last year, which was mainly attributable to the year-on-year decrease in sales of textbooks and supplementary materials and student books impacted by the market environment of education services industry.

Operating costs

During the Year, the operating costs of the Group amounted to RMB7,555 million, representing a decrease of 3.17% as compared to RMB7,803 million in the same period last year, which was mainly attributable to the decrease brought about by the decline in sales scale. Among which, the principal operating costs amounted to RMB7,519 million, representing a year-on-year decrease of 3.43%.

Gross profit margin

During the Year, the consolidated gross profit margin of the Group was 35.60%, decreased by 1.11 percentage points from 36.71% in the same period last year. Among which, the gross profit margin of principal businesses was 34.89%, decreased by 1.02 percentage points from 35.91% in the same period last year, which was mainly attributable to changes in sales structure.

ANALYSIS OF OPERATING SEGMENTS

The operating businesses of the Group are divided into two reporting segments: the publication segment and the distribution segment.

2025 marked the final year of the "14th Five-Year Plan". The Group adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, conscientiously implemented the decisions and deployments of the CPC Central Committee and the CPC Sichuan Provincial Committee on accelerating the development of the cultural industry, fully, accurately, and comprehensively implemented the new development philosophy, continued to deepen reform, focused on improving quality and efficiency, accelerated digital and intelligent transformation, and steadily promoted high-quality development.

The publishing and distribution industry faced multiple challenges from policy adjustments in the education services industry, demographic shifts, and structural adjustments in the book retail market. In response to changing market conditions, the Group took proactive measures, including strengthening the linkage mechanism between publishing and distribution channels, building data-driven content creation capabilities, and advancing IP development and operations. The Company also accelerated the adjustment and transformation of its retail stores, promoted integration between online and offline operations to deliver quality cultural resources to grassroots levels, leveraged its strengths in online book e-commerce to develop customized content products and increase its market share in select niche categories, and optimized the structure of educational and cultural book products to better align with the "double reduction" policy and the growing demand for quality education. In 2025, the Group achieved an operating income of RMB11,732 million. Among which, the principal operating income of the publication segment amounted to RMB2,895 million, representing a decrease of RMB85 million compared to the previous year; the principal operating income of the distribution segment amounted to RMB10,212 million, representing a decrease of RMB655 million compared to the previous year.

The Group actively optimized its business model, explored and expanded incremental business, and simultaneously implemented measures such as strengthening procurement management and cost control, and reducing accounts receivable, in an effort to enhance profitability. However, due to external market conditions and resulting changes in the sales structure, the gross profit margin and profit of the principal businesses for the Year declined.

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	2,895,483,541.70	1,992,634,191.00	31.18	(2.84)	(0.53)	(1.60)
Distribution	10,211,662,432.51	7,167,806,782.51	29.81	(6.03)	(5.13)	(0.67)
Others	444,456,899.86	375,912,598.05	15.42	1.14	0.93	0.17
Inter-segment elimination	(2,003,809,586.09)	(2,017,705,564.66)				
Total	**11,547,793,287.98**	**7,518,648,006.90**	**34.89**	**(4.94)**	**(3.43)**	**(1.02)**

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	**2,895,483,541.70**	**1,992,634,191.00**	**31.18**	**(2.84)**	**(0.53)**	**(1.60)**
Textbooks and supplementary materials	1,447,842,739.12	820,493,731.67	43.33	(1.10)	(1.51)	0.24
General books	995,615,659.08	792,283,335.39	20.42	(9.23)	(4.56)	(3.90)
Printing and supplies	298,341,082.96	264,920,418.84	11.20	(2.23)	(0.72)	(1.36)
Newspapers and journals	39,520,778.15	23,254,056.18	41.16	(27.68)	(26.01)	(1.33)
Others	114,163,282.39	91,682,648.92	19.69	91.07	119.26	(10.33)
II. Distribution	**10,211,662,432.51**	**7,167,806,782.51**	**29.81**	**(6.03)**	**(5.13)**	**(0.67)**
Textbooks and supplementary materials	3,938,054,788.55	2,525,852,073.82	35.86	(10.20)	(9.29)	(0.64)
General books	5,877,618,817.12	4,308,429,211.82	26.70	(2.59)	(2.24)	(0.26)
Education informatized and others	395,988,826.84	333,525,496.87	15.77	(11.57)	(8.24)	(3.07)
III. Others	**444,456,899.86**	**375,912,598.05**	**15.42**	**1.14**	**0.93**	**0.17**
Including: Logistics services	434,734,395.19	372,592,082.59	14.29	0.86	0.61	0.21
Inter-segment elimination total	(2,003,809,586.09)	(2,017,705,564.66)				
Total	**11,547,793,287.98**	**7,518,648,006.90**	**34.89**	**(4.94)**	**(3.43)**	**(1.02)**

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)
			Principal business by region			
Within Sichuan Province	7,673,934,258.03	4,113,806,012.33	46.39	(7.80)	(6.59)	(0.70)
Outside Sichuan Province	3,873,859,029.95	3,404,841,994.57	12.11	1.28	0.68	0.52

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)
			Principal business by sales model			
Offline sales	5,789,135,100.80	3,625,312,684.02	37.38	(8.80)	(5.68)	(2.07)
Online sales	5,758,658,187.18	3,893,335,322.88	32.39	(0.73)	(1.24)	0.35
Total	**11,547,793,287.98**	**7,518,648,006.90**	**34.89**	**(4.94)**	**(3.43)**	**(1.02)**

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

RMB0,000

	Sales volume (10,000 copies)			Sales value			Principal operating income (tax exclusive)			Principal operating costs			Gross profit margin (%)		
	Prior year	Current period	Growth rate (%)	Prior year	Current period	Growth rate (%)	Prior year	Current period	Growth rate (%)	Prior year	Current period	Growth rate (%)	Prior year	Current period	Growth rate (ppt)
Publication segment:															
Self-compiled textbooks and supplementary materials	9,615.33	**7,718.82**	(19.72)	135,421.76	**120,269.88**	(11.19)	69,516.11	**61,852.57**	(11.02)	33,188.96	**29,324.94**	(11.64)	52.26	**52.59**	0.33
Plate-leased textbooks and supplementary materials	14,084.74	**15,092.38**	7.15	110,497.63	**119,047.44**	7.74	69,935.96	**75,984.94**	8.65	44,171.61	**46,763.26**	5.87	36.84	**38.46**	1.62
General books	13,713.93	**14,811.40**	8.00	547,427.07	**669,565.58**	22.31	109,681.76	**99,561.57**	(9.23)	83,012.25	**79,228.33**	(4.56)	24.32	**20.42**	(3.90)
Printing of textbooks and supplementary materials on behalf of others	2,250.30	**2,045.05**	(9.12)	10,368.46	**10,386.12**	0.17	6,936.67	**6,946.76**	0.15	5,948.05	**5,961.17**	0.22	14.25	**14.19**	(0.06)
Distribution segment:															
Textbooks and supplementary materials	37,035.51	**34,218.10**	(7.61)	454,195.33	**407,572.49**	(10.26)	438,516.82	**393,805.48**	(10.20)	278,445.68	**252,585.21**	(9.29)	36.50	**35.86**	(0.64)
General books	25,328.63	**22,153.88**	(12.53)	1,014,765.20	**1,013,547.73**	(0.12)	603,404.17	**587,761.88**	(2.59)	440,734.73	**430,842.92**	(2.24)	26.96	**26.70**	(0.26)

(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 RMB2,895 million, representing a decrease of 2.84% as compared with RMB2,980 million during the same period of last year.

During the Year, gross profit margin of the publication segment was 31.18%, decreased by 1.60 percentage points from 32.78% for the same period of last year.

Major cost breakdown of the publication segment

RMB0,000

	Publication of textbooks and supplementary materials			Publication of general books		
	Prior year	Current period	Growth rate (%)	Prior year	Current period	Growth rate (%)
Plate-leased textbooks and supplementary materials expenses	9,136.25	**9,445.29**	3.38	N/A	**N/A**	N/A
Copyright fee	2,835.24	**2,988.35**	5.40	1,043.26	**1,380.70**	32.34
Author's remuneration	3,584.54	**3,806.80**	6.20	22,134.86	**18,990.45**	(14.21)
Printing costs	22,484.15	**23,405.15**	4.10	32,553.07	**34,298.56**	5.36
Paper costs	41,381.36	**38,011.78**	(8.14)	20,905.08	**18,920.22**	(9.49)
Documentation fee	986.06	**1,554.65**	57.66	5,238.48	**4,560.37**	(12.94)
Others	2,901.03	**2,837.35**	(2.20)	1,137.50	**1,078.03**	(5.23)

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.

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 Company, 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 2025, the Group kept pace with market changes and continued to deepen reform and innovation. By bringing together industry experts and excellent editorial teams, the Group enhanced the quality of its content creation. It implemented a differentiated product strategy, developing unique educational products tailored to different regions, educational stages, and subjects. The Group also strengthened the building of specialized brands by leveraging its own advantageous resources, thereby creating an educational publishing brand with high recognition and influence.

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 《信息科技》 and provincial textbooks such as Lovely Sichuan 《可愛的四川》 have been compiled and revised and successfully passed the review. Through strengthened policies and market researches, the Company developed supplementary material products that met new curriculum standards and channel needs. At the same time, the Company actively expanded subscription channels outside Sichuan to increase market share and brand influence.

The Group focused on technological innovation, user needs, usage scenarios, and consumption habits integrating high-quality resources to promote the integrated development of educational publishing. Based on market feedback, the Group continuously iterated and upgraded its digital products to enhance product competitiveness. The Company authorized the "Nano Box" and "Yuanfudao" apps to provide digital resources for the Sichuan education version of primary school English curriculum textbooks, and enriched learning resources on the exclusive channel of "Sichuan Education Learning" on Ximalaya platform, as well as on the "Winshare Youjiao" platform. It also created the "AI Accompanying Me to Learn" integrated publishing project, innovatively developing a "paper books + AI digital platform" product model that includes five series: composition, classical Chinese, English, labor education, and mental health. This covers the three educational stages of primary, middle, and high school. In addition, the Company carried out digital book copyright licensing cooperation, with content covering online educational applications and educational electronic hardware products.

During the Year, the sales revenue of textbooks and supplementary materials under the Group's publication segment amounted to RMB1,448 million, representing a decrease of 1.10% as compared to RMB1,464 million in the same period last year. The cost of sales amounted to RMB820 million, representing a decrease of 1.51% as compared to RMB833 million in the same period last year. The gross profit margin was 43.33%, which slightly increased from 43.09% for the same period last year.

Management Discussion and Analysis

General books

In 2025, the Group adhered to its principal business of publishing, taking the promotion of high-quality development as its overarching theme, with a focus on content innovation, in-depth development of high-quality topics and author resources, consolidated the front of thematic publishing, and created original masterpieces. It enhanced the collaborative efficiency of the entire industry chain, improved the linkage mechanism between publishing and distribution channels, stimulated the endogenous driving force of the business, and steadily promoted the improvement of quality and efficiency in the publishing and media segment. According to the Open Book Data, the Group's market share in terms of actual sales value in the overall book market ranked 11th, and 7th among similar local entities.

The Group made steady progress in promoting integrated publishing development, actively building the "publishing+" integrated ecosystem, and driving in-depth linkage between its content resources with cultural tourism and educational scenarios to continuously enrich publishing formats. It launched over 1,000 new integrated products, including e-books, audio books, radio dramas, digital collections, metaverse books, and cultural and creative products. The Company developed several key integrated publishing projects. The business dimensions of the "Watch Panda All-media Three-Dimensional Communication Platform" were further expanded, with the influence and commercial value of the Panda IP being continuously unleashed. Leveraging the Company's extensive educational and teaching resources, it transformed traditional book publishing services into an intelligent knowledge service platform that uses artificial intelligence technology to provide users with multi-scenario teaching and multi-format products.

During the Year, the sales revenue of general books under the Group's publication segment amounted to RMB996 million, representing a decrease of 9.23% as compared to RMB1,097 million in the same period last year, mainly due to intensifying market competition, resulting in a decrease in actual sales value rate. The cost of sales was RMB792 million, representing a decrease of 4.56% as compared to RMB830 million in the same period last year. The gross profit margin was 20.42%, representing a decrease of 3.90 percentage points from 24.32% in the same period last year.

Good books of Winshare

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 categories such as culture, children, popular science, fashion with readership spanning all age groups from toddlers to middle-aged and elderly people. In 2025, the quality of original reports published in these newspapers and journals by the Group has been further improved. Sichuan Pictorial, Reader's Journal Press, and All-media Panda Platform issued a total of 12,906 posts, with total reading volume of over 10.21 million. In particular, six articles achieved over 100,000 views, and nearly 30 articles were reposted by central-level media outlets such as People's Daily Online, Xinhua Net, Xuexi Qiangguo, and China Daily.

During the Year, a total of 15,078,700 copies of newspapers and journals were sold by the publication segment of the Group. The sales revenue amounted to RMB39,520,800, which decreased by 27.68% year-on-year. The selling expenses amounted to RMB23,254,100, which decreased by 26.01% year-on-year. The gross profit margin was 41.16%, which decreased by 1.33 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 RMB10,212 million, representing a decrease of 6.03% as compared with RMB10,867 million during the same period last year.

During the Year, gross profit margin of the distribution segment of the Group was 29.81%, decreased by 0.67 percentage points from 30.48% during the same period of last year.

Textbooks and supplementary materials

Being the sole source supplier in Sichuan Province for the supply of textbooks to primary and secondary school students during their compulsory education, the Group 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 2025, the Company entered into the "Government Purchase Contract regarding free textbooks for students during compulsory education in Sichuan Province from 2025 to 2026" (四川省 2025-2026 學年義務教育階段學生免費教科書政府採購合同書).

In 2025, the Group closely aligned itself with policies such as expanding and improving the quality of basic education and strengthening standardized management, and kept pace with the changes in demand and market of products and services as well as the market trend of decentralizing choices. The Group continued to advance product mix optimization, service extension, and business integration, and worked to build a high-quality education service system that is highly compatible with ongoing education reforms. The Group further enhanced the quality and efficiency and optimized the structure of its proprietary product system, strengthened supply chain synergy, deepened digital and intelligent transformation, and continuously elevated the level of education services. Focusing on changes in education and teaching practices, the Group strengthened the iterative research and development of products and optimized product content and formats, with newly compiled and revised products accounting for over 70% while simultaneously optimizing the layout across educational stages by adding textbooks for elective modules in regular high schools and supplementary materials for further education in secondary vocational schools.

During the Year, 342,181,000 copies of textbooks and supplementary materials with sales value of RMB4,076 million were sold by the distribution segment of the Group, achieving sales revenue of RMB3,938 million, representing a year-on-year decrease of 10.20%. The gross profit margin was 35.86%, decreased by 0.64 percentage points year-on-year.

General books

In 2025, the Group deepened the integrated development of its reading services and continuously enhanced its online and offline full-channel operational capabilities. It further consolidated its role as the principal distribution channel for key thematic and current affairs publications and made every effort to provide subscription, distribution, and service support for such key titles. Innovating its public cultural services, the Group actively integrated into the province's pilot program for rural bookstore reform and upgrading. It launched the "Winshare Xiangyue" mini-program to provide product selection services for 11 pilot counties (districts) and promote the direct delivery of high-quality cultural resources to the grassroots. Furthermore, the Group continued to promote store upgrades and renovation, completing the renewal and upgrade of physical stores such as Nanchong Book City, and expanding cultural tourism integration pop-up stores to enhance readers' cultural consumption experience. It optimized and adjusted its product structure, further improving its range of student reading materials and developed cultural and creative products based on original IPs to meet continuously changing market demands. The Group also strengthened the application of new technologies to empower the refined operation of online channels, deepened the content e-commerce ecological matrix, and consolidated its leading advantages in book e-commerce nationwide. By optimizing the operation model of online "cloud stores", the instant retail business of "Reading at Home" successfully launched on platforms such as JD Miao Song, Meituan, and Taobao Flash Delivery, promoting in-depth online-offline integration and creating diversified consumption scenarios.

During the Year, 221,538,800 copies of general books with sales value of RMB10,135 million were sold by the distribution segment of the Group. The sales revenue amounted to RMB5,878 million, representing a year-on-year decrease of 2.59%. The cost of sales amounted to RMB4,308 million, representing a year-on-year decrease of 2.24%. The gross profit margin was 26.70%, representing a year-on-year decrease of 0.26 percentage points.

City flagship store

Education informatized and others

In 2025, the Group leveraged digital technologies to empower traditional teaching supplements, adding 35,000 digital resources to supplement textbooks and partnering with leading Internet education enterprises to carry out pilot projects for digital and intelligent homework, providing teaching services such as intelligent grading and learning condition analysis. The Group innovated its brand marketing models, facilitating business conversion and market consolidation through brand activities, thereby achieving a simultaneous enhancement in brand influence and operating efficiency. Centering on high-quality resources and highly efficient classroom teaching, the Group built a digital platform matrix comprising "Winshare Youjiao", "Winshare Youxue", and "Winshare Youxuan", covering all scenarios of teaching, learning, and purchasing, and constructing an integrated full-chain model encompassing environmental construction, teaching applications, and operational services. In particular, visits to "Winshare Youjiao" reached 3.0278 million during the Year, while "Winshare Youxue" reached over 6,000 schools, serving more than 4.96 million students. The labor and practical education business benefited 464,000 primary and secondary students across the province, with 360 teacher training projects implemented to serve over 85,000 educators, thereby building a diversified, high-quality education services ecosystem.

During the Year, sales revenue of education informatized and other business of the distribution segment of the Group amounted to RMB396 million, representing a year-on-year decrease of 11.57%, mainly because the education informatized and education equipment business was affected by project preparation and acceptance time, prompting proactive measures to scale back inefficient operations. The cost of sales amounted to RMB334 million, representing a year-on-year decrease of 8.24%. The gross profit margin was 15.77%, representing a decrease of 3.07 percentage points from 18.84% in the same period last year, mainly due to increased market competition in labor and practical education services and teacher training business of other businesses, resulting in a decrease in the average order value.

(II) ANALYSIS OF OPERATING RESULTS AND FINANCIAL PERFORMANCE

Expenses

During the Year, the Group's selling expenses amounted to RMB1,383 million, representing a decrease of 3.89% as compared to RMB1,439 million in the same period last year, mainly due to the fact that the Group continued to strengthen expense control during the Year, resulting in a decrease in expenses including advertising and promotion fees, logistics expenses, vehicle fees and travel fees as compared to the same period last year.

During the Year, the Group's administrative expenses amounted to RMB1,625 million, representing a decrease of 2.91% as compared to RMB1,674 million in the same period last year, mainly due to the fact that the Group continued to strengthen expense control during the Year, resulting in a decrease in expenses including business entertainment fees, depreciation and amortization expenses, repair charges, travel fees and conference fees as compared to the same period last year.

During the Year, the Group's finance expenses amounted to RMB-219 million as compared to RMB-217 million in the same period last year, the change of which was not significant.

During the Year, the Group's research and development expenses amounted to RMB38,776,200, representing an increase of 27.29% as compared to RMB30,463,700 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 gain from changes in fair value amounted to RMB58,735,300, representing an increase of RMB68,677,700 as compared with a loss from changes in fair value of RMB9,942,400 in the same period last year, which was mainly due to changes in fair value of projects held by funds such as CICC Qichen, Winshare Hengxin and CITIC Buyout 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 RMB172 million, representing a decrease of 5.21% from RMB181 million in the same period last year, which was mainly due to the year-on-year decrease in cash dividends declared by Wan Xin Media, a participating company, for the Year.

Other incomes and non-operating income/expenses

During the Year, the Group's other incomes amounted to RMB100 million as compared to RMB106 million in the same period last year, the change of which was not significant.

During the Year, the Group's non-operating income amounted to RMB5,448,000, representing an increase of 103.10% as compared to RMB2,682,400 in the same period last year, which was mainly due to the increase in gain from the disposal of scrapped goods during the Year.

During the Year, the Group's non-operating expenses amounted to RMB38,434,400, representing a decrease of 15.32% as compared to RMB45,386,900 in the same period last year, which was mainly due to the year-on-year decrease in donation expenses.

Gains on asset disposal

During the Year, the Group's gain on asset disposal amounted to RMB72,595,700, representing an increase of RMB70,940,600 as compared to RMB1,655,100 in the same period last year, which mainly represented the gain from the disposal of office building in Fangzhuang, Beijing.

Income tax expenses

During the Year, the Group's income tax expenses amounted to RMB29,220,600, as compared to RMB105,264,400 in the same period last year, which was mainly due to the changes in preferential income tax policies for restructured cultural enterprises which resulted in last year's reversal of the deferred income tax expenses recognized at the end of 2023.

Other comprehensive income

During the Year, the Group's net other comprehensive income after tax amounted to a loss of RMB174 million, representing a decrease of RMB892 million as compared to a gain of RMB718 million in the same period last year, which was mainly due to the fluctuation in the market value of the shares of listed companies held by the Company such as Wan Xin Media and Bank of Chengdu.

Profit

During the Year, the Group achieved a net profit of RMB1,608 million, representing a year-on-year increase of 0.25%, which was mainly benefited from the changes in preferential income tax policies for restructured cultural enterprises, which resulted in last year's reversal of the deferred income tax expenses recognized at the end of 2023. Net profit attributable to the shareholders of the Company amounted to RMB1,568 million, representing a year-on-year increase of 1.53%. Net profit attributable to the shareholders of the Company after non-recurring gain or loss amounted to RMB1,457 million, representing a year-on-year decrease of 12.11%.

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 RMB1.27, which increased by 1.60% as compared to RMB1.25 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.

R&D COMMITMENTS

Breakdown of R&D commitments

	RMB
R&D expenses for the current year	27,501,442.53
R&D commitments capitalized for the current year	12,626,238.44
Total R&D commitments	40,127,680.97
Total R&D commitments as a percentage of revenue (%)	0.34
Percentage of R&D commitments capitalized (%)	31.47
Total no. of R&D personnel of the Company	98
No. of R&D personnel as a percentage of total no. of personnel of the Company (%)	1.33

The R&D commitments of the Group amounted to RMB40,127,700, representing an increase of 90.73% as compared to RMB21,038,800 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 RMB1,508 million, decreased by 14.90% as compared to net inflow of RMB1,772 million in the same period last year, which was mainly due to the decline in sales which resulted in a decrease in net cash flow from operating activities.

During the Year, cash flow from investing activities of the Group amounted to net outflow of RMB2,294 million, as compared to net outflow of RMB823 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 RMB897 million as compared to net outflow of RMB1,065 million in the same period last year, which was mainly due to the cash dividends paid this year of RMB790 million, representing a decrease of RMB161 million compared with RMB951 million in the same period last year.

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	**168,889,644.13**	97,505,449.62	73.21	Mainly due to changes in the preferential income tax policies for restructured cultural enterprises, which resulted in the receipt of an enterprise income tax refund of RMB130 million paid in 2024 during the Year, compared to an enterprise income tax refund of RMB60 million received in the previous year.
Other cash receipts relating to operating activities	**215,983,483.92**	393,903,480.51	(45.17)	Mainly due to the decrease in interest income, government subsidies, and security deposits received during the period as compared with the same period last year.
Taxes paid	**166,831,589.89**	386,515,207.98	(56.84)	Mainly due to changes in the preferential income tax policies for restructured cultural enterprises, so that the enterprise income tax and other taxes paid during the period decreased more significantly year-on-year.
Cash receipts from recovery of investment	**55,402,703.87**	28,450,610.87	94.73	Mainly due to an increase in fund exits and investment recovery this year compared with last year.
Cash receipts from investment income	**110,346,881.50**	195,521,762.30	(43.56)	Mainly due to the decrease in dividends received from participating companies such as Wan Xin Media and Hainan Phoenix and interests from time deposits this year compared with last year.

Item	This period	The same period last year	Change (%)	Reasons of change
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**119,447,799.77**	2,394,927.68	4,887.53	Mainly due to the receipt of proceeds from the disposal of office building in Fangzhuang, Beijing during the Year.
Other cash receipts relating to investing activities	**165,000,000.00**	890,000,000.00	(81.46)	It represents time deposit withdrawal upon maturity.
Cash payments to acquire investments	**50,388,261.75**	211,763,664.25	(76.21)	The expenditure for the Year was mainly for the allocation of fund investments, while the expenditure for the previous year was mainly for the purchase of bank certificates of large amount deposit.
Other cash payments relating to investing activities	**2,515,145,261.68**	1,576,352,500.00	59.55	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.

ASSETS AND LIABILITIES ANALYSIS

As at 31 December 2025, 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
Notes receivable	–	–	933,791.30	0.00	(100.00)	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.
Prepayments	**101,661,653.47**	**0.43**	64,815,102.00	0.28	56.85	Mainly due to the increase in prepayments.
Other receivables	**155,434,051.60**	**0.66**	261,437,606.97	1.14	(40.55)	Mainly due to changes in the preferential income tax policies for restructured cultural enterprises, which resulted in the receipt of an enterprise income tax refund of RMB130 million paid in 2024 during the Year.
Contract assets	**10,220,367.99**	**0.04**	5,584,567.76	0.02	83.01	Mainly due to the change in quality warranty.

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
Non-current assets due within one year	**22,507,427.20**	**0.10**	49,263,308.47	0.22	(54.31)	Mainly due to the decrease in closing balance of receivables as compared with the opening balance as a result of the fact that the receivables of education informatized and education equipment business, which adopted collection by instalments, were transferred to receivables as the agreed payment period approached.
Long-term receivables	**13,693,637.50**	**0.06**	39,192,878.89	0.17	(65.06)	Mainly due to the decrease in closing balance of receivables as compared with the opening balance as a result of the fact that the portion of receivables of education informatized and education equipment business, which will fall due within one year and adopted collection by instalments, were transferred to "noncurrent assets due within one year".
Construction in progress	**3,394,771.08**	**0.01**	73,670,872.15	0.32	(95.39)	Mainly due to the completion and transfer to fixed assets of the textbook warehouse of Yanyuan County Branch of Liangshanzhou Xinhua Bookstore, a subsidiary of the Company, and the Xichang storage and logistics base construction project during the current period.
Right-of-use assets	**330,892,995.19**	**1.41**	234,572,966.34	1.02	41.06	The increase in right-of-use assets was mainly due to the Group's renewal of the three-year lease contract with Sichuan Xinhua Publishing and Distribution Group at the beginning of the Year, on the basis of which another renewal period of the lease was considered.

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	**7,650,470.72**	**0.03**	3,745,447.13	0.02	104.26	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.
Other non-current assets	**3,145,071,401.54**	**13.42**	2,001,715,747.53	8.74	57.12	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	(100.00)	Mainly due to the decrease in the balance of trade payables settled by bills for the education informatized and equipment business and logistics business at the end of the Year as compared with the beginning of the Year.
Receipts in advance	**7,506,790.10**	**0.03**	1,662,994.41	0.01	351.40	Mainly due to changes in the balance of house rental received in advance.
Lease liabilities	**268,414,242.75**	**1.14**	179,938,995.53	0.79	49.17	The increase in lease payments in the future was mainly due to the Group's renewal of the three-year lease contract with Sichuan Xinhua Publishing and Distribution Group at the beginning of the Year, on the basis of which another renewal period of the lease was considered.
Long-term payables	**5,374,260.12**	**0.02**	–	–	N/A	Mainly due to the addition of royalties payable for the Year by Digital Publishing, a subsidiary of the Company.
Deferred income	**85,837,398.10**	**0.37**	53,436,961.20	0.23	60.63	Mainly due to changes in book subsidies and project subsidies during the Year.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2025, the Group had cash and short-term deposits of approximately RMB8,813 million (31 December 2024: RMB9,180 million), and short-term borrowings of RMB10 million (31 December 2024: RMB10 million).

As at 31 December 2025, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 33.24%, representing a decrease of 1.22 percentage points as compared with 34.46% as at 31 December 2024. The Group's overall financial structure was relatively stable.

CONTINGENT LIABILITIES

As at 31 December 2025, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2025, the balance of deposits of the Group amounting to RMB7,681,000 (31 December 2024: RMB13,955,200) was pledged as security deposits placed with the bank for the issuance of letter of guarantee. Save as disclosed above, the Group did not have any other assets under pledge or guarantee.

FOREIGN EXCHANGE RISK

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

WORKING CAPITAL MANAGEMENT

	31 December 2025	31 December 2024
Current ratio	**1.8**	1.8
Inventory turnover days	**113.6**	118.4
Trade receivables turnover days (Note)	**50.7**	46.6
Trade payables turnover days	**256.5**	256.4

As at 31 December 2025, 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 113.6 days, which decreased by 4.8 days as compared with that of the same period last year. Trade receivables turnover days were 50.7 days, which increased by 4.1 days as compared with that of the same period last year. Trade payables turnover days were 256.5 days, which increased by 0.1 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.

EVENTS AFTER THE BALANCE SHEET DATE

At the board meeting held on 26 March 2026, the resolution regarding the profit distribution for 2025 was passed where the undistributed profit at the end of 2025 would be distributed at the price of RMB0.42 (tax inclusive) per share and the proposed dividend amounted to RMB518,213,220 (tax inclusive). The resolution shall take effect upon obtaining approval at the annual general meeting for 2025 to be held in May 2026.

Saved as disclosed above, the Group did not have any significant events after the balance sheet date.

(III) 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 1.89%. The cost of investment was RMB240 million. Bank of Chengdu is mainly engaged in commercial banking business approved by China's banking regulator. During the period, a dividend income of RMB71,280,000 and a fair value loss of RMB79 million from Bank of Chengdu were recognized. As at 31 December 2025, the market capitalization of the shares held by the Company in Bank of Chengdu was RMB1,290 million, accounting for 5.50% of the audited total assets of the Group as at 31 December 2025.

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. Wan Xin Media is mainly engaged in cultural services, education services, full supply chain management and other culture-related businesses. During the period, a dividend income of RMB24,928,000 and a fair value loss of RMB95 million from Wan Xin Media were recognized. As at 31 December 2025, the market capitalization of the shares held by the Company in Wan Xin Media was RMB820 million, accounting for 3.50% of the audited total assets of the Group as at 31 December 2025.

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 company	Type of company	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Sichuan Education Publishing House Co., Ltd.	Subsidiary	Book publication	1,000.00	154,037.88	121,659.94	79,471.86	32,303.14	32,305.55
Sichuan Publication Printing Co., Ltd.	Subsidiary	Plate-leased printing and supply of textbooks	5,000.00	72,757.72	60,284.15	37,707.87	14,856.23	14,856.37
Sichuan Winshare Online E-commerce Co., Ltd.	Subsidiary	Online sales of various products	6,000.00	334,936.74	(6,981.73)	361,321.60	1,632.33	1,001.01

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.

(II) Operating plans

The Group will focus on its main responsibilities and principal businesses, adhere to innovation-driven development, comprehensively deepen reform, accelerate the cultivation of new productive forces in publishing and distribution and adopt a proactive and determined approach to ensure a strong start for the "15th Five-Year Plan", continuously creating a new landscape for the Company's high-quality development. In 2026, the Group will implement the following operating plans:

Enhance the core competitiveness of content publishing

Deeply cultivate high-quality content and core author resources, focus on major thematic publishing and Sichuan-characteristic cultural IPs, improve original reserves, and uphold the principle of achieving both social and economic benefits; extend the boundaries of "publishing +", accelerate digital and intelligent transformation, explore new formats of cross-border integration, and realize the digital and intelligent empowerment of content production; leverage the advantages of the entire industry chain, use data-driven approaches to optimize content, and enhance market conversion efficiency; strengthen the "going out" business, deepen overseas cooperation through copyright trade, expand the international market, and facilitate the global dissemination of Chinese culture.

Optimize the education services business system

Proactively adapt to technological and policy changes, strengthen content development, innovate research and development mechanism for educational products, and continuously improve the quality of proprietary supplementary materials; focus on education and teaching to provide digital resource services, explore and develop digital and intelligent educational products, and expand application scenarios for smart teaching; promote the optimization and upgrading of online service platforms, break down data and resource barriers, and build an integrated user operation system; optimize the allocation for urban education services resources, innovate sales models, and enhance market competitiveness; comprehensively advance regional study tour business, create premium study tour products, and expand market influence.

Accelerate the integrated innovation of reading services

Fully leverage the Group's role of publishing and distribution as a leading channel and main front, making every effort to promote, distribute and support key thematic current affairs publications; promote the integration of culture and tourism, deeply integrate into local culture, implement categorized operation and management of physical stores, upgrade cultural and creative business formats, and enhance the experience of physical stores; actively expand library and university reading services, government and enterprise institutional cultural space customization services, rural bookstore cultural services, and other businesses; optimize scenario-based marketing for platform e-commerce, and accelerate the in-depth operation of content e-commerce; vigorously promote the integration of AI technology and business, and advance the application of new technologies in the operating process; innovate the exhibition model, continuously build a national reading activity system supported by events such as the Tianfu Book Fair and "Tianfu Book Fair • National Reading", plan and carry out the first "National Reading Activity Week", and deepen the influence of national reading activities.

Deepen the construction of supply chain service system

Enhance digital and intelligent empowerment by continuously building digital and intelligent logistics system, developing a digitally and intelligently driven logistics operation collaboration platform and logistics operation management platform, advance the comprehensive launch of intelligent sorting equipment, and continuously enhance the flexible supply chain service capabilities characterized by "data-driven, agile response, and customizability". Continuously optimize the supply chain of printing materials, comprehensively advance the construction of workshop data collection platform, strive to build a digital, intelligent, and green model factory, continuously enhance production efficiency, and make every effort to ensure product quality.

Promote the improvement of quality and efficiency in capital operations

Focus on main responsibilities and principal businesses, capitalizing on the trend of cultural and technological integration, and continue to promote the transformation and upgrading of the Company's relevant businesses through capital means, thereby reserving high-quality projects and cultivating core capabilities for the Company's high-quality development; further improve the business structure of capital operations, rationally allocate investment portfolios, strengthen risk prevention and control, and obtain gains from capital operations.

(III) Potential risks

Market risk

In recent years, the rapid development of emerging channels, coupled with rising consumer demand for diversified knowledge services and immersive interactive experiences, has imposed higher requirements on the content production quality, creativity and channel service capabilities, posing multiple market risk challenges to the Group. The Group will closely track market trends and user needs, actively innovate content presentation formats, continuously improve content quality and experience value, expand and optimize emerging channel networks, promote refined channel operations, and strive to improve the supply level of content products and services.

Policy risk

Adjustments to industry and education policies will profoundly impact on the operating environment and market competition. Failure to adapt promptly to policy changes and seize the policy window period will make it difficult to adapt to market changes and business development. The Group will closely monitor policy developments, enhance the ability to analyze policy directions, optimize business strategies in a timely manner, continuously improve the product and service system, and constantly enhance adaptability and competitiveness.

Technical risk

As digital and intelligent development trends deepen, the accelerating iteration of technologies in areas such as integrated publishing and smart education is reshaping the publishing and distribution industry chain, bringing unprecedented opportunities for industry transformation while also posing challenges to the Group's content-technology integration and transformation. The Group will proactively embrace the development trends of cutting-edge technologies such as artificial intelligence, utilize new technologies to drive product innovation, model innovation, and industry innovation, empower industrial transformation and upgrading with technology, and accelerate the development of new and quality publishing productivity.

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 2025, 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 2025 and the results of the Group for the year ended 31 December 2025 are set out on pages 96 to 110 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 2025 to its shareholders on 23 December 2025.

The Board has proposed the distribution of dividend for the year ended 31 December 2025 of RMB0.42 (tax inclusive) per share (2024: RMB0.41 (tax inclusive) per share), totaling RMB518 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 2025 AGM.

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

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

The Company was not aware of any Shareholders that had waived or agreed to waive any dividend arrangement for the Reporting Period.

The proposed Dividend for 2025 is subject to the approval by Shareholders at the forthcoming 2025 AGM of the Company. In order to ascertain the H shareholders who are entitled to attend 2025 AGM and to receive the Dividend for 2025 (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 2025 AGM:

Latest time for lodging transfers of H Shares	4:30 p.m., Wednesday, 20 May 2026
Closure of register of members for H Shares	from Thursday, 21 May 2026 to Wednesday, 27 May 2026 (both days inclusive)
Date for the 2025 AGM	Wednesday, 27 May 2026

To ascertain the H shareholders who are entitled to the proposed Dividend for 2025:

Latest time for lodging transfers of H Shares	4:30 p.m., Monday, 1 June 2026
Closure of register of members for H Shares	from Tuesday, 2 June 2026 to Thursday, 4 June 2026 (both days inclusive)
Dividend Entitlement Date	Thursday, 4 June 2026

In order for the H shareholders to qualify to attend and vote at the 2025 AGM and to receive the Dividend for 2025 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.

H shareholders whose names appear on the register of members of the Company after the close of business on 4:30 p.m., Wednesday, 27 May 2026 are entitled to attend and vote at the 2025 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 2025 of the Company (if approved by the Shareholders). The abovementioned final dividend for 2025 will be paid on or before 27 July 2026 (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 2025 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 2025, 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 2025, 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, the Group has continuously enhanced its competitiveness and influence through reform and efficiency improvement, innovation empowerment, and management optimization.

(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, He Jianming, Huang Yazhou, Li Shanshan, Li Bo, Liu Xinwu, Long Pingping, Rao Xueli, Tan Kai, Wang Meng, and Yang Hongying, and obtained various copyrights of world-renowned publishing and media organizations such as Disney, DK, Viacom, Penguin Random House, and Hasbro. The Company has created a series of well-known publishing brands such as "YeBook", "Erwen", "Tianxi Culture", and "Yuanshe Culture", and launched a batch of high-quality book products that closely meet market demand, further enhancing its capabilities in brand incubation, market operations, and premium publishing. It has established a strong content brand advantage in the publication of children's books. Its subsidiary owns the best-seller intellectual property rights such as the Hilarious School Diaries, "Super Tank in the Pocket", and "Paw Patrol", which repeatedly topped the charts of Open Book on children's book best-sellers. Books published by the Company have strong competitiveness in the market, and the number of influential books continues to increase. Throughout the year, the sales volume of each of the seven titles, including Those Affairs of That Year and That Rabbit Comic Storybook published by Sichuan Youth and Children's Publishing House, and the "Love Reading" and "Teacher Xueli" series published by Tiandi Publishing House, exceeded 1 million copies.

(II) Reading service capabilities

By integrating city flagship stores, standard bookstores, theme bookstores, IP pop-up stores, and online reading service platform for publications, the Group has built a reading service network system based in Sichuan Province, radiating across the country and integrating online and offline services to meet the diverse cultural consumption needs of users. The Group has a number of physical bookstore brands including "Xinhua Winshare", "Stackway", "Winshare BOOKS", "Kids Winshare children's bookstore", and "Panda Bookstore" to cater to the personalized needs of diverse consumer groups. The Group also owns a network service system comprised of "winxuan.com", "Winshare September" and third-party platform stores, which ensures that its products and services reach the target consumer groups with precision and timeliness.

(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 Group has developed an all-variety, full-coverage and high-efficiency education service capabilities in the Sichuan regional market. Targeting regional education departments and schools of all levels and types, the Group centers on subject contents and classroom teaching scenarios, and leverages the professional advantages of its digital education service business to develop and integrate digital and intelligent educational products, providing education services such as digitalized resources, teaching software and hardware as well as digitalized subject tools. It is the main operator of education informatized and education equipment products and services in Sichuan Province. At the same time, the Company's businesses of labor and practice education services and teachers' training services enjoy a branding strength in the regional market.

(IV) Supply chain capabilities

The Group possesses industry-specific supply chain service capabilities. Based on an Internet approach, it has established a collaborative trading platform for publications, empowering upstream units and downstream distributors by providing the industry with comprehensive professional services encompassing data integration, marketing collaboration, and supply chain management. The Group has built a nationwide logistics service network anchored by four logistics bases in Chengdu, Sichuan; Wuxi, Jiangsu; Xiqing, Tianjin; and Qingyuan, Guangdong. With over 250,000 square meters of warehouse space under management and over 1,000 owned and collaborative vehicles, the Group offers logistics services encompassing nationwide distribution, regional transit, and city-wide delivery.

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 39.84% 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 20 December 2024, 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 2025 to 31 December 2027 as offices, warehouses and retail outlets. Please refer to the announcement of the Company dated 20 December 2024 for details of the Property Leasing Framework Agreement.

For the year ended 31 December 2025, 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 RMB43,673,000. The right-of-use assets initially recognized under the Property Leasing Framework Agreement amounted to RMB213,730,200 in aggregate. As at 31 December 2025, the balance of right-of-use assets leased under the lease framework agreement amounted to RMB177,029,800.

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

On 20 December 2024, 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 2025 to 31 December 2027. Please refer to the announcement of the Company dated 20 December 2024 for details of the Property Management Service Framework Agreement.

For the year ended 31 December 2025, 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 RMB39,944,800.

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

On 20 December 2024, 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 2025 to 31 December 2027. Please refer to the announcement of the Company dated 20 December 2024 for details of the Publications Procurement Framework Agreement.

For the year ended 31 December 2025, the transaction amount of publications procured by the Group from Minzu House pursuant to the above Publications Procurement Framework Agreement amounted to RMB77,015,200.

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

On 20 December 2024, 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 2025 to 31 December 2027. Please refer to the announcement of the Company dated 20 December 2024 for details of the Paper Supply Framework Agreement.

For the year ended 31 December 2025, the transaction amount of papers supplied by the Group to Minzu House pursuant to the above Paper Supply Framework Agreement amounted to RMB9,383,600.

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

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms or better (as defined in the Listing Rules); and

(3) 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 RMB35,255,900 (2024: RMB43,651,800).

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 ESG Report of the Company issued on the same date as 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 2025, 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.

Notes:

1. Sichuan Xinhua Publishing and Distribution Group, the controlling shareholder of the Company, is a 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 2025, so far as is known to the Directors of the Company, the following persons (not being Directors 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
Beijing Maple Spring Investment Management Co., Ltd.*	57,742,000 (Note 3)	Interests in controlled corporation	H Shares	13.07%	4.68%	Long position

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
Chen Zheng*	57,742,000 (Note 3)	Interests in controlled corporation	H Shares	13.07%	4.68%	Long position
Hua Sheng Group	53,336,000 (Note 4)	Beneficial owner	A Shares	6.74%	4.32%	Long position
Wu Wenqian	53,336,000 (Note 4)	Interests in controlled corporation	A Shares	6.74%	4.32%	Long position

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

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, holding a total of 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, holding a total of 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. Chen Zheng is indirectly interested in 90% equity interests in Beijing Maple Spring Investment Management Co., Ltd. Accordingly, Chen Zheng is deemed to hold 57,742,000 H Shares of the Company through Beijing Maple Spring Investment Management Co., Ltd.

4. 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.

Save as disclosed above, as at 31 December 2025, so far as is known to the Directors, no other person (not being a Director or senior management of the Company) had any interest and short position in the shares, underlying shares and debentures of the Company which were required, pursuant to section 336 of the SFO, to be entered in the register required to be kept by the Company referred to therein.

Apart from (i) Mr. 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. Li Kun, the executive Director, who is the deputy secretary of the party committee and a director of Sichuan Xinhua Publishing and Distribution Group; and (iv) 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, as at 31 December 2025 and the date of this annual report, none of the Directors 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 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 2025, none of the Directors 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.

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 the Communist Party 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.

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.

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 Kun (appointed on 11 March 2026)
Mr. Li Qiang (retired on 10 February 2026)

Non-Executive Directors

Mr. Dai Weidong (retired on 16 September 2025)
Mr. Ke Jiming
Ms. Tan Ao

Independent Supervisors*

Mr. Feng Jian (retired on 23 December 2025)
Ms. Wang Li (retired on 23 December 2025)

Independent Non-Executive Directors

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

Supervisors*

Mr. Qiu Ming (retired on 23 December 2025)
Mr. Xue Feng (retired on 23 December 2025)
Ms. Wang Yan (retired on 23 December 2025)
Ms. Wang Yuanyuan (retired on 23 December 2025)

* The Supervisory Committee of the Company was abolished on 23 December 2025, and the Supervisors retired on the same day, the details of which are set out in the section headed "Corporate Governance Report" in this annual report.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

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

CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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 and senior management

Mr. Dai Weidong resigned as a non-executive Director and a member of the Strategy and Investment Planning Committee of the Company due to work adjustment and his other commitments which require more of his time, effective on 16 September 2025.

Mr. Li Qiang resigned as an executive Director, a member of the Strategy and Investment Planning Committee, and the general manager of the Company due to work adjustment and his other commitments which require more of his time, with effect from 10 February 2026. On the same day, as resolved at the 2026 second meeting of the fifth session of the Board of the Company, Mr Li Kun was appointed as the general manager of the Company, commencing from 10 February 2026 until the change of session of the fifth session of the Board. On 11 March 2026, as resolved at the 2026 first extraordinary general meeting of the Company, Mr. Li Kun was appointed as an executive Director of the fifth session of the Board, commencing from 11 March 2026 until the change of session of the fifth session of the Board.

Changes of Supervisors

On 23 December 2025, as resolved by the 2025 second extraordinary general meeting of the Company, the Supervisory Committee of the Company was abolished, and the duties and powers of the Supervisory Committee under the Company Law shall be exercised by the Audit Committee. Mr. Qiu Ming, Mr. Xue Feng, Ms. Wang Yan, Ms. Wang Yuanyuan, Mr. Feng Jian and Ms. Wang Li retired from the position of Supervisor.

For details relating to the changes of Directors, Supervisors and senior management, please refer to the announcements dated 16 September 2025, 30 October 2025, 23 December 2025 and 10 February 2026, the circulars dated 7 November 2025 and 12 February 2026, and the overseas regulatory announcement dated 9 December 2025 of the Company.

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

BOARD AND BOARD COMMITTEES

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

As at the date of this annual report, none of the Directors 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.

CONTROLLING SHAREHOLDER'S INTERESTS IN MATERIAL CONTRACTS

During the Year, the Group did not enter into any material contracts with the controlling shareholder or its subsidiaries.

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 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.

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 2025, the Group utilized RMB3,014,493.28 of the proceeds. As of 31 December 2025, the accumulated use of proceeds amounted to RMB643,795,322.04. The balance of the unutilized proceeds amounted to RMB3,322,655.05, 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	3,014,493.28	6,861,402.00	3,322,655.05	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	–	300,635,210.07	–	yes	–
Total	645,354,143.34	3,014,493.28	643,795,322.04	3,322,655.05	–	–

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.

3. The changes in the content of the plan of "publications regarding the revival of the Chinese culture project" were approved at the extraordinary general meeting of the Company held on 16 October 2024. The proposed cycle of the plan is six years. For details, please refer to the announcement dated 27 August 2024 and the circular dated 30 August 2024 of the Company.

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.

AUDITOR

Deloitte Touche Tohmatsu CPA was the sole auditor of the Company for years 2022 and 2023. As the Company had 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. KPMG Huazhen LLP succeeded as the Company's sole auditor for the year 2024.

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.

On 20 May 2025, the 2024 annual general meeting of the Company approved the reappointment of KPMG Huazhen LLP as the sole auditor of the Company for the year 2025 and authorized the Board to determine and approve its remunerations.

The consolidated financial statements for 2025 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 2025 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
Chairman
Zhou Qing

26 March 2026

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 expired on 23 January 2025. As the nomination of relevant director candidates has not been completed, the election and appointment of the sixth session of the Board 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 of the Company, the respective terms of office of the Company's Board will also be extended accordingly. The Company will advance the election and appointment of the new session of the Board 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; determine the Company's annual final financial report; formulate the Company's profit distribution plan and loss recovery plan; decide on the establishment of the Company's internal management structure; and formulate the Company's basic management system, etc.

The Board is responsible for making decisions on specific issues, while the management is delegated the power to execute and manage the Company's day-to-day affairs. The Company has a general manager who has a role similar to that of a chief executive officer. During the Year and as at the date of this annual report, the Chairman of the Company was taken by Mr. Zhou Qing; and the position of General Manager was taken by Mr. Li Qiang and Mr. Li Kun successively (Mr. Li Qiang resigned as the General Manager of the Company on 10 February 2026, and as approved and agreed by the Nomination Committee of the Board, Mr. Li Kun was appointed by the Board as the General Manager of the Company), with clear division of work between the Chairman and the General Manager. The Chairman is in charge of the affairs of the Board and reviews the implementation of the Board's resolutions whereas the General Manager, under the leadership of the Board, is mainly responsible for the Company's management operations and business coordination. Apart from the information disclosed in the section "Profile of Directors, Supervisors, Senior Management and Employees" of this annual report, there is no financial, business, family and other material/relevant relationship among the respective Directors, the Chairman and General Manager.

Composition of the Board

As at the end of the Year, the fifth session of the Board of the Company currently comprises 8 Directors, including 3 executive Directors, Mr. Zhou Qing, Mr. Liu Longzhang and Mr. Li Qiang (retired on 10 February 2026); 2 non-executive Directors, Mr. Ke Jiming and Ms. Tan Ao; and 3 independent non-executive Directors, Mr. Lau Tsz Bun, Mr. Deng Fumin and Mr. Han Wenlong. The number of independent non-executive Directors accounts for not less than one-third of the total number of Directors. The number of Directors and composition of the Board have been in compliance with the relevant laws and regulations.

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.

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.

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 relevant personnel to attend the onsite training and online training organized by organizations such as local offices of the CSRC, SSE, the Hong Kong Chartered Governance Institute and the Company, 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 relevant personnel in performing their duties and responsibilities. Individual records of the Directors who have attended training are as follows:

Name	Training attendance	Total training hours	Training methods and remarks	Self-learning and reading materials
Zhou Qing *(Chairman)*	Y	19	3 hours of internal training, all provided by the Company, covering topics such as the Listing Rules of the Stock Exchange and laws and regulations of Hong Kong, corporate governance and ESG, responsibilities of the board of directors and directors, risk management and internal control, and the latest industry and business developments; 16 hours of external training provided by the Sichuan Securities Regulatory Bureau, covering topics such as corporate governance and ESG, responsibilities of the board of directors and directors, risk management and internal control.	√
Liu Longzhang *(Vice Chairman)*	Y	20	4 hours of internal training, all provided by the Company, covering topics such as the Listing Rules of the Stock Exchange and laws and regulations of Hong Kong, corporate governance and ESG, responsibilities of the board of directors and directors, risk management and internal control, and the latest industry and business developments; 16 hours of external training provided by the Sichuan Securities Regulatory Bureau, covering topics such as corporate governance and ESG, responsibilities of the board of directors and directors, risk management and internal control.	√
Li Qiang *(retired on 10 February 2026)*	Y	23	7 hours of internal training, all provided by the Company, covering topics such as the Listing Rules of the Stock Exchange and laws and regulations of Hong Kong, corporate governance and ESG, responsibilities of the board of directors and directors, risk management and internal control, and the latest industry and business developments; 16 hours of external training provided by the Sichuan Securities Regulatory Bureau, covering topics such as corporate governance and ESG, responsibilities of the board of directors and directors, risk management and internal control.	√

Name	Training attendance	Total training hours	Training methods and remarks	Self-learning and reading materials
Dai Weidong *(retired on 16 September 2025)*	Y	3	3 hours of internal training, all provided by the Company, covering topics such as the Listing Rules of the Stock Exchange and laws and regulations of Hong Kong, corporate governance and ESG, responsibilities of the board of directors and directors, risk management and internal control, and the latest industry and business developments.	√
Ke Jiming	Y	23	7 hours of internal training, all provided by the Company, covering topics such as the Listing Rules of the Stock Exchange and laws and regulations of Hong Kong, corporate governance and ESG, responsibilities of the board of directors and directors, risk management and internal control, and the latest industry and business developments; 16 hours of external training provided by the Sichuan Securities Regulatory Bureau, covering topics such as corporate governance and ESG, responsibilities of the board of directors and directors, risk management and internal control.	√
Tan Ao	Y	20	4 hours of internal training, all provided by the Company, covering topics such as the Listing Rules of the Stock Exchange and laws and regulations of Hong Kong, corporate governance and ESG, responsibilities of the board of directors and directors, risk management and internal control, and the latest industry and business developments; 16 hours of external training provided by the Sichuan Securities Regulatory Bureau, covering topics such as corporate governance and ESG, responsibilities of the board of directors and directors, risk management and internal control.	√
Lau Tsz Bun	Y	23	7 hours of internal training, all provided by the Company, covering topics such as the Listing Rules of the Stock Exchange and laws and regulations of Hong Kong, corporate governance and ESG, responsibilities of the board of directors and directors, risk management and internal control, and the latest industry and business developments; 16 hours of external training provided by the SSE, covering topics such as corporate governance and ESG, responsibilities of the board of directors and directors, risk management and internal control.	√

Name	Training attendance	Total training hours	Training methods and remarks	Self-learning and reading materials
Deng Fumin	Y	7	7 hours of internal training, all provided by the Company, covering topics such as the Listing Rules of the Stock Exchange and laws and regulations of Hong Kong, corporate governance and ESG, responsibilities of the board of directors and directors, risk management and internal control, and the latest industry and business developments.	√
Han Wenlong	Y	21	5 hours of internal training, all provided by the Company, covering topics such as the Listing Rules of the Stock Exchange and laws and regulations of Hong Kong, corporate governance and ESG, responsibilities of the board of directors and directors, risk management and internal control, and the latest industry and business developments; 16 hours of external training provided by the SSE, covering topics such as corporate governance and ESG, responsibilities of the board of directors and directors, risk management and internal control.	√

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 9 Board meetings, of which 5 were held on site and 4 were held by way of written resolutions. The Board meetings reviewed resolutions regarding the periodic reports, profit distribution, engagement of annual auditors, amendment to the internal systems, 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.

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
Executive Directors			
Zhou Qing *(Chairman)*	7/9	2	78%
Liu Longzhang *(Vice Chairman)*	8/9	1	89%
Li Qiang *(retired on 10 February 2026)*	9/9	0	100%
Non-Executive Directors			
Dai Weidong *(retired on 16 September 2025)*	5/5	0	100%
Ke Jiming	9/9	0	100%
Tan Ao	8/9	1	89%
Independent Non-Executive Directors			
Lau Tsz Bun	9/9	0	100%
Deng Fumin	9/9	0	100%
Han Wenlong	9/9	0	100%

Attendance of members of the Board at general meetings

Name	Attendance in person/Number of meetings requiring attendance	Attendance rate
Executive Directors		
Zhou Qing *(Chairman)*	1/3	33%
Liu Longzhang *(Vice Chairman)*	2/3	67%
Li Qiang *(retired on 10 February 2026)*	2/3	67%
Non-Executive Directors		
Dai Weidong *(retired on 16 September 2025)*	1/1	100%
Ke Jiming	2/3	67%
Tan Ao	1/3	33%
Independent Non-Executive Directors		
Lau Tsz Bun	3/3	100%
Deng Fumin	3/3	100%
Han Wenlong	3/3	100%

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. The Company provides sufficient resources to the Nomination Committee, Remuneration and Review Committee, and Audit Committee, etc. to fulfill their responsibilities. If necessary, the relevant committees may seek independent professional advice at the Company's expense.

During the Year, 1 meeting of the Strategy and Investment Planning Committee, 1 meeting of the Nomination Committee, 4 meetings of the Remuneration and Review Committee and 7 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
Executive Directors				
Zhou Qing *(Chairman)*	1/1	N/A	N/A	N/A
Liu Longzhang *(Vice Chairman)*	N/A	N/A	4/4	N/A
Li Qiang *(retired on 10 February 2026)*	1/1	N/A	N/A	N/A
Non-Executive Directors				
Dai Weidong *(retired on 16 September 2025)*	0/0	N/A	N/A	N/A
Ke Jiming	N/A	N/A	N/A	7/7
Tan Ao	N/A	1/1	N/A	N/A
Independent Non-Executive Directors				
Lau Tsz Bun	N/A	N/A	4/4	7/7
Deng Fumin	N/A	1/1	N/A	7/7
Han Wenlong	N/A	1/1	4/4	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 2 Directors as members, being Mr. Zhou Qing and Mr. Li Qiang (retired on 10 February 2026). 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 amendments to the Working Rules of the Strategy and Investment Planning Committee under the Board was considered, and the review opinions and recommendations were submitted to the Board, playing an active role in the decision-making of the Board.

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 1 meeting, at which the resolution regarding the amendments to the Working Rules of the Nomination Committee under the Board was considered. Review opinions and suggestions were submitted to the Board.

The Nomination Committee under the Board formulated and complied relevant policies regarding Director nomination during the Year. The relevant procedures and standards include: the Nomination Committee selects Director candidates according to the established nomination procedures, focusing on their professional qualifications, work experience, and time and ability to perform their duties adequately, and makes recommendations to the Board.

At the same time, the Nomination Committee assessed the time, contributions and effective performance of duties by the current Directors during the Year, and concluded that each Director had faithfully, diligently and effectively fulfilled his/her duties. During the assessment process, the following factors had been taken into consideration: (1) the Director's professional qualifications and work experience; (2) the time invested by the Director in other directorships of issuers listed on the Main Board or GEM and in other significant external matters; and (3) other factors or circumstances related to the Director's personality, character, independence and experience.

Based on the above assessment and considerations, the Nomination Committee was of the view that all Directors met the requirements for fulfilling their duties and made positive contributions 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 4 meetings, at which 9 resolutions including the performance review results of the operating management team of the Company for 2024, the assessment plan of members of the leadership team of the Company for 2025 and the amendments to the Working Rules of the Remuneration and Review Committee under the Board.

Audit Committee

The main responsibilities of the Audit Committee include: (1) exercising the duties and powers of the Supervisory Committee under the Company Law following the abolishment of the Supervisory Committee; (2) proposing the engagement or removal of external audit institutions; (3) supervising the Company's internal audit system and its implementation; (4) being responsible for the communications between internal audit and external audit; (5) reviewing the Company's financial information and its disclosure; (6) reviewing the Company's internal control system; (7) performing the corporate governance responsibilities; (8) reviewing and performing the risk management duties; and (9) 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 7 meetings, at which various resolutions including 2024 annual results, 2025 interim results and quarterly results, 2024 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), the amendments to the Working Rules of the Audit Committee under the Board, 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. During the Year, 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.

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 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 all male and female staff (excluding the senior management) was 43.46:56.54, details of which are set out in the ESG Report of the Company published on the same date as 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 and eligible for re-election upon expiry of the term of office. 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, regulations, regulatory rules and the Articles of Association until the newly elected director commences his/her 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, regulatory rules 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.

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 1% 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. The Supervisory Committee was abolished on 23 December 2025, until which the Model Code was also applicable to the 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 and for the period from 1 January 2025 to 23 December 2025, respectively.

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, regulations, regulatory rules and the Articles of Association. 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 2 extraordinary general meetings. The meetings considered and passed many important resolutions such as the amendments to the Articles of Association, the General Meeting Rules, the Board Meeting Rules, the Independent Directors Working System, and the Connected Transaction System, 2024 annual report, profit distribution proposal, 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.

SUPERVISORY MECHANISM

Supervisory Committee and Audit Committee under the Board

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.

On 23 December 2025, the general meeting approved the amendments to the Articles of Association by the Company. On the same day, the Company abolished the Supervisory Committee, and confirmed that the Audit Committee under the Board would exercise the duties and powers of the Supervisory Committee under the Company Law. Accordingly, the Audit Committee under the Board has assumed the relevant supervisory duties and powers of the Supervisory Committee. For details, please refer to the announcements dated 30 October 2025 and 23 December 2025 and the circular dated 7 November 2025 of the Company.

Prior to the abolishment of the Supervisory Committee, the fifth session of the Supervisory Committee comprised 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 were in compliance with the requirements of relevant laws and regulations. Mr. Qiu Ming had been appointed as the chairman of the fifth session of the Supervisory Committee. The Supervisors representing Shareholders and independent Supervisors were subject to election and removal by the Shareholders at general meetings; the Supervisors representing the staff and workers of the Company were 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 was 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 was 3 years, and the Supervisors were eligible for re-election upon expiry of the term.

During the Year, the Supervisory Committee convened a total of 4 meetings, which considered 16 resolutions including 2024 financial report, 2024 annual report, ESG report, annual and interim profit distribution, management of proceeds, internal control evaluation, risk assessment, internal control audit, 2025 interim report and quarterly reports, abolishment of the Supervisory Committee, etc.

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.

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. 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 analyzing the top-ranked risks and proposing response recommendations, it provided a strong reference for the Company's business decision-making and management, thereby facilitating a closed-loop risk management process. 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, which have been amended during the Year. 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 was responsible for supervising the implementation of the system. Due to the abolishment of the Supervisory Committee, the duties of supervising the implementation of the system were subsequently performed by the Audit Committee.

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.

AUDITOR AND ITS REMUNERATIONS

At the 2024 annual general meeting held on 21 May 2025, the Shareholders of the Company approved the engagement of KPMG Huazhen LLP as the Company's auditor and internal control auditor for 2025. The above two engagements shall continue until the conclusion of the 2025 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 2025 annual financial report; and 2) review procedures services on the 2025 interim financial report. The fees payable by the Group to the auditor in respect of the above services provided was RMB2.87 million (2024: RMB2.90 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 (2024: RMB460,000).

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. On 24 January 2022, 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. During the Year, the Stock Exchange confirmed that Ms. Yang was qualified to act as the company secretary of the Company under Rule 3.28 of the Listing Rules. The resignation of Ms. Wong as a joint company secretary became effective from 23 January 2025. Ms. Yang continued to serve as the sole company secretary of the Company after the resignation of Ms. Wong. The biographical details of Ms. Yang are set out in the section "Profile of Directors, Supervisors, Senior Management and Employees" in this annual report.

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

DIRECTORS' RESPONSIBILITIES ON FINANCIAL STATEMENTS

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

RIGHTS OF SHAREHOLDERS AND INVESTORS RELATIONSHIP

Procedures for convening extraordinary general meetings by Shareholders

According to the provisions of the Articles of Association, Shareholders of the Company shall be entitled to the right to propose, convene and preside over, to attend or appoint a proxy to attend 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 Audit Committee to convene a meeting in writing. If the Audit 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 Audit Committee within the stipulated period, no meeting shall be deemed to be convened and presided over by the Audit 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 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, register of members, minutes of general meetings, resolutions of Board meetings, and financial and accounting statements. Eligible Shareholders may inspect the Company's accounting books and accounting vouchers.

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, subject to compliance with the laws, regulations, and regulatory rules.

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 1% 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 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. 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 (amended during the Reporting Period) 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;

2. respect for Shareholders' right to question by providing the opportunity for minority shareholders to attend the general meetings;

3. response to investors' inquiries promptly through investor relation hotline, facsimile, email and SSE E-interactive;

4. reception of routine visits from investors and analysts;

5. one-on-one communication with investors, analysts and financial media through analyst meetings, results presentations, strategic meetings of securities firms and road shows; and

6. provision of operational and management as well as corporate governance information, etc. to investors through the websites of the stock exchanges and the Company.

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

Corporate Governance Report

The Company is in adherence to maintaining sound and effective two-way communication with Shareholders and investors. While strictly performing the statutory obligations on information disclosure and through a variety of investor relations activities, it allows investors locally and abroad to understand the operation and growth conditions of the Company in a timely and sufficient manner. During the Year, the Company maintained routine communication with domestic and overseas investors through telephone, mail, SSE E-interactive, analyst meetings, and strategic meetings; organized more than 50 investor relations activities throughout the Year, specifically targeting over 70 institutional investors; 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. Invited by the SSE, the Company also participated in the 2024 SSE Main Board High Dividend and High Return Thematic Collective Results Presentation and held the 2025 First Quarterly Results Presentation; participated in the Sichuan Province 2025 Online Collective Investor Reception Day and the Half-Yearly Report and Results Presentation; held the 2025 Third Quarterly Results Presentation; and participated in the "I am the Shareholder" listed companies activity by the SSE. The above activities were attended by the general manager, deputy general manager, chief financial officer, secretary to the Board, and some other senior management, who 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.

Amendments to constitutional documents

During the Year, in accordance with the Company Law, the Code of Corporate Governance for Listed Companies and the Guidelines for the Articles of Association of Listed Companies as amended by the CSRC, as well as other relevant rules and requirements, the Company made corresponding amendments to the Articles of Association, the General Meeting Rules, and the Board Meeting Rules, and abolished the Supervisory Committee Meeting Rules. For details, please refer to the announcements dated 30 October 2025 and 23 December 2025 and the circular dated 7 November 2025 of the Company. The Articles of Association, the General Meeting Rules, and the Board Meeting Rules are available for inspection at the websites of the Stock Exchange and the Company.

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	Age	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	56	29 August 2023	Upon expiry of the fifth session of the Board		Yes
Liu Longzhang	Executive Director and Vice Chairman	Male	58	21 May 2021	Upon expiry of the fifth session of the Board		Yes
Li Kun	Executive Director	Male	54	11 March 2026	Upon expiry of the fifth session of the Board		Yes
	General Manager			10 February 2026	Upon expiry of the fifth session of the Board		
Li Qiang (retired)	Executive Director	Male	52	24 January 2022	10 February 2026	144.73	No
	General Manager			19 April 2019	10 February 2026		
Dai Weidong (retired)	Non-executive Director	Male	56	21 May 2021	16 September 2025		Yes
Ke Jiming	Non-executive Director	Male	55	24 January 2022	Upon expiry of the fifth session of the Board		Yes
Tan Ao	Non-executive Director	Female	55	29 August 2023	Upon expiry of the fifth session of the Board		Yes
Lau Tsz Bun	Independent Non-executive Director	Male	56	24 May 2022	Upon expiry of the fifth session of the Board	35.30	No
Deng Fumin	Independent Non-executive Director	Male	53	20 December 2023	Upon expiry of the fifth session of the Board	26.60	No
Han Wenlong	Independent Non-executive Director	Male	42	21 May 2024	Upon expiry of the fifth session of the Board	25.10	No
Qiu Ming (retired)	Chairman of Supervisory Committee	Male	49	29 August 2023	23 December 2025		Yes
Xue Feng (retired)	Supervisor	Male	32	21 May 2024	23 December 2025	9.00	No
Wang Yan (retired)	Supervisor	Female	47	6 March 2015	23 December 2025	57.42	No

Profile of Directors, Supervisors, Senior Management and Employees

Name	Position	Gender	Age	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 (retired)	Supervisor	Female	45	24 January 2022	23 December 2025	73.50	No
Feng Jian (retired)	Independent Supervisor	Male	62	24 January 2022	23 December 2025	10.60	No
Wang Li (retired)	Independent Supervisor	Female	64	24 January 2022	23 December 2025	12.10	No
Zou Jian	Deputy General Manager	Male	53	24 January 2022	Upon expiry of the fifth session of the Board	110.06	No
Hu Bo	Deputy General Manager	Male	52	24 January 2022	Upon expiry of the fifth session of the Board	98.76	No
Hu Wei	Deputy General Manager	Male	53	24 January 2022	Upon expiry of the fifth session of the Board	125.52	No
Wang Feng	Deputy General Manager	Male	57	17 June 2024	Upon expiry of the fifth session of the Board	113.92	No
Ma Xiaofeng	Deputy General Manager	Male	52	24 January 2022	Upon expiry of the fifth session of the Board	98.20	No
Xu Yongping	Chief Financial Officer	Male	47	9 May 2024	Upon expiry of the fifth session of the Board	99.97	No
Yang Miao	Secretary to the Board	Female	44	24 January 2022	Upon expiry of the fifth session of the Board	103.20	No
Total	/	/		/	/	1,143.97	/

Notes: 1. Total remuneration includes salary, bonus and various insurance payments paid by the enterprise.

2. The difference between the sum of individual remuneration and the total is due to rounding.

3. The age is as of the end of the Reporting Period.

4. The Company has abolished the establishment of the Supervisory Committee since 23 December 2025. For details, please refer to the "Corporate Governance Report" of this annual report.

5. The Company has set performance evaluations for senior management personnel from 2025 to 2028. After the tenure ends, tenure incentive income will be uniformly distributed according to the performance evaluation results. The total remuneration for the Reporting Period does not include such tenure incentives.

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 AND SENIOR MANAGEMENT

As at the end of the Reporting Period and the date of this report, the biographies of the Directors and senior management of the Company are as follows:

DIRECTORS

Executive Directors

Mr. Zhou Qing (周青), 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), 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 Kun (李昆), is currently the deputy secretary of the party committee, Director and general manager of the Company. He is the deputy secretary of the party committee and a director of Sichuan Xinhua Publishing and Distribution Group. Previously, he worked at Sichuan Daily Newspaper Group as the chief of the comprehensive management section of the finance department, and deputy director of the business development department; general manager of Sichuan Xin Wen Material Trading Co., Ltd.; director of the finance department of Sichuan Daily Newspaper Group; president and chairman of the editorial committee of Consumer Quality Press; director of the group office (party committee office, security department), assistant to the general manager, a member of the party committee, and deputy general manager of Sichuan Daily Newspaper Group. He temporarily served as deputy general manager of West China Metropolis Daily, deputy chairman of the editorial committee and executive deputy general manager of West China Metropolis Daily. Mr. Li also served as a member of the party committee and deputy general manager of Sichuan Xinhua Publishing and Distribution Group Co., Ltd. Mr. Li served as a Supervisor of the Company from January 2011 to March 2015. Since February 2026, he has been serving as the general manager of the Company, and since March 2026, he has been serving as a Director of the Company. Mr. Li graduated from Southwestern University of Finance and Economics, majoring in accounting, and obtained a bachelor's degree in economics. He is also an accountant and a senior economist.

Mr. Li Qiang (李強), from January 2001 to February 2026, worked at the textbook department of Sichuan Xinhua Publishing Group Co., Ltd. as deputy manager and manager of sales department and manager of 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., the director of Sichuan Yaxinshengxiang Education Technology Co., Ltd., and the deputy party secretary, executive Director and general manager of the Company. Mr. Li graduated from Wuhan University with a bachelor's degree in book publication and distribution. He is also a chief senior economist and a senior political engineer.

Non-Executive Directors

Mr. Ke Jiming (柯繼銘), 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 (譚鏖), is currently a non-executive Director of the Company. 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., the investment director of Sichuan Culture Investment Group, 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). 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.

Independent Non-Executive Directors

Mr. Lau Tsz Bun (劉子斌), 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), 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 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) of Sichuan University, 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 (國家自科基金), 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.

Profile of Directors, Supervisors, Senior Management and Employees

Mr. Han Wenlong (韓文龍), 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 the vice chairman of the Sichuan Economic Association (四川省經濟學會), a member of the 8th Council of the Sichuan Social Sciences Association (四川省社會科學界聯合會), 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.

SENIOR MANAGEMENT

Mr. Li Kun (李昆), 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), 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.

Mr. Hu Bo (胡勃), 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 is also a senior economist.

Mr. Hu Wei (胡巍), 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 political engineer.

Mr. Wang Feng (汪峰), is currently a party committee member and deputy general manager of the Company. He is also the secretary of the party branch of the education services division of the Company. Mr. Wang 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; and party secretary and director of Sichuan Xinhua Printing Factory. From June 2010 to June 2024, he served as party secretary, executive director and general manager of Sichuan Xinhua Printing Co., Ltd.; and production director of the Company. He has been serving 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), is currently a deputy general manager of the Company, the secretary of the party branch of Winshare Sports Culture Development Co., Ltd., and a director of Bank of Chengdu Co., Ltd. From March 2002 to November 2024, he served as the deputy head of fine arts editorial office and the head of art 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.

Mr. Xu Yongping (徐永平), 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 been serving as the chief financial officer of the Company since May 2024. Mr. Xu graduated from Southwest University of Political Science and Law with dual degrees in economics and laws, majoring international economics and trade.

Profile of Directors, Supervisors, Senior Management and Employees

Ms. Yang Miao (楊淼), is currently the secretary to the Board, company secretary, and the secretary of the party branch of publishing research institute 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 2025, the Group had a total of 7,354 (31 December 2024: 7,531) employees. Details of the employees are set out in the ESG Report of the Company issued on the same date as 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, annuity, and group supplementary medical insurance.

For the year ended 31 December 2025, the total contributions made by the Group for its employees pursuant to the pension plan and annuity plan amounted to RMB262.968 million (2024: RMB243.977 million). For details of these plans, please refer to Note (VI) 27 to the consolidated financial statements of this annual report.

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 learning 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 enrich their professional knowledge and enhance their skill level. Closely following the strategic goal of reform and development, the Group follows the objective and requirements of aligning talent development with its strategy. 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 the planning and system construction of talent development, proactively reserve and build a talent pool, create a well-structured talent team, improve the operation and management level of existing cadres, build a multi-skilled management team, and enhance employees' professional knowledge, skills, and overall quality based on the needs of business development and employee competence development, thereby driving business development by improving employee competence.

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 39,300 employee-times. Details of training are set out in the ESG Report of the Company published on the same date as 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.

Auditor's Report

KPMG Huazhen Shen Zi No. 2607087

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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 2025, 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 2025, 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 and have fulfilled the obligations in terms of professional ethics according to the independence requirements applicable to the audit of financial statements of public interest entities of the Code of Ethics for Chinese Certified Public Accountants and the Independence Standards for Chinese Certified Public Accountants No. 1 – Independence Requirements on Audit and Review of Financial Statements. 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" 40 to the financial statements.	
Key audit matter	**How the matter was addressed in our audit**
Xinhua Winshare and its subsidiaries ("Xinhua Winshare Group") reported operating income for the year 2025 of RMB11.732 billion, of which the revenue from the sale of books and publications was RMB10.489 billion, accounting for 89.41% of the total operating income, making it the primary source of revenue for Xinhua Winshare Group. Revenue from the sales of books and publications by Xinhua Winshare Group is recognized when control of the goods is transferred to the customers. 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.	The audit procedures related to the recognition of revenue from the sales of books and publications include the following procedures: • 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
	• 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 2025 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

Chen Chao
26 March 2026

Consolidated Balance Sheet

As at 31 December 2025

RMB

	Notes	31 December 2025	31 December 2024
Assets			
Current Assets:			
Cash and bank balances	VI 1	**8,813,294,996.91**	9,179,678,124.68
Held-for-trading financial assets		**47,285.12**	60,122.67
Notes receivable	VI 2	**–**	933,791.30
Accounts receivable	VI 3	**1,631,558,313.21**	1,526,810,256.53
Financing receivables	VI 4	**13,659,195.61**	15,232,141.87
Prepayments	VI 5	**101,661,653.47**	64,815,102.00
Other receivables	VI 6	**155,434,051.60**	261,437,606.97
Including: Interests receivable		**–**	–
Dividends receivable	VI 6.2	**12,464,000.00**	1,578,000.00
Inventories	VI 7	**2,280,086,323.16**	2,422,588,723.48
Contract assets	VI 8	**10,220,367.99**	5,584,567.76
Non-current assets due within one year	VI 10	**22,507,427.20**	49,263,308.47
Other current assets	VI 9	**72,574,515.09**	77,116,925.26
Total Current Assets		**13,101,044,129.36**	13,603,520,670.99
Assets			
Non-current Assets:			
Long-term receivables	VI 10	**13,693,637.50**	39,192,878.89
Long-term equity investments	VI 11	**871,587,783.09**	806,322,100.70
Other equity instrument investments	VI 12	**2,110,106,593.81**	2,284,471,141.07
Other non-current financial assets	VI 13	**466,762,331.54**	422,828,090.06
Investment properties	VI 14	**75,059,480.25**	76,601,687.11
Fixed assets	VI 15	**2,347,072,000.84**	2,359,715,499.52
Construction in progress	VI 16	**3,394,771.08**	73,670,872.15
Right-of-use assets	VI 17	**330,892,995.19**	234,572,966.34
Intangible assets	VI 18	**313,800,969.23**	336,018,285.26
Development cost		**7,650,470.72**	3,745,447.13
Goodwill	VI 19	**622,652,907.24**	622,652,907.24
Long-term prepaid expenses	VI 20	**28,688,755.34**	26,459,764.43
Deferred tax assets	VI 21	**6,963,098.32**	7,215,301.85
Other non-current assets	VI 22	**3,145,071,401.54**	2,001,715,747.53
Total Non-current Assets		**10,343,397,195.69**	9,295,182,689.28
TOTAL ASSETS		**23,444,441,325.05**	22,898,703,360.27

Consolidated Balance Sheet

As at 31 December 2025

RMB

	Notes	31 December 2025	31 December 2024
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
Accounts payable	VI 25	**5,162,813,030.81**	5,453,032,475.59
Advance receipts		**7,506,790.10**	1,662,994.41
Contract liabilities	VI 26	**591,240,193.13**	603,867,865.69
Employee benefits payable	VI 27	**1,009,468,036.81**	908,819,864.44
Taxes payable	VI 28	**47,287,226.56**	42,024,302.50
Other payables	VI 29	**304,192,570.95**	308,454,407.85
Including: Interests payable		**–**	–
Dividends payable		**–**	–
Non-current liabilities due within one year	VI 30	**83,930,280.44**	76,862,500.83
Other current liabilities	VI 31	**141,378,687.62**	184,325,801.95
Total Current Liabilities		**7,357,816,816.42**	7,593,536,880.76
Non-current Liabilities:			
Lease liabilities	VI 32	**268,414,242.75**	179,938,995.53
Long-term employee benefits payable	VI 33	**5,374,260.12**	–
Deferred income	VI 34	**85,837,398.10**	53,436,961.20
Deferred tax liabilities	VI 21	**76,139,642.63**	64,861,474.37
Total Non-current Liabilities		**435,765,543.60**	298,237,431.10
TOTAL LIABILITIES		**7,793,582,360.02**	7,891,774,311.86

Consolidated Balance Sheet

As at 31 December 2025

RMB

	Notes	31 December 2025	31 December 2024
Liabilities and shareholders' equity			
Shareholders' Equity:			
Share capital	VI 35	**1,233,841,000.00**	1,233,841,000.00
Capital reserve	VI 36	**2,524,643,969.45**	2,524,643,969.45
Other comprehensive income	VI 37	**1,681,669,172.65**	1,855,336,515.47
Surplus reserve	VI 38	**1,580,525,668.61**	1,431,148,312.43
Retained profits	VI 39	**8,240,007,529.56**	7,561,485,821.67
Total Shareholder's Equity Attributable to Equity Holders of the Parent		**15,260,687,340.27**	14,606,455,619.02
Non-controlling Interests		**390,171,624.76**	400,473,429.39
TOTAL SHAREHOLDERS' EQUITY		**15,650,858,965.03**	15,006,929,048.41
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**23,444,441,325.05**	22,898,703,360.27

This financial statement was approved by the Board of Directors on 26 March 2026.

Zhou Qing	**Xu Yongping**	**He Xiaomao**
Person in Charge of the Company	Chief Accountant	Person in Charge of the Accounting Body

The notes to the financial statements on pages 111 to 291 form part of the financial statements.

The Parent's Balance Sheet

As at 31 December 2025

RMB

	Notes	31 December 2025	31 December 2024
Assets			
Current Assets:			
Cash and bank balances		**7,315,734,933.80**	7,953,370,298.61
Held-for-trading financial assets		**47,285.12**	60,122.67
Accounts receivable	XVII 1	**716,585,313.33**	666,320,922.00
Prepayments		**62,320,510.90**	10,551,644.13
Other receivables	XVII 2	**479,238,781.55**	699,911,434.93
Including: Interests receivable		**–**	–
Dividends receivable		**12,464,000.00**	1,470,000.00
Inventories		**380,374,862.98**	801,196,346.11
Contract assets		**4,630,485.42**	3,047,256.75
Non-current assets due within one year		**6,818,763.03**	11,322,671.48
Other current assets		**73,843,032.31**	83,276,464.07
Total Current Assets		**9,039,593,968.44**	10,229,057,160.75
Assets			
Non-current Assets:			
Long-term receivables		**5,374,596.75**	11,425,428.80
Long-term equity investments	XVII 3	**4,681,830,032.17**	4,571,711,326.58
Other equity instrument investments		**2,109,731,200.00**	2,283,657,600.00
Other non-current financial assets		**87,190,187.38**	95,689,805.76
Investment properties		**11,891,921.86**	12,653,687.94
Fixed assets		**1,591,941,617.45**	1,727,692,616.16
Construction in progress		**–**	1,657,461.28
Right-of-use assets		**334,194,729.22**	225,900,611.30
Intangible assets		**115,187,532.83**	133,412,623.66
Development cost		**890,420.80**	–
Long-term prepaid expenses		**17,860,597.63**	16,939,113.41
Other non-current assets		**3,170,171,545.81**	1,376,213,196.47
Total Non-current Assets		**12,126,264,381.90**	10,456,953,471.36
TOTAL ASSETS		**21,165,858,350.34**	20,686,010,632.11

The Parent's Balance Sheet

As at 31 December 2025

RMB

	Notes	31 December 2025	31 December 2024
Liabilities and shareholders' equity			
Current Liabilities:			
Accounts payable		**3,590,083,663.84**	4,169,760,017.21
Advance receipts		**5,306,103.95**	–
Contract liabilities		**338,521,783.86**	365,383,734.97
Employee benefits payable		**709,765,192.68**	636,144,582.09
Taxes payable		**5,203,353.26**	5,627,635.13
Other payables		**2,324,528,454.00**	1,985,180,288.48
Including: Interests payable		**–**	–
Dividends payable		**–**	–
Non-current liabilities due within one year		**79,571,261.38**	75,317,677.21
Other current liabilities		**69,411,019.18**	78,112,900.65
Total Current Liabilities		**7,122,390,832.15**	7,315,526,835.74
Non-current Liabilities:			
Leased liabilities		**268,405,591.21**	170,709,453.51
Deferred income		**1,627,170.15**	5,882,147.83
Deferred income tax liabilities		**–**	–
Total Non-current Liabilities		**270,032,761.36**	176,591,601.34
TOTAL LIABILITIES		**7,392,423,593.51**	7,492,118,437.08

The Parent's Balance Sheet

As at 31 December 2025

RMB

	Notes	31 December 2025	31 December 2024
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		**1,683,315,872.00**	1,857,242,272.00
Surplus reserve		**1,579,690,918.48**	1,430,313,562.30
Retained profits		**6,645,529,638.25**	6,041,438,032.63
TOTAL SHAREHOLDERS' EQUITY		**13,773,434,756.83**	13,193,892,195.03
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**21,165,858,350.34**	20,686,010,632.11

This financial statement was approved by the Board of Directors on 26 March 2026.

Zhou Qing	**Xu Yongping**	**He Xiaomao**
Person in Charge of the Company	Chief Accountant	Person in Charge of the Accounting Body

The notes to the financial statements on pages 111 to 291 form part of the financial statements.

Consolidated Income Statement

For the year 2025

RMB

	Notes	2025	2024
I. Operating income	VI 40	**11,731,677,466.92**	12,328,513,892.29
Less: Operating costs	VI 40	**7,555,178,468.97**	7,802,676,830.02
Taxes and levies	VI 41	**48,959,761.90**	53,221,266.46
Selling expenses	VI 42	**1,383,001,873.94**	1,438,983,986.01
Administrative expenses	VI 43	**1,624,855,897.16**	1,673,614,925.66
Research and development expenditure		**38,776,229.09**	30,463,683.64
Finance expenses	VI 44	**(218,842,260.21)**	(217,168,251.44)
Including: Interest expenses		**14,765,402.88**	12,441,882.61
Interest income		**236,287,981.87**	245,460,218.10
Add: Other income	VI 45	**99,901,680.48**	105,902,307.93
Investment income	VI 46	**171,976,013.71**	181,423,463.59
Including: Income from investments in associates and joint ventures		**68,750,189.43**	51,321,668.80
Gain (loss) from changes in fair values	VI 47	**58,735,314.31**	(9,942,365.68)
Gain (loss) on credit impairment	VI 48	**22,835,758.88**	(31,230,043.82)
Gain (loss) on asset impairment	VI 49	**(55,878,366.90)**	(42,899,168.97)
Gain (loss) on disposal of assets	VI 50	**72,595,657.18**	1,655,050.26
II. Operating profit		**1,669,913,553.73**	1,751,630,695.25
Add: Non-operating income	VI 51	**5,447,968.53**	2,682,376.70
Less: Non-operating expenses	VI 52	**38,434,398.93**	45,386,948.81
III. Total profit		**1,636,927,123.33**	1,708,926,123.14
Less: Income tax expenses	VI 53	**29,220,595.36**	105,264,449.29
IV. Net profit		**1,607,706,527.97**	1,603,661,673.85
(I) Categorized by the nature of continuing operations:			
1. Profit from continuing operations		**1,607,706,527.97**	1,603,661,673.85
2. Profit from discontinued operations		**–**	–
(II) Categorized by ownership:			
1. Net profit attributable to shareholders of the parent		**1,568,450,497.66**	1,544,856,196.33
2. Profit or loss attributable to non-controlling interests		**39,256,030.31**	58,805,477.52

For the year 2025

RMB

	Notes	2025	2024
V. Other comprehensive income, net of tax	VI 37	**(173,914,176.41)**	717,636,964.30
Other comprehensive income attributable to shareholders of the parent, net of tax		**(173,914,176.41)**	717,636,964.30
(I) Other comprehensive income not reclassified to profit or loss		**(173,914,176.41)**	717,636,964.30
1. Changes in other equity instrument investment at fair value		**(173,914,176.41)**	717,636,964.30
Other comprehensive income attributable to non-controlling interests, net of tax		**–**	–
VI. Total comprehensive income		**1,433,792,351.56**	2,321,298,638.15
Total comprehensive income attributable to shareholders of the parent		**1,394,536,321.25**	2,262,493,160.63
Total comprehensive income attributable to non-controlling interests		**39,256,030.31**	58,805,477.52
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	VI 54	**1.27**	1.25
(II) Diluted earnings per share (RMB/share)		**1.27**	1.25

This financial statement was approved by the Board of Directors on 26 March 2026.

Zhou Qing	**Xu Yongping**	**He Xiaomao**
Person in Charge of the Company	Chief Accountant	Person in Charge of the Accounting Body

The notes to the financial statements on pages 111 to 291 form part of the financial statements.

The Parent's Income Statement

For the year 2025

RMB

	Notes	2025	2024
I. Operating income	XVII 4	**6,745,933,232.56**	7,268,528,371.46
Less: Operating costs	XVII 4	**4,152,903,052.78**	4,428,078,545.85
Taxes and levies		**25,043,653.65**	24,908,552.46
Selling expenses		**956,748,296.43**	1,014,664,551.32
Administrative expenses		**1,156,701,447.60**	1,222,490,172.26
Research and development expenses		**17,298,344.50**	11,790,850.05
Finance expenses		**(150,111,154.60)**	(144,913,305.42)
Including: Interest expenses		**50,844,613.83**	39,784,606.76
Interest income		**202,015,831.86**	195,675,279.29
Add: Other income		**18,249,876.97**	25,556,928.33
Investment income	XVII 5	**847,704,145.38**	732,597,014.22
Including: Income from investments in associates and joint ventures		**60,344,305.59**	50,741,431.35
Gain (loss) from changes in fair values		**10,546,217.12**	(5,983,504.45)
Gain (loss) on credit impairment		**50,810,394.20**	(7,360,554.55)
Gain (loss) on asset impairment		**(60,554,072.45)**	(309,591.59)
Gain (loss) on disposal of assets		**71,263,103.39**	661,085.33
II. Operating profit		**1,525,369,256.81**	1,456,670,382.23
Add: Non-operating income		**2,787,030.77**	529,411.94
Less: Non-operating expenses		**34,382,725.78**	38,777,242.13
III. Total profit		**1,493,773,561.80**	1,418,422,552.04
Less: Income tax expenses		**–**	54,071,816.44
IV. Net profit		**1,493,773,561.80**	1,364,350,735.60
(I) Net profit from continuing operations		**1,493,773,561.80**	1,364,350,735.60
(II) Net profit from discontinued operations		**–**	–
V. Other comprehensive income, net of tax		**(173,926,400.00)**	717,704,500.80
(I) Other comprehensive income not reclassified to profit or loss		**(173,926,400.00)**	717,704,500.80
1. Changes in other equity instrument investment at fair value		**(173,926,400.00)**	717,704,500.80
(II) Other comprehensive income that will be reclassified to profit or loss		**–**	–
VI. Total comprehensive income		**1,319,847,161.80**	2,082,055,236.40

This financial statement was approved by the Board of Directors on 26 March 2026.

Zhou Qing	**Xu Yongping**	**He Xiaomao**
Person in Charge of the Company	Chief Accountant	Person in Charge of the Accounting Body

The notes to the financial statements on pages 111 to 291 form part of the financial statements.

Consolidated Cash Flow Statement

For the year 2025

RMB

	Notes	2025	2024
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		**12,372,626,235.66**	12,939,608,391.10
Receipts of tax refunds		**168,889,644.13**	97,505,449.62
Other cash receipts relating to operating activities	VI 55(1)	**215,983,483.92**	393,903,480.51
Sub-total of cash inflows from operating activities		**12,757,499,363.71**	13,431,017,321.23
Cash payments for goods purchased and services received		**8,213,439,553.39**	8,132,515,163.97
Cash payments to and on behalf of employees		**1,893,559,102.97**	1,838,151,893.23
Payments of various types of taxes		**166,831,589.89**	386,515,207.98
Other cash payments relating to operating activities	VI 55(2)	**975,210,225.40**	1,301,356,224.42
Sub-total of cash outflows from operating activities		**11,249,040,471.65**	11,658,538,489.60
Net Cash Flow from Operating Activities	VI 56(1)	**1,508,458,892.06**	1,772,478,831.63
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments	VI 55(3)	**55,402,703.87**	28,450,610.87
Cash receipts from investment income		**110,346,881.50**	195,521,762.30
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	VI 55(3)	**119,447,799.77**	2,394,927.68
Other cash receipts relating to investing activities	VI 55(5)	**165,000,000.00**	890,000,000.00
Sub-total of cash inflows from investing activities		**450,197,385.14**	1,116,367,300.85
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		**178,961,810.43**	151,196,837.47
Cash payments to acquire investments	VI 55(4)	**50,388,261.75**	211,763,664.25
Other cash payments relating to investing activities	VI 55(6)	**2,515,145,261.68**	1,576,352,500.00
Sub-total of cash outflows from investing activities		**2,744,495,333.86**	1,939,313,001.72
Net Cash Flow from Investing Activities		**(2,294,297,948.72)**	(822,945,700.87)

Consolidated Cash Flow Statement

For the year 2025

RMB

	Notes	2025	2024
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**	10,000,000.00
Cash payments for distribution of dividends and profits and settlement of interest expenses		**790,182,397.07**	950,884,516.13
Including: Payments for distribution of dividends and profits to non-controlling shareholders of subsidiaries		**49,557,834.94**	559,570.85
Other cash payments relating to financing activities	VI 55(7)	**106,939,732.23**	114,408,583.13
Sub-total of cash outflows from financing activities		**907,122,129.30**	1,075,293,099.26
Net Cash Flow from Financing Activities		**(897,122,129.30)**	(1,065,293,099.26)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		**–**	–
V. Net Decrease in Cash and Cash Equivalents	VI 56(1)	**(1,682,961,185.96)**	(115,759,968.50)
Add: Opening balance of Cash and Cash Equivalents	VI 56(2)	**8,962,582,856.29**	9,078,342,824.79
VI. Closing Balance of Cash and Cash Equivalents	VI 56(2)	**7,279,621,670.33**	8,962,582,856.29

This financial statement was approved by the Board of Directors on 26 March 2026.

Zhou Qing	**Xu Yongping**	**He Xiaomao**
Person in Charge of the Company	Chief Accountant	Person in Charge of the Accounting Body

The notes to the financial statements on pages 111 to 291 form part of the financial statements.

The Parent's Cash Flow Statement

For the year 2025

RMB

	Notes	2025	2024
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		**6,999,942,466.86**	7,552,584,074.42
Receipts of tax refunds		**87,852,580.06**	–
Other cash receipts relating to operating activities		**134,549,439.21**	360,115,925.02
Sub-total of cash inflows from operating activities		**7,222,344,486.13**	7,912,699,999.44
Cash payments for goods purchased and services received		**4,004,455,022.40**	4,172,229,322.69
Cash payments to and on behalf of employees		**1,281,184,633.72**	1,261,528,872.01
Payments of various types of taxes		**31,892,553.47**	118,891,572.65
Other cash payments relating to operating activities		**644,803,513.69**	1,091,087,049.45
Sub-total of cash outflows from operating activities		**5,962,335,723.28**	6,643,736,816.80
Net Cash Flow from Operating Activities		**1,260,008,762.85**	1,268,963,182.64
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		**20,139,661.80**	35,647,539.50
Cash receipts from investment income		**141,975,412.79**	163,665,515.35
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		**117,979,119.21**	1,294,905.84
Other cash receipts relating to investing activities		**199,300,684.95**	350,662,547.94
Sub-total of cash inflows from investing activities		**479,394,878.75**	551,270,508.63
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		**92,994,780.23**	63,592,572.63
Cash payments to acquire investments		**70,388,261.75**	241,763,664.25
Net cash paid for acquisition of subsidiaries and other business units		**–**	–
Other cash payments relating to investing activities		**2,534,967,595.01**	810,179,045.28
Sub-total of cash outflows from investing activities		**2,698,350,636.99**	1,115,535,282.16
Net Cash Flow from Investing Activities		**(2,218,955,758.24)**	(564,264,773.53)

The Parent's Cash Flow Statement

For the year 2025

RMB

	Notes	2025	2024
III. Cash Flows from Financing Activities:			
Other cash receipts relating to financing activities		**390,000,000.00**	491,165,341.76
Sub-total of cash inflows from financing activities		**390,000,000.00**	491,165,341.76
Cash payments for distribution of dividends and profits and settlement of interest expenses		**768,047,714.33**	977,222,030.78
Other cash payments relating to financing activities		**148,693,583.13**	113,455,164.61
Sub-total of cash outflows from financing activities		**916,741,297.46**	1,090,677,195.39
Net Cash Flow used in Financing Activities		**(526,741,297.46)**	(599,511,853.63)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		**–**	–
V. Net (Decrease)/Increase in Cash and Cash Equivalents		**(1,485,688,292.85)**	105,186,555.48
Add: Opening balance of Cash and Cash Equivalents		**7,885,627,651.03**	7,780,441,095.55
VI. Closing Balance of Cash and Cash Equivalents		**6,399,939,358.18**	7,885,627,651.03

This financial statement was approved by the Board of Directors on 26 March 2026.

Zhou Qing	**Xu Yongping**	**He Xiaomao**
Person in Charge of the Company	Chief Accountant	Person in Charge of the Accounting Body

The notes to the financial statements on pages 111 to 291 form part of the financial statements.

Consolidated Statement of Changes in Shareholders' Equity

For the year 2025

RMB

	2025 Equity attributable to shareholders of the parent						
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	Non-controlling interests	Total shareholders' equity
I. 1 January 2025	**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**
II. Changes for the current year							
(I) Total comprehensive income	**–**	**–**	**(173,914,176.41)**	**–**	**1,568,450,497.66**	**39,256,030.31**	**1,433,792,351.56**
(II) Profit distribution							
1. Transfer to surplus reserve	**–**	**–**	**–**	**149,377,356.18**	**(149,377,356.18)**	**–**	**–**
2. Distributions to shareholders	**–**	**–**	**–**	**–**	**(740,304,600.00)**	**(49,557,834.94)**	**(789,862,434.94)**
(III) Internal transfers of shareholders' equity							
1. Other comprehensive income transferred from retained profits	**–**	**–**	**246,833.59**	**–**	**(246,833.59)**	**–**	**–**
III. 31 December 2025	**1,233,841,000.00**	**2,524,643,969.45**	**1,681,669,172.65**	**1,580,525,668.61**	**8,240,007,529.56**	**390,171,624.76**	**15,650,858,965.03**

RMB

	2024 Equity attributable to shareholders of the parent						
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	Non-controlling interests	Total shareholders' equity
I. 1 January 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

This financial statement was approved by the Board of Directors on 26 March 2026.

Zhou Qing	**Xu Yongping**	**He Xiaomao**
Person in Charge of the Company	Chief Accountant	Person in Charge of the Accounting Body

The notes to the financial statements on pages 111 to 291 form part of the financial statements.

The Parent's Statement of Changes in Shareholders' Equity

For the year 2025

RMB

	2025					
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	Total shareholders' equity
I. 1 January 2025	**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**
II. Changes for the current year						
(I) Total comprehensive income	**–**	**–**	**(173,926,400.00)**	**–**	**1,493,773,561.80**	**1,319,847,161.80**
(II) Profit distribution						
1. Transfer to surplus reserve	**–**	**–**	**–**	**149,377,356.18**	**(149,377,356.18)**	**–**
2. Distributions to shareholders	**–**	**–**	**–**	**–**	**(740,304,600.00)**	**(740,304,600.00)**
III. 31 December 2025	**1,233,841,000.00**	**2,631,057,328.10**	**1,683,315,872.00**	**1,579,690,918.48**	**6,645,529,638.25**	**13,773,434,756.83**

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

This financial statement was approved by the Board of Directors on 26 March 2026.

Zhou Qing	**Xu Yongping**	**He Xiaomao**
Person in Charge of the Company	Chief Accountant	Person in Charge of the Accounting Body

The notes to the financial statements on pages 111 to 291 form part of the financial statements.

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").

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 26 March 2026.

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 2025, 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.

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 OF THE COMPANY

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 2025, 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 2025.

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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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 recognized 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, long-term 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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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 OF THE COMPANY *(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.

(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(Continued)*

16 Inventories *(Continued)*

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.

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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(Continued)*

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.

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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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 OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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 redetermine 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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY *(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

For the twelve months ended 31 December 2025, there were no changes in significant accounting policies and accounting estimates of the Group.

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.

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.

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. ("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.

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.

VI NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1 Cash and bank balances

Item	31 December 2025 Amounts of the original currencies RMB	31 December 2025 Exchange rate	31 December 2025 Amount in RMB RMB	31 December 2024 Amounts of the original currencies RMB	31 December 2024 Exchange rate	31 December 2024 Amount in RMB RMB
Cash on hand:						
RMB	**48,383.28**	**1.0000**	**48,383.28**	202,669.04	1.0000	202,669.04
Bank balances:						
RMB (Note 1)	**8,766,342,149.42**	**1.0000**	**8,766,342,149.42**	9,133,000,046.19	1.0000	9,133,000,046.19
USD	**19,583.04**	**7.0288**	**137,645.27**	19,573.09	7.1884	140,699.20
EUR	**–**	**8.2355**	**–**	68.69	7.5257	516.94
HKD	**72,151.83**	**0.9032**	**65,168.98**	73,144.44	0.9260	67,734.67
JPY	**304.00**	**0.0448**	**13.62**			
Other currency funds:						
RMB (Note 2)	**46,701,636.34**	**1.0000**	**46,701,636.34**	46,266,458.64	1.0000	46,266,458.64
Total			**8,813,294,996.91**			9,179,678,124.68

Note 1: As at 31 December 2025, the bank balances include 3-month above term deposits amounting to RMB4,605,405,342.50 (31 December 2024: RMB4,874,193,671.25). 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 RMB1,393,000,000.00, and accrued interest calculated based on the effective interest rate method of RMB107,890,654.94.

Note 2: As at 31 December 2025, 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 RMB13,918,964.70 (31 December 2024: RMB6,066,712.58), and the rest are restricted currency funds. Details are set out in Note VI 57.

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

2 Notes receivable

Notes receivable by category

Category	31 December 2025 RMB	31 December 2024 RMB
Commercial acceptance bills	–	933,791.30

As at 31 December 2025, 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 2024: nil).

3 Accounts receivable

(1) Disclosure by aging

Aging	Carrying balance as at 31 December 2025 RMB	Carrying balance as at 31 December 2024 RMB
Within 1 year	**1,435,364,371.82**	1,322,268,524.78
More than 1 year but not exceeding 2 years	**264,606,637.54**	340,665,693.99
More than 2 years but not exceeding 3 years	**158,468,908.49**	300,967,987.68
More than 3 years	**599,408,779.93**	425,031,451.14
Subtotal	**2,457,848,697.78**	2,388,933,657.59
Less: Provision for credit loss	**826,290,384.57**	862,123,401.06
Total	**1,631,558,313.21**	1,526,810,256.53

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

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 2025					31 December 2024				
	Carrying amount		Credit loss provision		Carrying value	Carrying amount		Credit loss provision		Carrying value
	Amount RMB	Percentage (%)	Amount RMB	Provision percentage (%)	RMB	Amount RMB	Percentage (%)	Amount RMB	Provision percentage (%)	RMB
Provision for credit loss on an individual basis	**468,312,292.07**	**19.05**	**267,608,828.39**	**57.14**	**200,703,463.68**	460,346,993.09	19.27	242,157,920.27	52.60	218,189,072.82
Provision for credit loss on a collective basis	**1,989,536,405.71**	**80.95**	**558,681,556.18**	**28.08**	**1,430,854,849.53**	1,928,586,664.50	80.73	619,965,480.79	32.15	1,308,621,183.71
Total	**2,457,848,697.78**	**100.00**	**826,290,384.57**		**1,631,558,313.21**	2,388,933,657.59	100.00	862,123,401.06		1,526,810,256.53

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	31 December 2025 Carrying balance RMB	Provision for credit loss RMB	Provision percentage (%)	Reason for provision
Customer A	135,914,240.31	123,458,482.71	90.84	Poor solvency
Customer D	79,297,275.50	14,184,084.50	17.89	Decreasing recovery speed
Others	253,100,776.26	129,966,261.18	51.35	Decreasing recovery speed, etc.
Total	468,312,292.07	267,608,828.39	57.14	

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	31 December 2025 Carrying balance RMB	Provision for credit loss RMB	Provision percentage (%)	Carrying value RMB
Within 1 year	1,377,161,050.55	91,795,058.08	6.67	1,285,365,992.47
More than 1 year but not exceeding 2 years	216,794,338.76	82,564,823.09	38.08	134,229,515.67
More than 2 years but not exceeding 3 years	101,800,240.63	90,540,899.24	88.94	11,259,341.39
More than 3 years	293,780,775.77	293,780,775.77	100.00	–
Total	1,989,536,405.71	558,681,556.18	28.08	1,430,854,849.53

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	**135,914,240.31**	670,000.00	**136,584,240.31**	5.53	123,458,482.71
Customer D	**79,297,275.50**	–	**79,297,275.50**	3.21	14,184,084.50
Customer B	**72,084,285.15**	–	**72,084,285.15**	2.92	1,553,402.96
Customer S	**44,255,466.62**	–	**44,255,466.62**	1.79	351,990.92
Customer E	**40,332,910.56**	–	**40,332,910.56**	1.63	36,220,342.19
Total	**371,884,178.14**	670,000.00	**372,554,178.14**	15.08	175,768,303.28

The total transaction volume between the above-mentioned customers and the Group in 2025 accounted for less than 1% of the Group's operating income.

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

4 Financing receivables

(1) Classification of financing receivables

Item	31 December 2025 RMB	31 December 2024 RMB
Bank acceptance bills measured at fair value (Note 1)	**13,659,195.61**	15,232,141.87

(2) Financing receivables endorsed by the Group at the end of year and not yet due as at 31 December 2025

Item	Amounts derecognized as at 31 December 2025 RMB	Amounts not yet derecognized as at 31 December 2024 RMB
Bank acceptance bills measured at fair value (Note 2)	**35,390,729.47**	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 2025, the Group had bank acceptance bills endorsed and not yet due of RMB35,390,729.47 (31 December 2024: RMB41,512,566.59). Please refer to Note X 2 for details.

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

5 Prepayments

(1) Aging analysis of prepayments is as follows:

Aging	31 December 2025 Amount RMB	31 December 2025 Proportion (%)	31 December 2024 Amount RMB	31 December 2024 Proportion (%)
Within 1 year	**66,052,655.81**	**64.98**	39,438,582.68	60.85
More than 1 year but not exceeding 2 years	**14,415,684.95**	**14.18**	6,266,157.71	9.67
More than 2 years but not exceeding 3 years	**5,148,841.71**	**5.06**	3,968,486.16	6.12
More than 3 years	**16,044,471.00**	**15.78**	15,141,875.45	23.36
Total	**101,661,653.47**	**100.00**	64,815,102.00	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 2025 RMB	Proportion to total prepayments (%)
Chengdu Quyoumi Network Technology Co., Ltd.	Third party	**14,704,813.29**	14.46
Chengdu Chengxuan Culture Communication Co., Ltd.	Third party	**6,400,000.00**	6.30
Beijing Jingdong Century Information Technology Co., Ltd.	Third party	**4,436,198.93**	4.36
Mikekailun (Shenzhen) Culture Media Co., Ltd.	Third party	**2,500,110.00**	2.46
Chengdu Dongji Six Senses Information Technology Co., Ltd.	Third party	**2,475,247.52**	2.43
Total		**30,516,369.74**	30.01

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

6 Other receivables

6.1 Presentation of items

Item	31 December 2025 RMB	31 December 2024 RMB
Dividend receivables	**12,464,000.00**	1,578,000.00
Other receivables	**142,970,051.60**	259,859,606.97
Total	**155,434,051.60**	261,437,606.97

6.2 Dividend receivables

Item	31 December 2025 RMB	31 December 2024 RMB
Anhui Xinhua Media Co., Ltd. ("Wan Xin Media")	**12,464,000.00**	–
The Commercial Press (Chengdu) Co., Ltd. ("Commercial Press")	**–**	1,470,000.00
Sichuan Jiaoke Zhihui Education and Technology Co., Ltd. ("Jiaoke Zhihui") (former name: Sichuan Education and Science Forum Magazine Press Co., Ltd.)	**–**	108,000.00
Total	**12,464,000.00**	1,578,000.00

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 2025 RMB	Carrying balance as at 31 December 2024 RMB
Within 1 year	**69,780,365.66**	175,539,251.01
More than 1 year but not exceeding 2 years	**4,278,011.13**	5,784,103.73
More than 2 years but not exceeding 3 years	**4,368,011.13**	22,332,274.48
More than 3 years	**87,831,470.22**	70,227,643.87
Subtotal	**166,257,858.14**	273,883,273.09
Less: Provision for credit loss	**23,287,806.54**	14,023,666.12
Total	**142,970,051.60**	259,859,606.97

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 2025					31 December 2024				
	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
Provision for credit loss on an individual basis	108,442,712.55	65.23	13,954,655.74	12.87	94,488,056.81	90,620,695.85	33.09	–	–	90,620,695.85
Provision for credit loss on a collective basis	57,815,145.59	34.77	9,333,150.80	16.14	48,481,994.79	183,262,577.24	66.91	14,023,666.12	7.65	169,238,911.12
Total	166,257,858.14	100.00	23,287,806.54		142,970,051.60	273,883,273.09	100.00	14,023,666.12		259,859,606.97

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

	31 December 2025			
Name of entity	Carrying balance RMB	Provision for credit loss RMB	Provision percentage (%)	Reason for provision
Deposit/security deposit/petty cash	94,488,056.81	–	–	N/A
Others	13,954,655.74	13,954,655.74	100.00	Poor solvency
Total	108,442,712.55	13,954,655.74	12.87	

Provision for credit loss on a collective basis

	31 December 2025			
Aging	Carrying balance RMB	Provision for credit loss RMB	Provision percentage (%)	Carrying value RMB
Within 1 year	45,480,847.06	149,110.56	0.33	45,331,736.50
More than 1 year but not exceeding 2 years	3,412,646.20	262,387.91	7.69	3,150,258.29
More than 2 years but not exceeding 3 years	1,267,076.99	1,267,076.99	100.00	–
More than 3 years	7,654,575.34	7,654,575.34	100.00	–
Total	57,815,145.59	9,333,150.80	16.14	48,481,994.79

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 2025 RMB	31 December 2024 RMB
Amount due from related parties	**299,507.23**	116,478.80
Deposit and security deposit	**93,456,906.75**	89,353,221.45
Petty cash	**1,031,150.06**	1,267,474.40
Enterprise income tax refund receivable	**–**	129,627,012.70
Others	**71,470,294.10**	53,519,085.74
Total	**166,257,858.14**	273,883,273.09

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 2025 RMB	Aging	As a percentage of the total other receivables (%)	Balance of credit loss provision as at 31 December 2025 RMB
Higher Education Press Co., Ltd.	Deposit/security deposit	**30,000,000.00**	Less than 1 year, 1-2 years, more than 3 years	18.04	–
Bazhong Enyang District Land Reserve Center	Others	**9,832,500.00**	Less than 1 year	5.91	–
Hubei Ocean Engine Technology Co., Ltd.	Deposit/security deposit	**5,884,436.02**	Less than 1 year	3.54	–
Dazhou Senior High School Peiwen School	Deposit/security deposit	**3,158,938.20**	More than 3 years	1.90	–
Chengdu Zhonghang Real Estate Development Co., Ltd.	Deposit/security deposit	**3,028,232.64**	1-2 years, more than 3 years	1.82	-
Total		**51,904,106.86**		31.21	-

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

7 Inventories

(1) Categories of inventories

Item	31 December 2025 Book balance RMB	31 December 2025 Provision for impairment RMB	31 December 2025 Carrying amount RMB	31 December 2024 Book balance RMB	31 December 2024 Provision for impairment RMB	31 December 2024 Carrying amount RMB
Goods on hand	**2,366,503,272.41**	**231,423,658.56**	**2,135,079,613.85**	2,450,567,885.32	224,290,040.35	2,226,277,844.97
Work-in-progress	**124,358,461.24**	**–**	**124,358,461.24**	167,871,078.11	–	167,871,078.11
Raw materials	**24,133,435.97**	**3,485,187.90**	**20,648,248.07**	31,926,748.45	3,486,948.05	28,439,800.40
Total	**2,514,995,169.62**	**234,908,846.46**	**2,280,086,323.16**	2,650,365,711.88	227,776,988.40	2,422,588,723.48

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

(2) Provision for impairment of inventories

Categories of inventories	1 January 2025 RMB	Provision for the current year RMB	Write-off for the current year RMB	Decrease in the current year Reversal for the current year RMB	Other decrease RMB	31 December 2025 RMB
Goods on hand	224,290,040.35	**52,047,901.17**	**8,316,990.14**	**36,597,292.82**	**–**	**231,423,658.56**
Raw materials	3,486,948.05	**32,999.12**	**–**	**34,759.27**	**–**	**3,485,187.90**
Total	227,776,988.40	**52,080,900.29**	**8,316,990.14**	**36,632,052.09**	**–**	**234,908,846.46**

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 2025 Carrying amount RMB	Provision for impairment RMB	Proportion of provision for impairment (%)	31 December 2024 Carrying amount RMB	Provision for impairment RMB	Proportion of provision for impairment (%)
Goods on hand – Books	**2,180,871,019.97**	**185,454,621.84**	**8.50**	2,304,932,298.19	175,059,365.26	7.59
Goods on hand – Paper	**58,313,087.57**	**2,143,052.49**	**3.68**	28,917,136.02	2,983,770.82	10.32
Goods on hand – Others	**127,319,164.87**	**43,825,984.23**	**34.42**	116,718,451.11	46,246,904.27	39.62
Work in progress	**124,358,461.24**	**–**	**–**	167,871,078.11	–	–
Raw materials	**24,133,435.97**	**3,485,187.90**	**14.44**	31,926,748.45	3,486,948.05	10.92
Total	**2,514,995,169.62**	**234,908,846.46**		2,650,365,711.88	227,776,988.40	

8 Contract assets

(1) Details of contract assets

Item	31 December 2025 Book balance RMB	Provision for impairment RMB	Carrying amount RMB	31 December 2024 Book balance RMB	Provision for impairment RMB	Carrying amount RMB
Contract assets arising from contracts with customers	**10,220,367.99**	**–**	**10,220,367.99**	5,584,567.76	–	5,584,567.76
Total	**10,220,367.99**	**–**	**10,220,367.99**	5,584,567.76	–	5,584,567.76

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.

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 2025 RMB	31 December 2024 RMB
Refund costs receivable (Note 1)	**43,084,217.47**	49,946,368.86
VAT input tax to be deducted (Note 2)	**29,229,981.36**	26,874,390.21
Others	**260,316.26**	296,166.19
Total	**72,574,515.09**	77,116,925.26

Note 1: As at 31 December 2025, the refund costs receivable was RMB43,084,217.47 (31 December 2024: RMB49,946,368.86), including the original value of the refund costs receivable of RMB60,002,108.44 (31 December 2024: RMB65,540,063.61), and the provision for asset impairment of RMB16,917,890.97 (31 December 2024: RMB15,593,694.75).

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.

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

10 Long-term receivables

(1) Details of long-term receivables

Item	31 December 2025 Book balance RMB	31 December 2025 Credit loss provision RMB	31 December 2025 Carrying amount RMB	31 December 2024 Book balance RMB	31 December 2024 Credit loss provision RMB	31 December 2024 Carrying amount RMB	Range of discount rate
Goods sold by installments (Note)	**42,242,883.68**	**6,041,818.98**	**36,201,064.70**	91,589,834.55	3,133,647.19	88,456,187.36	3.10%-4.75%
Less: Long-term receivables included in non-current assets due within one year	**26,417,865.50**	**3,910,438.30**	**22,507,427.20**	51,068,383.73	1,805,075.26	49,263,308.47	
Total	**15,825,018.18**	**2,131,380.68**	**13,693,637.50**	40,521,450.82	1,328,571.93	39,192,878.89	

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 3.10%-4.75% (31 December 2024: 3.45%-5.00%).

(2) Details of credit loss provisions

See Note X for details of recognition of credit loss.

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 2025 RMB	31 December 2024 RMB
Book balance of long-term equity investments	**878,235,128.66**	812,969,446.27
Less: Provision for impairment of long-term equity investments	**6,647,345.57**	6,647,345.57
Carrying amount of long-term equity investments	**871,587,783.09**	806,322,100.70

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 2025 RMB	Changes for the current year: 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 2025 RMB	Closing balance of provision for impairment RMB
I. Joint Ventures											
Hainan Publishing House Co., Ltd. ("Hainan Publishing House")	338,049,693.49	-	-	48,658,726.87	-	-	-	-	-	386,708,420.36	-
Sichuan Fudou Technology Co., Ltd. ("Fudou Technology")	-	-	-	-	-	-	-	-	-	-	-
Sanya Xuancai Venture Capital Investment Fund Management Co., Ltd. ("Sanya Xuancai") (Note 1)	3,101,274.50	-	-	(219,155.06)	-	-	-	-	-	2,882,119.44	-
Subtotal	341,150,967.99	-	-	48,439,571.81	-	-	-	-	-	389,590,539.80	-
II. Associates	-									-	
Sichuan Wenbao Supply Chain Technology Co., Ltd. ("Wenbao Company", former name: Sichuan Winshare BLOGIS Supply Chain Co., Ltd.) (Note 2)	47,158,237.70	-	-	1,641,169.96	-	-	-	-	-	48,799,407.66	-
The Commercial Press	3,809,064.08	-	-	215,173.57	-	-	-	-	-	4,024,237.65	-
Ren Min Eastern (Beijing) Book Industry Co., Ltd. ("Ren Min Eastern")	7,454,138.93	-	-	(348,631.39)	-	-	-	-	-	7,105,507.54	-
Guizhou Xinhua Winshare Book Audio-Visual Product Chainstore Co., Ltd. ("Guizhou Winshare")	-	-	-	-	-	-	-	-	-	-	-
Ming Bo Education Technology Holdings Co., Ltd. ("Ming Bo Education")	9,490,019.84	-	-	(479,110.02)	-	-	-	-	-	9,010,909.82	-

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 2025 RMB	Changes for the current year: 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 2025 RMB	Closing balance of provision for impairment RMB
II. Associates (Continued)											
Sichuan Centennial Preschool Educational Management Co., Ltd. ("Preschool Educational")	5,758,067.40	-	-	(289,311.12)	-	-	-	-	-	5,468,756.28	(1,604,619.30)
Chengdu Deyuan Gewu Private Equity Fund Management Co., Ltd. ("Deyuan Gewu Fund", former name: Chengdu Winshare Venture Capital Investment Fund Management Co., Ltd.)	21,138,361.87	-	-	4,269,698.24	-	-	-	-	-	25,408,060.11	-
Jiaoke Zhihui	1,538,064.81	-	-	44,155.38	-	-	-	-	-	1,582,220.19	-
Fuzhou Winshare Technology Partnership (Limited Partnership) ("Fuzhou Winshare") (Note 3)	3,173,672.33	-	-	170,134.71	-	-	(2,884,507.04)	-	-	459,300.00	-
Sichuan Jiaoyang Sihuo 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)	23,656,205.62	-	-	2,010,119.17	-	-	(600,000.00)	-	-	25,066,324.79	-
Huaxuan Yinshi (Beijing) Cultural Communication Co., Ltd. ("Huaxuan Yinshi") (Note 5)	545,255.24	-	-	(473,436.31)	-	-	-	-	-	71,818.93	-
Hainan Phoenix Xinhua Publishing and Distribution Co., Ltd. ("Hainan Phoenix") (Note 6)	330,601,966.38	-	-	10,583,425.37	-	-	-	-	-	341,185,391.75	-
Sichuan Cuiya Education Technology Co., Ltd. ("Cuiya Education") (Note 7)	96,870.47	-	-	836,298.66	-	-	-	-	-	933,169.13	-
Sichuan Digital World Culture Technology Co., Ltd. ("Digital World") (Note 8)	10,625,616.47	-	-	2,130,931.40	-	-	-	-	-	12,756,547.87	-
Subtotal	465,171,132.71	-	-	20,310,617.62	-	-	(3,484,507.04)	-	-	481,997,243.29	(6,647,345.57)
Total	806,322,100.70	-	-	68,750,189.43	-	-	(3,484,507.04)	-	-	871,587,783.09	(6,647,345.57)

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. ("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 Wenbao Company with a shareholding proportion of 45%, 40% and 15%, respectively. On 20 April 2023, Winshare Logistics transferred 45% of the equity interests in Wenbao Company it held to the Company at RMB46,234,600.00. According to the latest articles of association of Wenbao Company, the resolutions of Wenbao Company 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, Wenbao Company 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.

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 2025		31 December 2024	
	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	**238,234.04**	**4,619,967.40**	273,977.79	4,381,733.36
Cuiya Education	**–**	**–**	(2,737.51)	–
Xinhua Yingxuan	**5,230,171.74**	**36,346,143.24**	14,996,970.24	31,115,971.50
Total	**5,468,405.78**	**46,524,101.34**	15,268,210.52	41,055,695.56

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

12 Other equity instrument investments

(1) Details of other equity instruments investments

Item	Balance as at 1 January 2025 RMB	Changes in the current year: Increase in investment RMB	Decrease in investment RMB	Gain included in other comprehensive income for the current year RMB	Loss included in other comprehensive income for the current year RMB	Others RMB	Balance as at 31 December 2025 RMB	Dividend income recognized in the current year RMB	Accumulated gain included in other comprehensive income RMB	Accumulated loss included in other comprehensive income RMB	Reason for FVTOCI designation
Wan Xin Media	914,857,600.00	–	–	–	94,726,400.00	–	820,131,200.00	24,928,000.00	633,715,872.00	–	The investment is not held for the purpose of selling it in the near term for short-term gains.
Jiangsu Hagong Intelligent Robot Co., Ltd. ("HGZN")	438,147.26	–	454,445.38	16,298.12	–	–	–	–	–	–	
Bank of Chengdu Co., Ltd. ("Bank of Chengdu")	1,368,800,000.00	–	–	–	79,200,000.00	–	1,289,600,000.00	71,280,000.00	1,049,600,000.00	–	
Others	375,393.81	–	–	–	–	–	375,393.81	5,585.40	–	1,646,699.35	
Total	2,284,471,141.07	–	454,445.38	16,298.12	173,926,400.00	–	2,110,106,593.81	96,213,585.40	1,683,315,872.00	1,646,699.35	–

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

12 Other equity instrument investments *(Continued)*

(2) Information on the derecognition of HGZN in the current period:

Item	Accumulated gains transferred to retained earnings due to derecognition	Accumulated losses transferred to retained earnings due to derecognition RMB	Reason for derecognition
HGZN	–	246,833.59	Disposed of according to the target situation

13 Other non-current financial assets

Item	31 December 2025 RMB	31 December 2024 RMB
Citic Buyout Investment Fund (Shenzhen) Partnership (Limited Partnership) (Note 1)	**46,276,696.26**	54,735,996.10
Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership (Limited Partnership) ("Winshare Hengxin") (Note 2)	**6,943,403.29**	37,271,655.94
Qingdao Goldstone Zhixin Investment Center (Limited Partnership) ("Qingdao Goldstone") (Note 3)	**–**	110,225.19
Ningbo Meishan Free Trade Port Winshare Dingsheng Equity Investment Partnership (Limited Partnership) (Note 4)	**73,045,120.14**	77,397,665.02
Xinhua Internet E-commerce Co., Ltd. ("Xinhua Internet") (Note 5)	**1,055,422.24**	1,055,422.24
Sichuan Culture Investment Jinwen Equity Investment Fund Partnership (Limited Partnership) (Note 6)	**39,858,068.88**	39,898,387.42
Goldstone Growth Equity Investment (Hangzhou) Partnership (Limited Partnership) (Note 7)	**59,927,396.02**	31,263,184.99
CICC Qichen Phase II (Wuxi) Emerging Industry Equity Investment Fund Partnership (Limited Partnership) ("CICC Qichen") (Note 8)	**180,782,445.62**	119,730,029.16
Sinopec Marketing Co., Ltd. ("Sinopec Marketing Company") (Note 9)	**58,873,779.09**	61,365,524.00
Total	**466,762,331.54**	422,828,090.06

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

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

Note 1: Gains from changes in fair values for the current year were RMB10,580,725.21 (2024: losses of RMB4,010,872.57), and the recovery of the exit money due to liquidation of investment project totaled RMB19,040,025.05 (2024: RMB15,000,481.91).

Note 2: Gains from changes in fair values for the current year were RMB8,892,827.15 (2024: losses of RMB6,936,825.01), and the recovery of the exit money due to liquidation of investment project totaled RMB39,221,079.80 (2024: RMB0).

Note 3: Losses from changes in fair values for the current year were RMB30,118.64 (2024: losses of RMB183,185.36). The fund was liquidated and distributed in 2025, and the recovery of the exit money due to liquidation of the fund was RMB74,075.95 (2024: RMB0), while disposal losses of RMB6,030.60 (2024: RMB0) were recognized.

Note 4: Gains from changes in fair values for the current year were RMB1,741,384.80 (2024: gains of RMB177,403.60), and the recovery of the exit money due to liquidation of investment project amounted to RMB6,093,929.68 (2024: RMB206,577.55).

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 the current year were RMB0 (2024: losses of RMB1,944,577.76).

Note 6: Losses from changes in fair value for the current year were RMB40,318.54 (2024: losses of RMB41,130.39).

Note 7: Gains from changes in fair value for the current year were RMB8,664,211.03 (2024: gains of RMB1,335,744.42), and the new investment cost amounted to RMB20,000,000.00 (2024: RMB0).

Note 8: Gains from changes in fair value for the current year were RMB31,412,537.76 (2024: losses of RMB2,030,933.43), liquidation and exit funds of RMB360,121.30 (2024: RMB1,092,357.55) were recovered from the investment project, and the new investment cost amounted to RMB30,000,000.00 (2024: RMB0).

Note 9: Losses from changes in fair value for the current year were RMB2,491,744.91 (2024: gains of RMB3,678,934.55).

Please refer to Notes XI for details of the fair value measurement of the other non-current financial assets above.

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 2025	120,091,888.37
Increase in the current year	4,076,948.18
(1) Acquisition	1,277,233.79
(2) Transfer from fixed assets	2,799,714.39
Decrease in the current year	369,000.00
(1) Disposal	369,000.00
31 December 2025	123,799,836.55
II. Accumulated depreciation	
1 January 2025	43,490,201.26
Increase in the current year	5,586,466.04
(1) Provision	3,727,909.81
(2) Transfer from fixed assets	1,858,556.23
Decrease in the current year	336,311.00
(1) Disposal	336,311.00
31 December 2025	48,740,356.30
III. Carrying amount	
31 December 2025	75,059,480.25
31 December 2024	76,601,687.11

There were no investment properties certificates of title of which have not been obtained at the end of the current year.

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 2025	3,109,175,860.92	369,163,859.86	220,236,037.74	124,719,000.82	3,823,294,759.34
Increase in the current year	123,373,850.62	51,439,512.37	18,771,019.00	7,179,999.10	200,764,381.09
(1) Acquisition	22,338,462.54	50,829,512.37	18,533,889.33	7,179,999.10	98,881,863.34
(2) Transfer from construction in progress	101,035,388.08	610,000.00	237,129.67	–	101,882,517.75
(3) Transfer from investment properties	–	–	–	–	–
Decrease in the current year	106,608,318.95	11,746,840.04	27,587,537.00	9,259,970.99	155,202,666.98
(1) Disposal	102,040,125.33	11,746,840.04	27,587,537.00	9,259,970.99	150,634,473.36
(2) Transfer to investment properties	2,799,714.39	–	–	–	2,799,714.39
(3) Other decrease	1,768,479.23	–	–	–	1,768,479.23
31 December 2025	3,125,941,392.59	408,856,532.19	211,419,519.74	122,639,028.93	3,868,856,473.45
II. Accumulated depreciation					
1 January 2025	929,678,037.97	280,291,095.84	168,210,352.58	85,383,776.91	1,463,563,263.30
Increase in the current year	99,228,151.77	15,654,313.56	26,482,882.62	15,831,177.48	157,196,525.43
(1) Provision	99,228,151.77	15,654,313.56	26,482,882.62	15,831,177.48	157,196,525.43
(2) Transfer from investment properties	–	–	–	–	–
Decrease in the current year	57,063,054.00	11,303,278.09	23,218,294.84	7,406,685.71	98,991,312.64
(1) Disposal	55,204,497.77	11,303,278.09	23,218,294.84	7,406,685.71	97,132,756.41
(2) Transfer to investment properties	1,858,556.23	–	–	–	1,858,556.23
31 December 2025	971,843,135.74	284,642,131.31	171,474,940.36	93,808,268.68	1,521,768,476.09
III. Provision for impairment of fixed assets					
1 January 2025	15,996.52	–	–	–	15,996.52
Increase in the current year					
31 December 2025	15,996.52	–	–	–	15,996.52
IV. Carrying amount					
31 December 2025	2,154,082,260.33	124,214,400.88	39,944,579.38	28,830,760.25	2,347,072,000.84
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

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

15 Fixed assets *(Continued)*

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

Item	Carrying amount RMB	Reasons why certificates of title have not been obtained
Warehouse and office building (Sichuan Longquan)	6,567,129.50	In process
Warehouse and office building (Sichuan Peng'an)	4,001,866.44	In process
Warehouse and office building (Sichuan Guang'an)	7,374,351.84	In process
Warehouse and office building (Yilong)	12,151,805.43	In process
Warehouse and office building (Bazhong)	12,762,275.04	In process
Warehouse and office building (Suining)	20,354,118.66	In process
Total	63,211,546.91	

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.

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 2025 Book balance RMB	31 December 2025 Provision for impairment RMB	31 December 2025 Carrying amount RMB	31 December 2024 Book balance RMB	31 December 2024 Provision for impairment RMB	31 December 2024 Carrying amount RMB
Yuexi County Xinhua Bookstore comprehensive building construction project	–	–	–	3,555,482.36	–	3,555,482.36
Xichang Xinhua Bookstore storage and logistics base construction project	–	–	–	30,909,699.44	–	30,909,699.44
Liangshanzhou Xinhua Bookstore Co., Ltd. Yanyuan County Branch's textbook warehouse and business comprehensive room project	–	–	–	35,735,835.83	–	35,735,835.83
Xinhua Winshare Bazhong Study and Practice Education Camp	–	–	–	1,657,461.28	–	1,657,461.28
Others	**3,394,771.08**	–	**3,394,771.08**	1,812,393.24	–	1,812,393.24
Total	**3,394,771.08**	–	**3,394,771.08**	73,670,872.15	–	73,670,872.15

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 2025 RMB	Increase in the current year RMB	Transfer to fixed assets for the current year RMB	Transfer to others RMB	31 December 2025 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
Yuexi County Xinhua Bookstore comprehensive building construction project	24,500,000.00	3,555,482.36	1,840,614.92	5,396,097.28	-	-	81.11	100.00	-	-	-	self-financing
Xichang Xinhua Bookstore storage and logistics base construction project	67,300,000.00	30,909,699.44	11,469,439.36	42,379,138.80	-	-	81.44	100.00	-	-	-	self-financing
Liangshanzhou Xinhua Bookstore Co., Ltd. Yanyuan County Branch's textbook warehouse and business comprehensive room project	75,797,700.00	35,735,835.83	17,524,316.17	53,260,152.00	-	-	70.27	100.00	-	-	-	self-financing
Xinhua Winshare Bazhong Study and Practice Education Camp	93,414,600.00	1,657,461.28	1,766,820.40	-	3,424,281.68	-	3.66	-	-	-	-	self-financing
Others		1,812,393.24	2,429,507.51	847,129.67	-	3,394,771.08	-	-	-	-	-	self-financing
Total		73,670,872.15	35,030,698.36	101,882,517.75	3,424,281.68	3,394,771.08			-	-	-	

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 2025	587,564,121.19
Increase in the current year	202,882,253.51
Decrease in the current year	69,183,255.64
31 December 2025	721,263,119.06
II. Accumulated depreciation	
1 January 2025	352,991,154.85
Provision in the current year	93,257,980.25
Decrease in the current year	55,879,011.23
31 December 2025	390,370,123.87
III. Carrying amount	
31 December 2025	330,892,995.19
31 December 2024	234,572,966.34

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

(2) Amount recognized in the profit or loss

Building	2025 RMB	2024 RMB
Depreciation expense for right-of-use assets (Note 1)	**93,257,980.25**	94,616,036.23
Interest expense on lease liabilities (Note 2)	**14,445,440.75**	12,174,507.63
Short-term lease expenses	**10,790,944.37**	11,689,316.40
Variable lease payments not included in the measurement of lease liabilities	**1,735,404.30**	2,432,477.46

Note 1: In 2025, there was no depreciation expense for right-of-use assets capitalized (2024: nil).

Note 2: In 2025, there was no interest expense on lease liabilities capitalized (2024: nil).

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

17 Right-of-use assets *(Continued)*

(3) The total cash outflow for leases for 2025 was RMB119,466,080.90 (2024: RMB128,530,376.99).

18 Intangible assets

Intangible assets

Item	Land use rights RMB	Patent RMB	Software RMB	Others RMB	Total RMB
I. Cost					
1 January 2025	409,991,434.62	13,499,343.36	285,473,618.37	11,628,600.19	720,592,996.54
Increase in the current year	20,113.85	474,500.00	9,404,994.42	19,376,569.03	29,276,177.30
(1) Acquisition	–	182,000.00	976,279.57	19,376,569.03	20,534,848.60
(2) Transfer from development cost	–	292,500.00	8,428,714.85	–	8,721,214.85
(3) Other increase	20,113.85	–	–	–	20,113.85
Decrease in the current year	14,073,590.00	–	4,622,641.29	–	18,696,231.29
(1) Disposal	14,073,590.00	–	4,622,641.29	–	18,696,231.29
31 December 2025	395,937,958.47	13,973,843.36	290,255,971.50	31,005,169.22	731,172,942.55
II. Accumulated amortization					
1 January 2025	137,725,468.92	10,610,598.88	227,445,171.00	6,363,930.45	382,145,169.25
Increase in the current year	9,479,026.12	1,345,256.00	18,507,847.54	2,845,079.65	32,177,209.31
(1) Provision	9,479,026.12	1,345,256.00	18,507,847.54	2,845,079.65	32,177,209.31
Decrease in the current year	905,104.55	–	948,113.11	–	1,853,217.66
(1) Disposal	905,104.55	–	948,113.11	–	1,853,217.66
31 December 2025	146,299,390.49	11,955,854.88	245,004,905.43	9,209,010.10	412,469,160.90
III. Provision for impairment					
1 January 2025	–	1,339,595.45	1,089,946.58	–	2,429,542.03
Increase in the current year	–	–	–	2,473,270.39	2,473,270.39
Decrease in the current year	–	–	–	–	–
31 December 2025	–	1,339,595.45	1,089,946.58	2,473,270.39	4,902,812.42
IV. Carrying amount					
31 December 2025	249,638,567.98	678,393.03	44,161,119.49	19,322,888.73	313,800,969.23
31 December 2024	272,265,965.70	1,549,149.03	56,938,500.79	5,264,669.74	336,018,285.26

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 10.46% (31 December 2024: 7.57%).

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 2025 RMB	Increase in the current year Incurred by business combination RMB	Decrease in the current year Changes in scope of consolidation RMB	31 December 2025 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 2025 RMB	Increase in the current year Incurred by business combination RMB	Decrease in the current year Changes in scope of consolidation RMB	31 December 2025 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**

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

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 period (growth rate, profit margin, etc.)	Basis for the determination of parameters of forecast period	Key parameters of stable period (growth rate, profit margin, discount rate, etc.)	Basis for the determination of key parameters of stable period
Three of the fifteen publishing companies	3,029,509,178.83	4,460,039,973.63	–	5 years	Growth rate: 1% Profit margin: 28.74%-39.26%	Determined based on the performance achieved in the previous five years of the historical years (2021 to 2025)	Growth rate: 1% Profit margin: 28.74% Discount rate: 12%-13%	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	1,053,245,549.73	1,123,558,812.93	–	5 years	Growth rate: -13%-6% Profit margin: 18.91%-25.39%	Determined based on the performance achieved in the previous five years of the historical years (2021 to 2025)	Growth rate: 1% Profit margin: 18.91% Discount rate: 12%-13%	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	4,082,754,728.56	5,583,598,786.56	–					

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

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

20 Long-term prepaid expenses

Item	1 January 2025 RMB	Increase in the current year RMB	Amortization for the year RMB	31 December 2024 RMB
Leasehold improvement	25,443,168.96	**15,798,944.65**	**13,407,046.89**	**27,835,066.72**
Others	1,016,595.47	**107,206.14**	**270,112.99**	**853,688.62**
Total	26,459,764.43	**15,906,150.79**	**13,677,159.88**	**28,688,755.34**

21 Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets not yet offset

Item	31 December 2025		31 December 2024	
	Deductible temporary differences RMB	Deferred tax assets RMB	Deductible temporary differences RMB	Deferred tax assets RMB
Provision for impairment losses of assets	**30,809,240.81**	**6,963,098.32**	31,818,343.56	7,215,301.85
Lease liabilities	**32,738,811.53**	**4,910,821.73**	37,429,271.34	5,614,390.70
Total	**63,548,052.34**	**11,873,920.05**	69,247,614.90	12,829,692.55

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 2025 Deductible temporary differences RMB	31 December 2025 Deferred tax liabilities RMB	31 December 2024 Deductible temporary differences RMB	31 December 2024 Deferred tax liabilities RMB
Asset valuation appreciation due to business combination not involving enterprises under common control	**58,360,330.44**	**14,590,082.61**	61,260,903.66	15,315,225.91
Changes in the fair value of other equity instrument investments	**–**	**–**	138,879.88	34,719.97
Changes in the fair value of other non-current financial assets	**53,793,983.80**	**13,448,495.95**	5,604,886.57	1,401,221.64
Asset valuation appreciation of subsidiaries due to restructuring (Note 1)	**192,399,633.76**	**48,099,908.44**	192,399,633.76	48,099,908.44
Right-of-use assets	**32,738,811.53**	**4,910,821.73**	37,429,271.34	5,614,390.70
Others	**4,622.52**	**1,155.63**	41,593.64	10,398.41
Total	**337,297,382.05**	**81,050,464.36**	296,875,168.85	70,475,865.07

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.

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	4,910,821.73	6,963,098.32	5,614,390.70	7,215,301.85
Deferred tax liabilities	4,910,821.73	76,139,642.63	5,614,390.70	64,861,474.37

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

Item	31 December 2025 RMB	31 December 2024 RMB
Deductible temporary differences	**742,223,010.83**	704,437,478.80
Deductible taxable losses	**104,261,901.98**	112,939,364.59
Total	**846,484,912.81**	817,376,843.39

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.

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 2025 RMB	31 December 2024 RMB
2025	–	13,721,486.61
2026	**16,711,732.93**	18,151,489.04
2027	**19,353,143.86**	19,894,932.07
2028	**29,908,796.02**	37,475,222.98
2029	**15,319,265.77**	23,696,233.89
2030	**22,968,963.40**	–
Total	**104,261,901.98**	112,939,364.59

22 Other non-current assets

Item	31 December 2025 RMB	31 December 2024 RMB
Prepaid purchase price for property	**38,861,250.00**	–
Term deposits and bank certificates of large amount deposit (Note 1)	**3,062,939,775.54**	1,930,007,651.28
Quality guarantee money	**3,098,906.61**	11,067,468.46
Prepaid price for equipment	–	19,554,798.00
Others	**40,171,469.39**	41,085,829.79
Total	**3,145,071,401.54**	2,001,715,747.53

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 1.30%-3.55% (31 December 2024: 2.15%-3.55%).

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

23 Short-term borrowings

Item	31 December 2025 RMB	31 December 2024 RMB
Credit borrowings	**10,000,000.00**	10,000,000.00
Total	**10,000,000.00**	10,000,000.00

At the end of 2025, 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 2025. The principal of the borrowing was RMB10,000,000.00, and the loan period was from 25 December 2025 to 24 December 2026. 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 2025 RMB	31 December 2024 RMB
Bank acceptance bills	**–**	4,486,667.50
Total	**–**	4,486,667.50

As at 31 December 2025, the Group's deposit for the above-mentioned bank acceptance bills was RMB0 (31 December 2024: RMB1,143,195.20).

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 2025 RMB	31 December 2024 RMB
Within 1 year	**4,027,006,094.10**	4,281,192,649.53
More than 1 year but not exceeding 2 years	**446,986,932.87**	529,920,928.25
More than 2 years but not exceeding 3 years	**199,815,380.71**	186,994,251.27
More than 3 years	**489,004,623.13**	454,924,646.54
Total	**5,162,813,030.81**	5,453,032,475.59

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 2025 RMB	31 December 2024 RMB
Advanced receipts for sold goods	**589,976,076.07**	603,137,849.05
Membership card points	**1,264,117.06**	730,016.64
Total	**591,240,193.13**	603,867,865.69

(2) The important contract liabilities aged over 1 year were mainly pre-stored recharge cards amounted to RMB385,428,397.13.

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	**217,709,451.92**	Revenue recognized for the amount included in the opening carrying amount of contract liabilities
Advanced receipts for sold goods	**204,547,678.94**	Amount increased due to cash received

(4) Analysis on 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 2025 RMB	Increase in the current year RMB	Decrease in the current year RMB	31 December 2025 RMB
I. Short-term benefits	902,572,874.58	**1,723,542,065.00**	**1,623,326,396.02**	**1,002,788,543.56**
II. Post-employment benefits – defined contribution plan	6,246,989.86	**268,924,258.17**	**268,491,754.78**	**6,679,493.25**
III. Termination benefits	–	**1,740,952.17**	**1,740,952.17**	**–**
Total	908,819,864.44	**1,994,207,275.34**	**1,893,559,102.97**	**1,009,468,036.81**

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

27 Employee benefits payable *(Continued)*

(2) Short-term benefits

Item	1 January 2025 RMB	Increase in the current year RMB	Decrease in the current year RMB	31 December 2025 RMB
I. Wages or salaries, bonuses, allowances and subsidies	770,554,776.46	1,421,969,499.53	1,335,349,630.24	857,174,645.75
II. Staff welfare	–	28,372,515.20	28,372,515.20	–
III. Social security contributions	571,882.11	94,990,808.34	94,939,314.63	623,375.82
Including: Medical insurance	370,972.81	86,156,945.39	86,106,373.11	421,545.09
Work injury insurance	16,859.30	2,991,860.87	2,990,939.44	17,780.73
Other insurances	184,050.00	5,842,002.08	5,842,002.08	184,050.00
IV. Housing funds	1,859,738.03	127,133,037.96	127,061,473.52	1,931,302.47
V. Union running costs and employee education costs	129,483,341.08	48,651,782.69	35,179,041.15	142,956,082.62
VI. Others	103,136.90	2,424,421.28	2,424,421.28	103,136.90
Total	902,572,874.58	1,723,542,065.00	1,623,326,396.02	1,002,788,543.56

(3) Defined contribution plan

Item	1 January 2025 RMB	Increase in the current year RMB	Decrease in the current year RMB	31 December 2025 RMB
I. Basic pension insurance	550,429.31	167,431,321.67	167,345,890.23	635,860.75
II. Unemployment insurance expense	21,928.28	5,956,224.80	5,953,213.42	24,939.66
III. Enterprise annuity	5,674,632.27	95,536,711.70	95,192,651.13	6,018,692.84
Total	6,246,989.86	268,924,258.17	268,491,754.78	6,679,493.25

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 2024: 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 RMB167,431,321.67 and RMB5,956,224.80 (2024: RMB156,965,330.36 and RMB5,983,121.73) to the pension insurance and unemployment insurance plans respectively. As at 31 December 2025, the outstanding contributions payable of RMB635,860.75 and RMB24,939.66 (31 December 2024: RMB550,429.31 and RMB21,928.28) 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 2025 RMB	31 December 2024 RMB
Enterprise income tax	**9,237,210.28**	6,228,024.72
Value added tax	**29,375,919.84**	25,714,163.17
City construction and maintenance tax	**835,856.41**	982,185.43
Education surcharges	**605,491.11**	711,527.04
Individual income tax	**6,263,890.34**	7,279,895.15
Others	**968,858.58**	1,108,506.99
Total	**47,287,226.56**	42,024,302.50

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

29 Other payables

29.1 Total other payables

Item	31 December 2025 RMB	31 December 2024 RMB
Dividend payables	**–**	–
Other payables	**304,192,570.95**	308,454,407.85
Total	**304,192,570.95**	308,454,407.85

29.2 Other payables by nature

Item	31 December 2025 RMB	31 December 2024 RMB
Amounts due to related parties	**7,983.90**	5,828,100.16
Security deposit/deposit/quality warranty/ performance security	**84,811,994.43**	74,788,528.47
Construction and infrastructure construction expenses	**23,338,396.49**	41,613,253.23
Amounts due to/from other entities	**4,854,777.94**	4,193,341.42
Others	**191,179,418.19**	182,031,184.57
Total	**304,192,570.95**	308,454,407.85

Other payables aged more than one year are mainly security deposit and deposit.

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

30 Non-current liabilities due within one year

Item	31 December 2025 RMB	31 December 2024 RMB
Lease liabilities due within one year	**78,719,858.96**	76,862,500.83
Long-term payables due within one year	**5,210,421.48**	–
Total	**83,930,280.44**	76,862,500.83

31 Other current liabilities

Item	31 December 2025 RMB	31 December 2024 RMB
Government grants (Note IX 1)	**22,046,116.06**	57,650,674.10
Expected sales returns (Note 1)	**113,866,555.33**	118,313,791.52
Output tax to be transferred	**3,448,191.27**	7,030,668.33
Others	**2,017,824.96**	1,330,668.00
Total	**141,378,687.62**	184,325,801.95

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.

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

32 Lease liabilities

	31 December 2025 RMB	31 December 2024 RMB
Rents	**347,134,101.71**	256,801,496.36
Less: Lease liabilities included in non-current liabilities due within one year	**78,719,858.96**	76,862,500.83
Net	**268,414,242.75**	179,938,995.53

33 Long-term payables

Item	31 December 2025 RMB	31 December 2024 RMB
Purchase of assets in installments	**10,584,681.60**	–
Less: Lease liabilities included in non-current liabilities due within one year	**5,210,421.48**	–
Net amount	**5,374,260.12**	–

34 Deferred income

Item	31 December 2025 RMB	31 December 2024 RMB
Government grants	**85,837,398.10**	53,436,961.20

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

34 Deferred income *(Continued)*

Items involving government grants:

Item	1 January 2025 RMB	New grants for the current year RMB	Credited to other income for the current year RMB	Other decrease for the current year RMB	31 December 2025 RMB	Reason of formation
Government grants	15,620,861.49	4,614,000.00	2,863,543.54	–	17,371,317.95	Government grants related to assets
Government grants	37,816,099.71	39,645,935.41	8,995,954.97	–	68,466,080.15	Government grants related to income
Total	53,436,961.20	44,259,935.41	11,859,498.51	–	85,837,398.10	

35 Share capital

Item	1 January 2025 RMB	Changes for the current year: Issue of new shares RMB	Bonus issue RMB	Capitalization of surplus reserve RMB	Others RMB	Subtotal RMB	31 December 2025 RMB
Total number of shares	1,233,841,000.00	-	-	-	-	-	1,233,841,000.00

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

36 Capital reserve

Item	1 January 2025 RMB	Increase in the current year RMB	Decrease in the current year RMB	31 December 2025 RMB
Share capital premium	2,492,540,724.83	–	–	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	(106,161,413.02)	–	–	(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	2,524,643,969.45	–	–	2,524,643,969.45

37 Other comprehensive income

Item	1 January 2025 RMB	Changes for the current year					31 December 2025 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	1,855,336,515.47	(173,910,101.88)	4,074.53	(173,914,176.41)	–	(246,833.59)	1,681,669,172.65

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

38 Surplus reserve

Item	1 January 2025 RMB	Increase in the current year RMB	Decrease in the current year RMB	31 December 2025 RMB
Statutory surplus reserve	1,431,148,312.43	**149,377,356.18**	**–**	**1,580,525,668.61**

39 Undistributed profits

Item	31 December 2025 RMB	31 December 2024 RMB	Proportion of appropriation or distribution
Retained profits at the beginning of the year	**7,561,485,821.67**	6,881,030,888.86	
Add: Net profit attributable to shareholders of the parent for the current year	**1,568,450,497.66**	1,544,856,196.33	
Less: Appropriation to statutory surplus reserve	**149,377,356.18**	136,435,073.52	(1)
Distribution of dividends on ordinary shares	**740,304,600.00**	727,966,190.00	(2)
Other equity instrument investment previously recorded in other comprehensive income transferred to retained earnings for the current period	**246,833.59**	–	
Retained profits at the end of the year	**8,240,007,529.56**	7,561,485,821.67	(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 20 May 2025, the resolution regarding the Company's 2024 Annual Profit Distribution Proposal was approved at 2024 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 RMB0.41 (tax-inclusive). On 23 October 2025, the resolution regarding the Company's 2025 Interim Profit Distribution Proposal was approved at 2025 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).

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

39 Undistributed 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 RMB200,238,687.46 (31 December 2024: RMB182,982,907.55) appropriated to subsidiaries.

40 Operating income and operating costs

(1) Classification

Item	2025 RMB	2024 RMB
Principal operating income (Note 1)	**11,547,793,287.98**	12,148,425,666.72
Other operating income (Note 2)	**183,884,178.94**	180,088,225.57
Total operating income	**11,731,677,466.92**	12,328,513,892.29
Principal operating costs	**7,518,648,006.90**	7,785,810,419.98
Other operating costs	**36,530,462.07**	16,866,410.04
Total operating costs	**7,555,178,468.97**	7,802,676,830.02

Note 1: Included in principal operating income was sales revenue of books and publications of RMB10,489,348,706.32 (2024: RMB11,036,326,687.03).

Note 2: Included in other operating income was commissions from concessionaire sales of RMB25,623,748.78. Among which, gross revenue from concessionaire sales was RMB205,089,328.01 and gross cost from concessionaire sales was RMB179,465,579.23 (2024: 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).

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

40 Operating income and operating costs *(Continued)*

(2) Income incurred by contracts is as follows:

Product	Principal operating income		Principal operating costs	
	2025	2024	2025	2024
	RMB	RMB	RMB	RMB
I. Publication segment				
Textbooks and supplementary materials	**1,447,842,739.12**	1,463,887,374.56	**820,493,731.67**	833,086,241.66
General books	**995,615,659.08**	1,096,817,629.26	**792,283,335.39**	830,122,455.46
Printing and supplies	**298,341,082.96**	305,154,372.65	**264,920,418.84**	266,841,821.86
Newspapers and journals	**39,520,778.15**	54,650,009.54	**23,254,056.18**	31,430,288.08
Others	**114,163,282.39**	59,749,966.00	**91,682,648.92**	41,814,863.45
Subtotal	**2,895,483,541.70**	2,980,259,352.01	**1,992,634,191.00**	2,003,295,670.51
II. Distribution segment				
Textbooks and supplementary materials	**3,938,054,788.55**	4,385,168,212.78	**2,525,852,073.82**	2,784,456,848.57
General books	**5,877,618,817.12**	6,034,041,676.62	**4,308,429,211.82**	4,407,347,262.80
Education informatized and others	**395,988,826.84**	447,804,772.89	**333,525,496.87**	363,460,642.83
Subtotal	**10,211,662,432.51**	10,867,014,662.29	**7,167,806,782.51**	7,555,264,754.20
III. Others	**444,456,899.86**	439,467,392.40	**375,912,598.05**	372,440,388.52
Less: Inter-segment elimination	**2,003,809,586.09**	2,138,315,739.98	**2,017,705,564.66**	2,145,190,393.25
Total	**11,547,793,287.98**	12,148,425,666.72	**7,518,648,006.90**	7,785,810,419.98

Details of publication segment and distribution segment and other details are set out in Note XVI 2.

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

40 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.

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

41 Taxes and levies

Item	2025 RMB	2024 RMB
City construction and maintenance tax	**6,103,224.25**	7,787,475.84
Education surcharges	**4,429,947.18**	5,655,747.32
Property tax	**29,045,534.72**	29,262,470.36
Land use tax	**5,228,721.16**	5,291,132.78
Stamp duty	**3,742,752.92**	4,846,564.92
Vessel and vehicle tax	**245,522.32**	239,880.88
Others	**164,059.35**	137,994.36
Total	**48,959,761.90**	53,221,266.46

42 Selling expenses

Item	2025 RMB	2024 RMB
Wages and other human costs	**759,363,466.79**	757,833,841.14
Logistics and transportation costs	**149,578,656.03**	160,187,671.92
Business conference fees	**1,297,602.28**	2,104,084.57
Vehicle fees	**9,674,789.45**	13,245,108.01
Travel expenses	**17,126,972.62**	18,966,666.93
Advertising and promotion fees	**277,689,852.42**	309,358,049.17
Handling fees	**16,984,376.04**	17,458,163.05
E-commerce platform service fees	**89,496,770.43**	89,097,596.10
Packing expenses	**33,477,928.34**	34,704,558.25
Others	**28,311,459.54**	36,028,246.87
Total	**1,383,001,873.94**	1,438,983,986.01

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

43 Administrative expenses

Item	2025 RMB	2024 RMB
Wages and other human costs	**1,115,639,846.51**	1,100,093,533.08
Business entertainment fees	**16,679,218.15**	35,431,129.06
Lease payments	**12,526,348.67**	14,121,793.86
Depreciation and amortization expenses	**250,061,492.42**	263,917,965.31
Conference fees	**2,877,487.69**	5,076,174.99
Property management fees	**69,340,453.22**	70,549,359.17
Travelling expenses	**11,262,167.01**	13,569,510.97
Energy costs	**20,382,030.81**	20,969,741.12
Office expenses	**6,318,323.21**	8,168,318.70
Repair charges	**12,798,983.17**	26,746,153.69
Remuneration of accounting firm – audit services	**3,169,811.33**	3,169,811.33
Others	**103,799,734.97**	111,801,434.38
Total	**1,624,855,897.16**	1,673,614,925.66

44 Finance expenses

Item	2025 RMB	2024 RMB
Interest expense	**319,962.13**	267,374.98
Interest expense on lease liabilities	**14,445,440.75**	12,174,507.63
Less: Interest income	**234,488,440.32**	242,977,800.54
Less: Interest income of long-term receivables	**1,799,541.55**	2,482,417.56
Others	**2,680,318.78**	15,850,084.05
Total	**(218,842,260.21)**	(217,168,251.44)

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

45 Other income

Item	2025 RMB	2024 RMB
Book publishing subsidies	**35,358,709.24**	37,259,442.43
Income from VAT first levied then returned	**39,262,631.43**	37,486,261.27
Other financial subsidies	**25,280,339.81**	31,156,604.23
Total	**99,901,680.48**	105,902,307.93

46 Investment income

Item	2025 RMB	2024 RMB
Income from long-term equity investments under equity method	**68,750,189.43**	51,321,668.80
Investment income obtained during the holding of other non-current financial assets	**6,325,542.48**	7,451,752.83
Dividend income obtained during the holding of other equity instrument investments	**96,213,585.40**	122,223,200.00
Investment income from disposal of held-for-trading financial assets	**686,696.40**	426,841.96
Total	**171,976,013.71**	181,423,463.59

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

47 Gain from fair value change

Source of gains from fair value change	2025 RMB	2024 RMB
Financial assets at FVTPL	**58,735,314.31**	(9,942,365.68)
Including: Other non-current financial assets	**58,729,503.86**	(9,955,441.95)
Held-for-trading financial assets	**5,810.45**	13,076.27
Total	**58,735,314.31**	(9,942,365.68)

48 Loss on credit impairment

Item	2025 RMB	2024 RMB
Gain/(loss) on credit impairment of accounts receivable	**35,021,071.09**	(33,142,666.71)
(Loss)/gain on bad debt of other receivables	**(9,277,140.42)**	2,039,671.77
Loss on bad debt of long-term receivables	**(2,908,171.79)**	(127,048.88)
Total	**22,835,758.88**	(31,230,043.82)

49 Loss on asset impairment

Item	2025 RMB	2024 RMB
Loss on impairment of inventories	**(52,080,900.29)**	(46,045,465.32)
Loss on impairment of intangible assets	**(2,473,270.39)**	–
Others	**(1,324,196.22)**	3,146,296.35
Total	**(55,878,366.90)**	(42,899,168.97)

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

50 Gains on asset disposal

Item	2025 RMB	2024 RMB
Gains on fixed asset disposal	**78,538,289.33**	975,475.26
Gains on right-of-use asset disposal	**85,382.98**	679,575.00
Losses on construction in progress disposal	**(3,424,281.68)**	–
Losses on intangible asset disposal	**(2,603,733.45)**	–
Total	**72,595,657.18**	1,655,050.26

51 Non-operating income

Item	2025 RMB	2024 RMB	Amount included in non-recurring profit or loss for the current year RMB
Total gains on retirement of non-current assets	**248,746.82**	235,665.77	248,746.82
Including: Gains on retirement of fixed assets	**238,746.82**	235,665.77	238,746.82
Others	**5,199,221.71**	2,446,710.93	5,199,221.71
Total	**5,447,968.53**	2,682,376.70	5,447,968.53

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

52 Non-operating expenses

Item	2025 RMB	2024 RMB	Amount included in non-recurring profit and loss for the current year RMB
Total losses on retirement of non-current assets	**78,448.23**	32,774.02	78,448.23
Including: Losses on retirement of fixed assets	**78,448.23**	32,774.02	78,448.23
Donations	**35,255,919.40**	43,651,752.97	35,255,919.40
Penalty cost	**447,766.85**	26,835.15	447,738.57
Others	**2,652,264.45**	1,675,586.67	2,652,290.82
Total	**38,434,398.93**	45,386,948.81	38,434,397.02

53 Income tax expenses

Item	2025 RMB	2024 RMB
Current tax calculated according to tax laws and relevant requirements	**17,921,180.79**	12,781,253.15
Tax filing differences	**(226,882.69)**	954,164.40
Deferred income tax expenses	**11,526,297.26**	91,529,031.74
Total	**29,220,595.36**	105,264,449.29

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

53 Income tax expenses *(Continued)*

Reconciliation of income tax expenses to the accounting profit is as follows:

Item	2025 RMB	2024 RMB
Accounting profit	**1,636,927,123.33**	1,708,926,123.14
Income tax expenses calculated at 25%	**409,231,780.83**	427,231,530.79
Tax concessions	**(395,513,805.30)**	(428,952,735.31)
Effect of non-deductible expenses	**2,163,564.27**	1,797,903.84
Effect of non-assessable income	**(1,228,612.64)**	(1,348,504.40)
Effect of utilization of deductible losses for which no deferred income tax asset was recognized in the prior period	**(901,920.25)**	(1,067,680.29)
Effect of utilization of deductible temporary differences for which no deferred income tax asset was recognized in the prior period	**(995,663.10)**	(318,298.49)
Effect of deductible temporary differences or deductible losses for which no deferred income tax asset was recognized during the current year	**16,692,134.24**	13,633,192.37
Tax filing differences	**(226,882.69)**	954,164.40
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
Total	**29,220,595.36**	105,264,449.29

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

54 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:

	2025 RMB	2024 RMB
Net profit for the current period attributable to ordinary shareholders	**1,568,450,497.66**	1,544,856,196.33
Including: Net profit from continuing operations	**1,568,450,497.66**	1,544,856,196.33

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:

	2025 Number of shares	2024 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:

	2025 RMB	2024 RMB
Net profit for the current period attributable to ordinary shareholders divided by number of ordinary shares outstanding at the end of year	**1.27**	1.25
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	**1.27**	1.25

The Company has no dilutive potential ordinary shares.

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

55 Notes to items in the cash flow statement

(1) Other cash receipts relating to operating activities

Item	2025 RMB	2024 RMB
Interest income	**112,497,198.55**	197,027,934.58
Government grants	**57,680,776.71**	64,509,701.63
Others	**45,805,508.66**	132,365,844.30
Total	**215,983,483.92**	393,903,480.51

(2) Other cash payments relating to operating activities

Item	2025 RMB	2024 RMB
Selling expenses	**623,629,822.26**	681,150,144.87
Of which: Logistics and transportation costs	**149,578,656.03**	160,187,671.92
Business conference fees	**1,297,602.28**	2,104,084.57
Vehicle fees	**9,674,789.45**	13,245,108.01
Travel expenses	**17,126,972.62**	18,966,666.93
Advertising and promotion fees	**277,689,852.42**	309,358,049.17
E-commerce platform service fees	**89,496,770.43**	89,097,596.10
Administrative expenses	**259,154,558.23**	309,603,427.27
Of which: Business entertainment fees	**16,679,218.15**	35,431,129.06
Lease payment	**12,526,348.67**	14,121,793.86
Conference fees	**2,877,487.69**	5,076,174.99
Property management fees	**69,340,453.22**	70,549,359.17
Energy costs	**20,382,030.81**	20,969,741.12
Repair charges	**12,798,983.17**	26,746,153.69
Others	**92,425,844.91**	310,602,652.28
Total	**975,210,225.40**	1,301,356,224.42

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

55 Notes to items in the cash flow statement *(Continued)*

(3) Material cash receipts relating to investing activities

Item	2025 RMB	2024 RMB
Recovery of liquidation and exit money from investment fund	**53,854,652.34**	25,924,626.26
Amount received from building disposal	**112,100,000.00**	–
Total	**165,954,652.34**	25,924,626.26

(4) Material cash payments relating to investing activities

Item	2025 RMB	2024 RMB
Subscription of transferable large deposit certificate	**–**	206,222,222.22

(5) Other cash receipts relating to investing activities

Item	2025 RMB	2024 RMB
Receipt of term deposit over 3 months	**165,000,000.00**	890,000,000.00

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

55 Notes to items in the cash flow statement *(Continued)*

(6) Other cash payments relating to investing activities

Item	2025 RMB	2024 RMB
Increase in term deposit over 3 months (Note)	**2,515,145,261.68**	1,576,352,500.00

Note: Including an amount of RMB800,000,000.00 for which the management has changed its intention of holding to bank certificates of large amount deposit held until maturity.

(7) Other cash payments relating to financing activities

Item	2025 RMB	2024 RMB
Payment for lease payments	**106,939,732.23**	114,408,583.13

(8) Changes in liabilities arising from financing activities

Item	Balance as at 1 January 2025 RMB	Increase in the current year		Decrease in the current year		Balance as at 31 December 2025 RMB
		Change in cash RMB	Change in non-cash RMB	Change in cash RMB	Change in non-cash RMB	
Short-term borrowings	10,000,000.00	**10,000,000.00**	**–**	**10,000,000.00**	**–**	**10,000,000.00**
Dividends payable	–	**–**	**789,862,434.94**	**789,862,434.94**	**–**	**–**
Interests payable	–	**–**	**319,962.13**	**319,962.13**	**–**	**–**
Lease liabilities (Note)	256,801,496.36	**–**	**211,364,618.68**	**106,939,732.23**	**14,092,281.10**	**347,134,101.71**
Total	266,801,496.36	**10,000,000.00**	**1,001,547,015.75**	**907,122,129.30**	**14,092,281.10**	**357,134,101.71**

Note: Including lease liabilities included in non-current liabilities due within one year.

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

56 Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Supplementary information	2025 RMB	2024 RMB
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	**1,607,706,527.97**	1,603,661,673.85
Add: Impairment losses of assets	**55,878,366.90**	42,899,168.97
(Gain)/loss on credit impairment	**(22,835,758.88)**	31,230,043.82
Depreciation of fixed assets	**157,196,525.43**	150,021,914.22
Depreciation of right-of-use assets	**93,257,980.25**	94,616,036.23
Depreciation of investment properties	**3,727,909.81**	6,089,532.57
Amortization of intangible assets	**32,177,209.31**	43,311,771.71
Amortization of long-term prepaid expenses	**13,677,159.88**	21,680,245.08
Gain on disposal of assets	**(72,595,657.18)**	(1,655,050.26)
Gain on retirement of non-current assets	**(170,298.59)**	(202,891.75)
(Gain)/loss from changes in fair value	**(58,735,314.31)**	9,942,365.68
Finance expenses	**(107,225,838.89)**	(35,990,400.91)
Investment income	**(171,976,013.71)**	(181,423,463.59)
Decrease in deferred tax assets	**252,203.53**	43,185,951.72
Increase in deferred tax liabilities	**11,274,093.73**	48,343,080.02
Decrease in inventories	**90,421,500.03**	172,532,609.23
Decrease/(increase) in receivables from operating activities	**77,607,476.71**	(229,803,141.00)
Decrease in payables from operating activities	**(201,179,179.93)**	(45,960,613.96)
Net cash flow from operating activities	**1,508,458,892.06**	1,772,478,831.63
2. Material investment and financing activities not involving cash receipts and payments:		
Right-of-use assets recognized on lease on fixed assets	**202,882,253.51**	32,246,376.50
3. Net changes in cash and cash equivalents:		
Closing balance of cash and cash equivalents	**7,279,621,670.33**	8,962,582,856.29
Less: Opening balance of cash and cash equivalents	**8,962,582,856.29**	9,078,342,824.79
Net decrease in cash and cash equivalents	**(1,682,961,185.96)**	(115,759,968.50)

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

56 Supplementary information to the cash flow statement *(Continued)*

(2) Cash and cash equivalents

Item	31 December 2025 RMB	31 December 2024 RMB
Cash	**7,279,621,670.33**	8,962,582,856.29
Including: Cash on hand	**48,383.28**	202,669.04
Bank deposits readily available for payment	**7,265,654,322.35**	8,956,313,474.67
Other cash and bank balances readily available for payment	**13,918,964.70**	6,066,712.58
Balance of cash and cash equivalents	**7,279,621,670.33**	8,962,582,856.29

(3) Cash and bank balances not belonging to cash and cash equivalents

Item	31 December 2025 RMB	31 December 2024 RMB
Time deposits over 3 months	**1,500,890,654.94**	176,895,522.33
Restricted cash and bank balances	**32,782,671.64**	40,199,746.06
Total	**1,533,673,326.58**	217,095,268.39

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

57 Assets with restricted ownership or right-of-use

Item	31 December 2025 Carrying balance RMB	31 December 2025 Carrying value RMB	31 December 2025 Type of restriction	31 December 2025 Condition of restriction	31 December 2024 Carrying balance RMB	31 December 2024 Carrying value RMB	31 December 2024 Type of restriction	31 December 2024 Condition of restriction
Cash and bank balances	**32,782,671.64**	**32,782,671.64**	**Other**	**Note**	38,983,462.06	38,983,462.06	Other	Note
	-	**-**	**-**	**-**	1,216,284.00	1,216,284.00	Frozen	Note
Total	**32,782,671.64**	**32,782,671.64**			40,199,746.06	40,199,746.06		

Note: At the end of the current year, of the Group's cash and bank balances with restricted ownership, there were:

(1) security deposit placed in bank for the issuance of guarantee letter of RMB6,580,987.48;

(2) 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;

(3) special fund for housing reform and housing repair of RMB25,101,684.16.

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

58 Net current assets

Item	31 December 2025 RMB	31 December 2024 RMB
Current assets	**13,101,044,129.36**	13,603,520,670.99
Less: Current liabilities	**7,357,816,816.42**	7,593,536,880.76
Net current assets	**5,743,227,312.94**	6,009,983,790.23

59 Total assets less current liabilities

Item	31 December 2025 RMB	31 December 2024 RMB
Total assets	**23,444,441,325.05**	22,898,703,360.27
Less: Current liabilities	**7,357,816,816.42**	7,593,536,880.76
Total assets less current liabilities	**16,086,624,508.63**	15,305,166,479.51

VII CHANGES IN SCOPE OF CONSOLIDATION

The Group had no relevant matters on changes in scope of consolidation for the current year.

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
Sichuan Winshare Education Technology Co., Ltd. ("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
Sichuan Winshare Online E-commerce Co., Ltd. ("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

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	Organization 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 Cangqiong Online Technology Co., Ltd.	LLC	Chengdu	Technical services	3,030,000.00	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

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 Xingyueyue Cultural Communication Co., Ltd.	LLC	Chengdu	Sales	1,000,000.00	Sales of publications	–	100.00	Y
Sichuan Tianyuge Cultural Communication Co., Ltd.	LLC	Chengdu	Sales	1,000,000.00	Sales of publications	–	100.00	Y
Sichuan Xuehaizhizhou 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

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	100,000,000.00	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	58,607,000.00	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

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 2025 RMB	2024 RMB	Non-controlling interests 31 December 2025 RMB	31 December 2024 RMB
Liangshanzhou Xinhua Bookstore	49.00	49.00	**40,923,654.21**	63,216,318.17	**398,796,496.26**	406,872,842.05
Winshare Online	8.00	8.00	**800,807.04**	687,595.55	**(5,585,385.82)**	(6,386,192.86)

a Liangshanzhou Xinhua Bookstore

	31 December 2025 RMB	31 December 2024 RMB
Current assets	**519,383,827.31**	563,814,004.94
Non-current assets	**429,716,524.25**	403,053,607.20
Current liabilities	**77,953,681.15**	78,740,774.74
Non-current liabilities	**57,276,269.90**	57,774,098.52

	2025 RMB	2024 RMB
Operating income	**409,186,214.83**	482,556,110.70
Net profit	**83,517,661.66**	129,012,894.22
Total comprehensive income	**83,517,661.66**	129,012,894.22
Net cash flow from operating activities	**79,830,983.32**	120,207,704.17

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 2025 RMB	31 December 2024 RMB
Current assets	**3,180,340,790.25**	2,446,553,533.76
Non-current assets	**169,026,561.24**	712,714,390.68
Current liabilities	**3,418,396,955.41**	3,238,466,335.17
Non-current liabilities	**787,718.77**	629,000.00

	2025 RMB	2024 RMB
Operating income	**3,613,216,041.26**	3,630,575,496.71
Net profit	**10,010,088.05**	8,594,944.35
Total comprehensive income	**10,010,088.05**	8,594,944.35
Net cash flow from operating activities	**(92,600,630.20)**	10,915,932.87

3 Interests in joint ventures or associates

(1) Summarized financial information of joint ventures and associates

	2025 RMB	2024 RMB
Joint ventures		
Total carrying amount of investments	**389,590,539.80**	341,150,967.99
Sum of net profit calculated according to proportion of investment	**48,439,571.81**	39,022,863.49
Sum of total comprehensive income calculated according to proportion of investment	**48,439,571.81**	39,022,863.49
Associates		
Total carrying amount of investments	**481,997,243.29**	465,171,132.71
Sum of net profit calculated according to proportion of investment	**20,310,617.62**	12,298,805.31
Sum of total comprehensive income calculated according to proportion of investment	**20,310,617.62**	12,298,805.31

IX GOVERNMENT GRANTS

1 Liability items involving government grants

Liability item	1 January 2025 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 2025 RMB	Related to an asset/ related to income
Other current liabilities	57,650,674.10	–	35,358,709.24	245,848.80	22,046,116.06	Related to income
Deferred income	15,620,861.49	4,614,000.00	2,863,543.54	–	17,371,317.95	Related to an asset
Deferred income	37,816,099.71	39,645,935.41	8,995,954.97	–	68,466,080.15	Related to income
Total	111,087,635.30	44,259,935.41	47,218,207.75	245,848.80	107,883,514.16	

2 Government grants included in profit or loss for the current period

Grant item	2025 RMB	2024 RMB
Related to an asset	**2,863,543.54**	6,247,905.59
Related to income	**44,354,664.21**	59,963,381.15
100% reimbursement of value-added tax	**39,262,631.43**	37,486,261.27
Others	**13,420,841.30**	2,204,759.92
Total	**99,901,680.48**	105,902,307.93

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.

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 2025 RMB	31 December 2024 RMB
Cash and bank balances		
USD	**137,645.27**	140,699.20
EUR	**–**	516.94
HKD	**65,168.98**	67,734.67
JPY	**13.62**	–

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.

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	2025 Effective interest rate	2025 Amount RMB	2024 Effective interest rate	2024 Amount RMB
Financial assets				
– Cash and bank balances	0.05%	2,706,998,999.47	0.20%	4,128,588,931.10
– Cash and bank balances	1.35%–3.55%	6,106,295,997.44	2.00%–3.55%	5,051,089,193.58
– Other non-current assets	1.30%-3.55%	3,062,939,775.54	2.15%–3.55%	1,930,007,651.28
– Non-current assets due within one year	3.10%-4.75%	22,507,427.20	3.45%–5.00%	49,263,308.47
– Long-term receivables	3.10%-4.75%	13,693,637.50	3.45%–5.00%	39,192,878.89
Financial liabilities				
– Short-term borrowings	3.00%	10,000,000.00	3.45%	10,000,000.00
– Non-current liabilities due within one year	3.10%–4.90%	83,930,280.44	3.45%–4.90%	76,862,500.83
– Lease liabilities	3.10%–4.90%	268,414,242.75	3.45%–4.90%	179,938,995.53
– Long-term payables	3.10%	5,374,260.12	–	–

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 loss before tax of RMB94,726,400.00, income before tax of RMB16,298.12 and loss before tax of RMB79,200,000.00, respectively.

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	
		2025 RMB	2024 RMB
Other equity instrument investments			
Wan Xin Media	Stock prices rise 5%	**41,006,560.00**	45,742,880.00
HGZN	Stock prices rise 5%	**–**	21,907.36
Bank of Chengdu	Stock prices rise 5%	**64,480,000.00**	68,440,000.00
Other equity instrument investments			
Wan Xin Media	Stock prices fall 5%	**(41,006,560.00)**	(45,742,880.00)
HGZN	Stock prices fall 5%	**–**	(21,907.36)
Bank of Chengdu	Stock prices fall 5%	**(64,480,000.00)**	(68,440,000.00)

1.2 Credit risk

As at 31 December 2025, 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, 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.

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 and other non-current assets (term deposits and bank certificates of large amount deposit) 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 2025 RMB
Financial assets measured at amortized cost:		
Bank and cash	Future 12-month expected credit losses	**8,813,294,996.91**
Contract assets	Lifetime expected credit losses (not credit-impaired)	**10,220,367.99**
	Lifetime expected credit losses (credit-impaired)	**–**
Accounts receivable	Lifetime expected credit losses (not credit-impaired)	**1,377,161,050.55**
	Lifetime expected credit losses (credit-impaired)	**1,080,687,647.23**
Other receivables	Future 12-month expected credit losses	**152,432,903.87**
	Lifetime expected credit losses (not credit-impaired)	**–**
	Lifetime expected credit losses (credit-impaired)	**26,288,954.27**

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 2025 RMB
Long-term receivables (including those expected to be recovered within one year)	Lifetime expected credit losses (not credit-impaired)	**24,260,258.08**
	Lifetime expected credit losses (credit-impaired)	**17,982,625.60**
Other non-current assets (term deposits and bank certificates of large amount deposit)	Future 12-month expected credit losses	**3,062,939,775.54**
Financial assets at FVTOCI:		
Financing receivables	Lifetime expected credit losses (not credit-impaired)	**13,659,195.61**

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 2025	**114,587,498.51**	**747,535,902.55**	**862,123,401.06**
Balance as at 1 January 2025 during the current year			
– Transfer to full lifetime expected credit loss (credit-impaired)	**(19,749,964.26)**	**19,749,964.26**	**–**
Provision for the current year	**–**	**54,596,720.29**	**54,596,720.29**
Reversal for the current year	**(3,042,476.17)**	**(86,575,315.21)**	**(89,617,791.38)**
Write-off for the current year	**–**	**(811,945.40)**	**(811,945.40)**
Balance as at 31 December 2025	**91,795,058.08**	**734,495,326.49**	**826,290,384.57**

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:

Credit loss provision	Stage 1 Future 12-month expected credit losses RMB	Stage 2 Lifetime expected credit losses (not credit-impaired) RMB	Stage 3 Lifetime expected credit losses (credit-impaired) RMB	Total RMB
Balance as at 1 January 2025	204,260.47	–	13,819,405.65	14,023,666.12
Provision for the current year	–	–	14,497,789.13	14,497,789.13
Reversal for the current year	(55,149.91)	–	(5,165,498.80)	(5,220,648.71)
Write-off for the current year	–	–	(13,000.00)	(13,000.00)
Balance as at 31 December 2025	149,110.56	–	23,138,695.98	23,287,806.54

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 2025	–	3,133,647.19	3,133,647.19
Provision for the current year	–	3,936,286.79	3,936,286.79
Reversal for the current year	–	(1,028,115.00)	(1,028,115.00)
Balance as at 31 December 2025	–	6,041,818.98	6,041,818.98

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.

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 2025

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	10,294,246.58	–	–	–	10,294,246.58	10,000,000.00
Accounts payable	5,162,813,030.81	–	–	–	5,162,813,030.81	5,162,813,030.81
Other payables	304,192,570.95	–	–	–	304,192,570.95	304,192,570.95
Lease liabilities	95,159,268.26	83,014,263.66	171,919,283.10	33,048,620.76	383,141,435.78	347,134,101.71
Long-term payables	5,514,719.58	5,514,719.58	–	–	11,029,439.16	10,584,681.60
Total	5,577,973,836.18	88,528,983.24	171,919,283.10	33,048,620.76	5,871,470,723.28	5,834,724,385.07

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

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	35,390,729.47	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	35,390,729.47	–

At the end of 2025, the amount of bank acceptance bills that the Group had endorsed but not yet due was RMB35,390,729.47 (2024: RMB41,512,566.59), 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 2025, 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 2025, all financing receivables endorsed to suppliers will be due within twelve months from the balance sheet date.

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 followings:

Financial assets	Fair value 2025 RMB	Fair value 2024 RMB	Fair value hierarchy	Valuation method and inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value
Held-for-trading financial assets – shares of A share listed companies	47,285.12	60,122.67	Level 1	Quoted prices in active markets	N/A	N/A
Other equity instrument investments – shares of A share listed company – Wan Xin Media	820,131,200.00	914,857,600.00	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	Level 1	Quoted prices in active markets	N/A	N/A
Other equity instrument investments – shares of A share listed company – Bank of Chengdu	1,289,600,000.00	1,368,800,000.00	Level 1	Quoted prices in active markets	N/A	N/A

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 2025 RMB	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**	375,393.81	Level 3	Discounted cash flow	• Expected cash flow • Discount rate in line with expected risk level	• 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	**13,659,195.61**	15,232,141.87	Level 3	Discounted cash flow	• Expected cash flow • Discount rate in line with expected risk level	• 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)	**46,276,696.26**	54,735,996.10	Level 3	Market approach	• Value ratio, liquidity discount	• 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	**6,943,403.29**	37,271,655.94	Level 3	Market approach	• Value ratio, liquidity discount	• The higher the value ratio, the higher the fair value; • The lower the liquidity discount, the higher the fair value.

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 2025 RMB	Fair value 2024 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	Level 3	Market approach	• Value ratio, liquidity discount	• 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 Dingsheng Equity Investment Partnership (Limited Partnership)	**73,045,120.14**	77,397,665.02	Level 3	Market approach	• Value ratio, liquidity discount	• 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**	1,055,422.24	Level 3	Discounted cash flow	• Expected cash flow • Discount rate in line with expected risk level	• 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)	**39,858,068.88**	39,898,387.42	Level 3	Market approach	• Value ratio, liquidity discount	• The higher the expected cash flow, the higher the fair value; • The lower the discount rate, the higher the fair value.

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 2025 RMB	Fair value 2024 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)	**59,927,396.02**	31,263,184.99	Level 3	Market approach	• Value ratio, liquidity discount	• 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	**180,782,445.62**	119,730,029.16	Level 3	Market approach	• Value ratio, liquidity discount	• 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 Company	**58,873,779.09**	61,365,524.00	Level 3	Market approach	• Value ratio, liquidity discount	• The higher the expected cash flow, the higher the fair value; • The lower the discount rate, the higher the fair value.

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

	2025 RMB	2024 RMB
Opening balance of financial assets measured at Level 3 fair value	**438,435,625.74**	453,903,818.79
Included in gains or losses arising from changes in fair value in the current year	**58,729,503.86**	(9,955,441.95)
Acquisitions in the current year	**152,102,433.79**	66,625,647.57
Disposals in the current year	**(168,470,642.43)**	(72,138,398.67)
Closing balance of financial assets measured at Level 3 fair value	**480,796,920.96**	438,435,625.74

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.

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	76,382.20	39.84 (Note)	39.84 (Note)	SASAC of Sichuan	91510000708 9237087

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.

XII RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

3 Joint ventures and associates of the Company *(Continued)*

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
Jiaoke Zhihui	Associate
Winshare Yinshi	Associate
Wenbao Company	Associate
Digital World	Associate
Shanghai Jingjie (Note)	Associate
Hainan Publishing House	Joint venture
The Commercial Press	Associate
Deyuan Gewu Fund	Associate
Ren Min Eastern	Associate

Note: The bankruptcy liquidation application for Shanghai Jingjie was accepted by the Shanghai Pudong New Area People's Court, and the bankruptcy administrator assumed office on 18 June 2025. The Group lost its material influence over Shanghai Jingjie, and therefore Shanghai Jingjie is no longer an associate of the Group. To reflect all transaction information, the Group continued to disclose transactions between Shanghai Jingjie and the Group as of 17 June 2025.

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 Xinhua Haiyi Hotel Co., Ltd. Mianyang Xinhua Hotel ("Haiyi Mianyang 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
Chengdu Xinhua Chuangzhi Cultural Industry Investment Co., Ltd. ("Xinhua Chuangzhi")	Controlling shareholder's subsidiary
Sichuan Cultural Investment Group	Shareholder which exerts significant influence on the Company
Xide Huawen Cultural Investment Real Estate Co., Ltd. ("Xide Huawen")	Controlling shareholder's subsidiary
Sichuan Cultural Investment Mingzheming Culture Communication Co., Ltd.	Subsidiary of shareholder which exerts significant influence on the Company
Sichuan Aikehang Education Management Co., Ltd.	Subsidiary of shareholder which exerts significant influence on the Company
Ke Jiming	Non-executive director of the Company

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	2025 RMB	Transaction limit approved	Transaction limit exceeded?	2024 RMB
Xinhua International Hotel	Receipt of services	Receipt of hotel and conference services	Price negotiated by both parties	21,613.70	N/A	N	63,920.28
Sanxingdui Qushanyuan Cultural	Receipt of services	Receipt of hotel and conference services	Price negotiated by both parties	–	N/A	N	78,183.51
Xinhua Cultural	Receipt of services	Receipt of property management services	Price negotiated by both parties	39,944,774.12	50,000,000.00	N	39,971,155.19
Ming Bo Education	Purchase of goods	Purchase of software and hardware	Price negotiated by both parties	18,975,634.11	N/A	N	11,195,434.03
Ming Bo Education	Receipt of services	Provision of R&D services	Price negotiated by both parties	–	N/A	N	882,075.47
The Commercial Press	Purchase of goods	Purchase of books	Price negotiated by both parties	14,610,076.97	N/A	N	18,084,574.83
Ren Min Eastern	Purchase of goods	Purchase of books	Price negotiated by both parties	–	N/A	N	1,844,062.27
Hainan Publishing House	Purchase of goods	Purchase of books	Price negotiated by both parties	–	N/A	N	18,181,597.89
Xinhua Haiyi	Receipt of services	Receipt of hotel and conference services	Price negotiated by both parties	33,100.00	N/A	N	15,794.00
Haiyi Hotel	Receipt of services	Receipt of hotel and conference services	Price negotiated by both parties	154,023.37	N/A	N	364,831.51
Wenbao Company	Purchase of goods	Purchase of goods	Price negotiated by both parties	–	N/A	N	38,282.30
Wenbao Company	Receipt of services	Receipt of printing services	Price negotiated by both parties	108,145.13	N/A	N	858,271.79
Sichuan Minzu Publishing House	Purchase of goods	Purchase of books	Price negotiated by both parties	77,015,151.34	130,000,000.00	N	104,493,087.26
Tianxi Zhongda	Purchase of goods	Purchase of books and copyrights	Price negotiated by both parties	42,026,391.73	N/A	N	41,394,362.62
Tianxi Zhongda	Purchase of services	Purchase of marketing services	Price negotiated by both parties	87,578.30	N/A	N	–
Qijia Advertising	Purchase of goods	Purchase of goods	Price negotiated by both parties	–	N/A	N	7,600.00
Digital World	Purchase of services	Purchase of services	Price negotiated by both parties	–	N/A	N	3,315,095.28
Huaxuan Yinshi	Purchase of goods	Purchase of goods	Price negotiated by both parties	–	N/A	N	341,608.25
Xide Huawen	Purchase of goods	Purchase of properties	Price negotiated by both parties	8,970,784.92	N/A	N	–
Ke Jiming	Purchase of goods	Purchase of copyrights	Price negotiated by both parties	–	N/A	N	29,400.00
Digital World	Purchase of goods	Purchase of goods	Price negotiated by both parties	12,377.94	N/A	N	–
Digital World	Receipt of services	Game operation services and event services	Price negotiated by both parties	4,710,345.15	N/A	N	–
Total				206,669,996.78			241,159,336.48

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	2025 RMB	Transaction limit approved	Transaction limit exceeded?	2024 RMB
Sichuan Xinhua Publishing and Distribution Group	Sales of goods	Sales of goods	Price negotiated by both parties	**584,191.93**	N/A	N	85,584.59
Sichuan Xinhua Publishing and Distribution Group	Provision of services	Provision of advertisement design and production services	Price negotiated by both parties	**1,163,026.53**	N/A	N	186,776.15
Wenbao Company	Sales of goods	Sales of materials	Price negotiated by both parties	**–**	N/A	N	22,071.95
Xinhua International Hotel	Sales of goods	Sales of goods	Price negotiated by both parties	**2,286.50**	N/A	N	–
Ming Bo Education	Provision of services	Provision of services	Price negotiated by both parties	**9,433.96**	N/A	N	–
Tianxi Zhongda	Sales of goods	Sales of goods	Price negotiated by both parties	**878,443.39**	N/A	N	98,697.40
Sichuan Minzu Publishing House	Provision of services	Provision of services	Price negotiated by both parties	**1,388,522.80**	N/A	N	–
Sichuan Minzu Publishing House	Sales of goods	Sales of paper	Price negotiated by both parties	**9,383,591.19**	44,000,000.00	N	18,233,513.92
Xinhua Lezhi	Sales of goods	Sales of goods	Price negotiated by both parties	**18,425.69**	N/A	N	–
Sichuan Cultural Investment Mingzheming Culture Communication Co., Ltd.	Sales of goods	Sales of goods	Price negotiated by both parties	**13,016.90**	N/A	N	–
Sichuan Aikehang Education Management Co., Ltd.	Sales of goods	Sales of goods	Price negotiated by both parties	**555,924.77**	N/A	N	–
The Commercial Press	Provision of services	Provision of services	Price negotiated by both parties	**65,061.48**	N/A	N	159,479.65
Hainan Phoenix	Sales of goods	Sales of books	Price negotiated by both parties	**1,978,276.13**	N/A	N	970,809.71
Xinhua Internet	Sales of goods	Sales of goods	Price negotiated by both parties	**1,588,034.64**	N/A	N	1,056,713.55
Digital World	Provision of services	Provision of services	Price negotiated by both parties	**197,481.05**	N/A	N	–
Huaxuan Yinshi	Sales of goods	Sales of goods	Price negotiated by both parties	**241,619.45**	N/A	N	489,118.62
Sichuan Cultural Big Data	Sales of goods	Sales of goods	Price negotiated by both parties	**–**	N/A	N	149,820.00
Haiyi Hotel	Sales of goods	Sales of goods	Price negotiated by both parties	**509.73**	N/A	N	–
Total				**18,067,846.14**			21,452,585.54

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 2025 RMB	Lease income recognized in 2024 RMB
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**	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**	1,259,047.62
The Company	Sichuan Minzu Publishing House	Buildings	2024.1.1	2026.12.31	Contractual price negotiated by both parties	**652,289.69**	653,495.01
The Company	Wenbao Company	Buildings	2024.08.25	2027.08.24	Contractual price negotiated by both parties	**318,976.00**	–
Total						**3,474,313.31**	3,156,542.63

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 2025 RMB	Short-term leases using simplified method 2024 RMB	Transaction limit approved	Transaction limit exceeded	Rents paid 2025 RMB	Rents paid 2024 RMB	Interest expense of lease liabilities born 2025 RMB	Interest expense of lease liabilities born 2024 RMB	Increase/(decrease) in right-of-use assets 2025 RMB	Increase/(decrease) in right-of-use assets 2024 RMB
Sichuan Xinhua Publishing and Distribution Group (Note 1)	The Company	Buildings	2022.1.1	2027.12.31	Contractual price negotiated by both parties	**-**	-	48,000,000.00	N	**43,672,951.00**	38,559,335.89	**7,357,718.46**	4,686,221.23	**113,043,146.20**	3,353,071.51
Deyuan Gewu Fund (Note 2)	The Group	Buildings	2023.6.1	2025.8.30	Contractual price negotiated by both parties	**106,191.23**	-	N/A	N	**408,679.20**	817,358.40	**27,465.81**	53,947.93	**(2,394,417.39)**	-
Xinhua Chuangzhi (Note 3)	The Company	Buildings	2023.1.1	2025.8.31	Contractual price negotiated by both parties	**-**	-	N/A	N	**78,106.98**	117,160.47	**920.21**	4,954.10	**-**	-
Xinhua Chuangzhi (Note 3)	The Company	Buildings	2025.9.1	2028.8.31	Contractual price negotiated by both parties	**-**	-	N/A	N	**39,053.49**	-	**3,215.44**	-	**339,220.83**	-
Cultural Investment Huiwen (Note 4)	The Group	Buildings	2024.1.1	2025.12.31	Contractual price negotiated by both parties	**959,669.72**	959,669.72	N/A	N	**-**	-	**-**	-	**-**	-
Total						**1,065,860.95**	959,669.72			**44,198,790.67**	39,493,854.76	**7,389,319.92**	4,745,123.26	**110,987,949.64**	3,353,071.51

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 2025, the Company changed its lease contract with Sichuan Xinhua Publishing and Distribution Group. The unrecognized financing costs were increased by RMB16,582,245.27, resulting in an increase of RMB113,043,146.20 in the cost of right-of-use assets. Depreciation of right-of-use assets amounting to RMB35,405,967.84 was recognized. According to the contract, the rent shall be paid in one lump sum every half year in the first and third quarters of each year.

Note 2: In 2025, the Group rented buildings from Deyuan Gewu Fund. In 2025, a rent payment of RMB514,870.43 was incurred, and depreciation of right-of-use assets amounting to RMB517,711.84 was recognized.

Note 3: In 2025, the Company rented buildings from Xinhua Chuangzhi. In 2025, a rent payment of RMB117,160.47 was incurred, an increase in right-of-use assets amounting to RMB339,220.83 was incurred due to newly signed agreement, and depreciation of right-of-use assets amounting to RMB68,804.96 was recognized.

Note 4: In 2025, the Group rented buildings from Cultural Investment Huiwen. In 2025, a rent payment amounting to RMB959,669.72 was incurred.

(3) Compensation for key management personnel

Item	2025 RMB	2024 RMB
Compensation for key management personnel	**11,439,718.64**	13,842,500.11

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.

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 2025 are as follows:

	Director		Supervisor	
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Emoluments	**780**	770	**290**	286
Other remunerations:				
Salaries and allowances	**90**	78	**570**	576
Performance linked bonus	**–**	–	**479**	507
Retirement benefit contribution	**–**	–	**288**	278
Subtotal	**90**	78	**1,337**	1,361
Total	**870**	848	**1,627**	1,647

(a) Independent non-executive directors

Emoluments and other remunerations paid to independent non-executive directors for the current year are as follows:

	2025			2024		
	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
Mr. Deng Fumin (Note 2)	**230**	**36**	**266**	230.00	33	263
Mr. Lau Tsz Bun	**320**	**33**	**353**	320	36	356
Mr. Han Wenlong (Note 3)	**230**	**21**	**251**	153	9	162
Total	**780**	**90**	**870**	770	78	848

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 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

	2025				
	Emolument RMB'000	Salaries and allowances RMB'000	Performance linked bonus RMB'000	Retirement benefit contribution RMB'000	Total remuneration RMB'000
Executive directors:					
Mr. Zhou Qing (Chairman) (Note 5) (Note 7)	-	-	-	-	-
Mr. Liu Longzhang (Note 7)	-	-	-	-	-
Mr. Li Qiang (Note 8)	-	-	-	-	-
Subtotal	-	-	-	-	-
Non-executive directors:					
Mr. Dai Weidong (Note 6) (Note 9)	-	-	-	-	-
Ms. Tan Ao (Note 5) (Note 6)	-	-	-	-	-
Mr. Ke Jiming (Note 7)	-	-	-	-	-
Subtotal	-	-	-	-	-
Total	-	-	-	-	-

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)

	2024				
	Emolument RMB'000	Salaries and allowances RMB'000	Performance linked bonus RMB'000	Retirement benefit contribution RMB'000	Total remuneration RMB'000
Executive directors:					
Mr. Zhou Qing (Chairman) (Note 5) (Note 7)	–	–	–	–	–
Mr. Liu Longzhang (Note 7)	–	–	–	–	–
Mr. Li Qiang (Note 8)	–	–	–	–	–
Subtotal	–	–	–	–	–
Non-executive directors:					
Mr. Dai Weidong (Note 6) (Note 9)	–	–	–	–	–
Ms. Tan Ao (Note 5) (Note 6)	–	–	–	–	–
Mr. Ke Jiming (Note 7)	–	–	–	–	–
Subtotal	–	–	–	–	–
Total	–	–	–	–	–

Note 4: This director was appointed on 29 August 2023.

Note 5: 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 2025 and 2024.

Note 6: 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 2025 and 2024.

Note 7: This director received remuneration in his executive position in the Company.

Note 8: This director retired on 16 September 2025.

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.

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

	2025				
	Emolument RMB'000	Salaries and allowances RMB'000	Performance linked bonus RMB'000	Retirement benefit contribution RMB'000	Total remuneration RMB'000
Supervisors					
Mr. Qiu Ming (Note 10) (Note 11)	–	–	–	–	–
Ms. Wang Yan	–	190	241	144	575
Mr. Feng Jian	100	6	–	–	106
Ms. Wang Li	100	21	–	–	121
Ms. Wang Yuanyuan	–	353	238	144	735
Mr. Xue Feng (Note 13)	90	–	–	–	90
Total	290	570	479	288	1627

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)

	2024				
	Emolument RMB'000	Salaries and allowances RMB'000	Performance linked bonus RMB'000	Retirement benefit contribution RMB'000	Total remuneration RMB'000
Supervisors					
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

Note 9: 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 2025 and 2024.

Note 10: This supervisor was appointed on 29 August 2023.

Note 11: This supervisor resigned on 15 April 2024.

Note 12: This supervisor was appointed on 21 May 2024.

In 2025, the remuneration of the above directors and supervisors fell within the range of nil to HK$500,000.00 (equivalent to RMB451,600.00), except for two supervisors whose remuneration fell within the range of HK$500,001.00 (equivalent to RMB451,600.90) to HK$1,000,000.00 (equivalent to RMB903,200.00).

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$500,001.00 (equivalent to RMB456,375.90) to HK$1,000,000.00 (equivalent to RMB912,750.00).

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 2025 and 2024, the five highest paid individuals of the Group include one Director who received remuneration for the executive position in the Company. The remuneration of the highest paid staff is set out as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits-in-kind	**869**	2,245
Performance linked bonus	**4,481**	3,650
Retirement benefit contribution	**718**	694
Total	**6,068**	6,589

In 2025, the remuneration of the above highest paid staff fell within the range of HK$1,000,001.00 (equivalent to RMB903,200.90) to HK$1,500,000.00 (equivalent to RMB1,354,800.00), except for one individual whose remuneration fell within the range of HK$1,500,001.00 (equivalent to RMB1,354,800.90) to HK$2,000,000.00 (equivalent to RMB1,806,400.00).

In 2024, the remuneration of the above highest paid staff fell within the range of HK$1,000,001.00 (equivalent to RMB912,750.91) to HK$1,500,000.00 (equivalent to RMB1,369,125.00), except for one individual whose remuneration fell within the range of HK$1,500,001.00 (equivalent to RMB1,369,125.91) to HK$2,000,000.00 (equivalent to RMB1,825,500.00).

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 2025 RMB	31 December 2024 RMB
Accounts receivable	Shanghai Jingjie	**N/A**	195,984.00
	Sichuan Minzu Publishing House	**283,446.62**	13,382,022.40
	Hainan Phoenix	**352,770.85**	208,429.85
	Sichuan Xinhua Publishing and Distribution Group	**48,359.88**	45,306.45
	Xinhua Internet	**438,333.76**	599,440.34
	Huaxuan Yinshi	**241,619.45**	533,139.30
	The Commercial Press	**68,965.16**	–
	Sichuan Cultural Big Data	**–**	74,910.00
	Digital World	**35,000.00**	–
Total		**1,468,495.72**	15,039,232.34
Dividends receivable	Jiaoke Zhihui	**–**	108,000.00
	The Commercial Press	**–**	1,470,000.00
Total		**–**	1,578,000.00
Other receivables	Shanghai Jingjie	**N/A**	26,478.80
	Cultural Investment Huiwen	**90,000.00**	90,000.00
	Haiyi Mianyang Hotel	**16,000.00**	–
	Sichuan Minzu Publishing House	**82,819.23**	–
	Huaxuan Yinshi	**110,688.00**	–
Total		**299,507.23**	116,478.80

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 2025 RMB	31 December 2024 RMB
Accounts payable	The Commercial Press	**5,300,677.61**	9,569,353.09
	Ming Bo Education	**8,251,609.38**	6,472,458.60
	Hainan Publishing House	**1,015,326.04**	11,637,924.73
	Wenbao Company (Note)	**2,687.62**	9,292,215.92
	Sichuan Minzu Publishing House	**21,431,291.38**	55,441,729.97
	Tianxi Zhongda	**49,776,126.96**	52,573,103.96
	Digital World	**8,506,966.85**	3,514,001.00
	Huaxuan Yinshi	**106,613.66**	362,104.74
	Ren Min Eastern	**3,012,674.67**	–
Total		**97,403,974.17**	148,862,892.01
Other payables	Ming Bo Education	**–**	4,776,848.83
	Wenbao Company	**3,000.00**	36,492.48
	Xinhua Cultural	**4,983.90**	–
	Sichuan Cultural Investment Group	**–**	1,014,758.85
Total		**7,983.90**	5,828,100.16

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 2025 RMB	31 December 2024 RMB
Contract liabilities	Xinhua Lezhi	**33,027.52**	18,594.38
	Digital World	**3,278,301.89**	886,792.46
Total		**3,311,329.41**	905,386.84
Non-current liabilities due within one year	Sichuan Xinhua Publishing and Distribution Group	**35,529,486.05**	35,172,444.17
	Deyuan Gewu Fund	**–**	791,745.89
Total		**35,529,486.05**	35,964,190.06
Lease liabilities	Sichuan Xinhua Publishing and Distribution Group	**153,565,156.51**	109,259,010.06
	Deyuan Gewu Fund	**–**	994,232.19
Total		**153,565,156.51**	110,253,242.25

Note: The amount payable represented the settlement amount with the Company arising from the supply chain financial services provided by Wenbao Company to the Company's suppliers, which was not generated from related party transactions between the Company and Wenbao Company.

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	2025 Amount RMB	2025 Proportion (%)	2024 Amount RMB	2024 Proportion (%)
Investment income	**71,280,000.00**	**74.09**	71,744,000.00	58.70

The shown proportion is the proportion of the amount of the transaction to total dividend income in the current year.

(2) Interest income

Item	2025 Amount RMB	2025 Proportion (%)	2024 Amount RMB	2024 Proportion (%)
Finance expenses	**56,799,563.29**	**24.22**	24,419,492.33	10.05

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	2025 Amount RMB	2025 Proportion (%)	2024 Amount RMB	2024 Proportion (%)
Finance expenses	**8,139.68**	**0.23**	3,552.37	0.02

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 2025 RMB	31 December 2024 RMB
Bank deposits	**1,388,339,320.11**	1,280,387,903.63

(5) Short-term borrowings

Item	31 December 2025 RMB	31 December 2024 RMB
Short-term borrowing	**10,000,000.00**	10,000,000.00

(6) Interest expenses

Item	2025 RMB	2024 RMB
Interest expenses	**319,962.13**	267,374.99

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 2025 RMB	31 December 2024 RMB
Commitment that are contracted but not yet recognized in the financial statements for acquisition and construction of long-term assets	**81,368,879.57**	83,640,518.88
Subscribed capital contribution commitments to joint venture	**50,000,000.00**	100,000,000.00
Total	**131,368,879.57**	183,640,518.88

XV EVENTS AFTER THE BALANCE SHEET DATE

At the board meeting held on 26 March 2026, the resolution regarding the profit distribution for 2025 was passed where the undistributed profit at the end of 2025 would be distributed at the price of RMB0.42 per share (tax inclusive) and the proposed dividend amounted to RMB518,213,220.00 (tax inclusive). The resolution shall take effect upon obtaining approval at the annual general meeting for 2025 to be held in May 2026.

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.

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.

XVI OTHER SIGNIFICANT EVENTS *(Continued)*

2 Segment reporting *(Continued)*

(1) Segment reporting information

2025

	Publication segment RMB	Distribution segment RMB	Others RMB	Unallocated items RMB	Inter-segment eliminations RMB	Total RMB
Principal operating income	**2,895,483,541.70**	**10,211,662,432.51**	**444,456,899.86**	**–**	**(2,003,809,586.09)**	**11,547,793,287.98**
Principal operating cost	**1,992,634,191.00**	**7,167,806,782.51**	**375,912,598.05**	**–**	**(2,017,705,564.66)**	**7,518,648,006.90**
Total assets	**7,169,632,815.40**	**16,211,458,718.05**	**1,186,135,662.00**	**2,217,935,352.20**	**(3,340,721,222.60)**	**23,444,441,325.05**
Total liabilities	**1,627,566,782.58**	**8,777,273,452.16**	**508,012,468.37**	**78,219,013.80**	**(3,197,489,356.89)**	**7,793,582,360.02**

2024

	Publication segment RMB	Distribution segment RMB	Others RMB	Unallocated items RMB	Inter-segment eliminations RMB	Total RMB
Principal operating income	2,980,259,352.01	10,867,014,662.29	439,467,392.40	–	(2,138,315,739.98)	12,148,425,666.72
Principal operating cost	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

(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.

XVI OTHER SIGNIFICANT EVENTS *(Continued)*

2 Segment reporting *(Continued)*

(3) Concentration on major customers

The Group's revenue from its single largest customer for 2025 is RMB1,122,314,838.13 (2024: RMB1,095,796,708.91), 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 2025 and 2024.

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 2025 RMB	Carrying balance as at 31 December 2024 RMB
Within 1 year	**627,971,784.98**	588,665,809.49
More than 1 year but not exceeding 2 years	**94,166,433.29**	135,438,120.56
More than 2 years but not exceeding 3 years	**65,080,761.72**	255,044,651.01
More than 3 years	**274,600,233.83**	84,289,990.07
Subtotal	**1,061,819,213.82**	1,063,438,571.13
Less: Provision for credit loss	**345,233,900.49**	397,117,649.13
Total	**716,585,313.33**	666,320,922.00

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 2025					31 December 2024				
	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	159,304,533.22	15.00	92,516,927.13	58.08	66,787,606.09	168,989,064.25	15.89	84,216,521.77	49.84	84,772,542.48
Provision for credit loss on a collective basis	902,514,680.60	85.00	252,716,973.36	28.00	649,797,707.24	894,449,506.88	84.11	312,901,127.36	34.98	581,548,379.52
Total	1,061,819,213.82	100.00	345,233,900.49		716,585,313.33	1,063,438,571.13	100.00	397,117,649.13		666,320,922.00

Provision for credit loss on an individual basis

Name of entity	31 December 2025			
	Carrying balance RMB	Provision for credit loss RMB	Provision percentage (%)	Reason for provision
Customer E	40,332,910.56	36,220,342.19	89.80	Poor solvency
Customer D	32,479,050.50	5,809,601.83	17.89	Slow recovery speed
Customer K	27,155,137.37	2,506,594.02	9.23	Slow recovery speed
Customer L	18,286,493.00	18,286,493.00	100.00	Poor solvency
Others	41,050,941.79	29,693,896.09	72.33	Slow recovery speed, etc.
Total	159,304,533.22	92,516,927.13	58.08	

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.

	31 December 2025			
Aging	Carrying balance RMB	Provision for credit loss RMB	Provision percentage (%)	Carrying value RMB
Within 1 year	616,224,009.41	38,299,395.58	6.22	577,924,613.83
More than 1 year but not exceeding 2 years	82,176,085.09	21,561,574.78	26.24	60,614,510.31
More than 2 years but not exceeding 3 years	45,845,824.66	34,587,241.56	75.44	11,258,583.10
More than 3 years	158,268,761.44	158,268,761.44	100.00	–
Total	902,514,680.60	252,716,973.36	28.00	649,797,707.24

XVII NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT *(Continued)*

1 Accounts receivable *(Continued)*

(3) Credit loss provision made or reversed in 2025

Credit loss provision in 2025 was RMB12,621,953.92 (2024: RMB6,555,653.75), the reversal of credit loss provision was RMB63,918,353.70 (2024: RMB4,269,777.44).

(4) Accounts receivable written off in 2025

Accounts receivable written off in 2025 was RMB587,348.86 (2024: nil).

(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	219,417,640.41	–	219,417,640.41	20.57	–
Customer G	104,680,972.75	–	104,680,972.75	9.82	104,680,972.75
Customer E	40,332,910.56	–	40,332,910.56	3.78	36,220,342.19
Customer D	32,479,050.50	–	32,479,050.50	3.05	5,809,601.83
Customer K	27,155,137.37	–	27,155,137.37	2.55	2,506,594.02
Total	424,065,711.59	–	424,065,711.59	39.77	149,217,510.79

XVII NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT *(Continued)*

2 Other receivables

2.1 Presentation of items

Item	31 December 2025 RMB	31 December 2024 RMB
Dividend receivables	**12,464,000.00**	1,470,000.00
Other receivables	**466,774,781.55**	698,441,434.93
Total	**479,238,781.55**	699,911,434.93

2.2 Other receivables

(1) Other receivables by aging

Aging	Carrying balance as at 31 December 2025 RMB	Carrying balance as at 31 December 2024 RMB
Within 1 year	**312,121,716.25**	590,449,292.61
More than 1 year but not exceeding 2 years	**99,769,749.94**	40,685,322.76
More than 2 years but not exceeding 3 years	**5,878,719.88**	30,192,877.97
More than 3 years	**75,063,234.82**	62,177,174.87
Subtotal	**492,833,420.89**	723,504,668.21
Less: Provision for credit loss	**26,058,639.34**	25,063,233.28
Total	**466,774,781.55**	698,441,434.93

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 2025 Carrying amount Amount RMB	Percentage (%)	Credit loss provision Amount RMB	Provision percentage (%)	Carrying value RMB	31 December 2024 Carrying amount Amount RMB	Percentage (%)	Credit loss provision Amount RMB	Provision percentage (%)	Carrying value RMB
Provision for credit loss on an individual basis	**46,999,685.27**	**9.54**	**–**	**–**	**46,999,685.27**	51,364,081.07	7.10	–	–	51,364,081.07
Provision for credit loss on a collective basis	**445,833,735.62**	**90.46**	**26,058,639.34**	**5.84**	**419,775,096.28**	672,140,587.14	92.90	25,063,233.28	3.73	647,077,353.86
Total	**492,833,420.89**	**100.00**	**26,058,639.34**		**466,774,781.55**	723,504,668.21	100.00	25,063,233.28		698,441,434.93

Provision for credit loss on an individual basis

Name of entity	31 December 2025 Carrying balance RMB	Provision for credit loss RMB	Provision percentage (%)	Reason for provision
Deposit/security deposit/petty cash	**46,999,685.27**	**–**	**–**	**N/A**

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

	31 December 2025			
Aging	Carrying balance RMB	Provision for credit loss RMB	Provision percentage (%)	Carrying value RMB
Within 1 year	**310,728,295.56**	**799,562.60**	**0.26**	**539,928,732.96**
More than 1 year but not exceeding 2 years	**99,316,054.51**	**9,307.18**	**0.01**	**99,306,747.33**
More than 2 years but not exceeding 3 years	**5,479,229.59**	**235,343.26**	**4.30**	**5,243,886.33**
More than 3 years	**30,310,155.96**	**25,014,426.30**	**82.53**	**5,295,729.66**
Total	**445,833,735.62**	**26,058,639.34**	**5.84**	**649,775,096.28**

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 2025

The amount of credit loss provision for 2025 was RMB1,005,406.06 (2024: RMB3,860,518.01), and the amount of credit loss provision reversed for the current year was RMB10,000.00 (2024: nil).

(4) Other receivables actually written off in 2025

There were no other receivables written off in 2025.

(5) Other receivables disclosed by their nature

Nature of other receivables	31 December 2025 RMB	31 December 2024 RMB
Other receivables from related parties	**376,522,919.40**	539,870,594.90
Deposit and security deposit	**46,568,004.27**	50,532,130.09
Petty cash	**431,681.00**	554,757.98
Enterprise income tax refund receivable	–	87,852,580.04
Others	**69,310,816.22**	44,694,605.20
Total	**492,833,420.89**	723,504,668.21

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 2025 RMB	Aging	Proportion of the amount to the total other receivables (%)	Closing balance of credit loss provision RMB
Winshare Logistics	Borrowings/rents	132,106,610.52	Within 1 year, 1-2 years, more than 3 years	26.81	–
Printing Materials	Borrowings	109,063,443.84	Within 1 year, more than 3 years	22.13	–
Higher Education Press Co., Ltd.	Deposit and security deposit	30,000,000.00	Within 1 year, 1-2 years, more than 3 years	6.09	–
Reader's Journal Press	Borrowings	28,296,859.05	Within 1 year, 2-3 years, more than 3 years	5.74	–
Arts Investment	Borrowings	28,183,930.13	More than 3 years	5.72	
Total		327,650,843.54		66.49	–

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 2025 RMB	31 December 2024 RMB
Book balance of long-term equity investments	**4,713,150,364.17**	4,573,783,358.58
Less: Provision for impairment of long-term equity investments	**31,320,332.00**	2,072,032.00
Carrying amount of long-term equity investments	**4,681,830,032.17**	4,571,711,326.58

(2) Classification of long-term equity investments

Item	31 December 2025 RMB	31 December 2024 RMB
Investment in subsidiaries	**3,878,522,413.05**	3,828,748,013.05
Investment in joint ventures or associates	**803,307,619.12**	742,963,313.53
Total	**4,681,830,032.17**	4,571,711,326.58

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 2025 RMB	Change for the current year: Addition in investment RMB	Reduction in investment RMB	Provision for impairment RMB	Others RMB	31 December 2025 RMB	Closing balance of impairment provision RMB
Xinhua Online	40,000,000.00	–	–	–	–	40,000,000.00	(2,072,032.00)
Winshare Sports	124,915,135.82	–	–	–	–	124,915,135.82	–
Winshare Education Technology	333,840,776.30	–	–	–	–	333,840,776.30	–
Arts Investment	20,680,000.00	–	–	–	–	20,680,000.00	–
Winshare Online	79,768,400.00	–	–	–	–	79,768,400.00	–
Winshare Logistics	350,000,000.00	–	–	–	–	350,000,000.00	–
Publication Printing	598,185,830.79	–	–	–	–	598,185,830.79	–
Printing Materials	40,944,463.95	70,000,000.00	–	–	–	110,944,463.95	–
People's Publishing House	42,189,167.92	–	–	–	–	42,189,167.92	–
Education Publishing House	211,321,291.49	–	–	–	–	211,321,291.49	–
Youth and Children's Publishing House	361,878,541.53	–	–	–	–	361,878,541.53	–
Digital Publishing	35,405,427.63	–	–	–	–	35,405,427.63	–
Literature & Art Publishing House	78,031,819.65	–	–	–	–	78,031,819.65	–
Fine Arts Publishing House	17,559,756.46	–	–	–	–	17,559,756.46	–
Science & Technology Publishing House	24,294,897.94	–	–	–	–	24,294,897.94	–
Lexicographical Publishing House	27,809,021.68	–	–	–	–	27,809,021.68	–
Bashu Publishing House	45,244,860.20	–	–	–	–	45,244,860.20	–

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 2025 RMB	Change for the current year: Addition in investment RMB	Reduction in investment RMB	Provision for impairment RMB	Others RMB	31 December 2025 RMB	Closing balance of impairment provision RMB
Tiandi Publishing House	239,379,050.03	–	–	–	–	239,379,050.03	–
Pictorial	45,605,775.38	19,022,700.00	–	–	–	64,628,475.38	–
Winshare Investment	300,000,000.00	–	–	–	–	300,000,000.00	–
Sichuan Xinhua Printing	248,599,490.28	–	–	–	–	248,599,490.28	–
Beijing Aerospace Cloud	29,248,300.00	–	–	29,248,300.00	–	–	(29,248,300.00)
Winshare International	50,000,000.00	–	–	–	–	50,000,000.00	–
Winshare Quan Media	10,000,000.00	–	10,000,000.00	–	–	–	–
Stackway	50,000,000.00	–	–	–	–	50,000,000.00	–
Liangshanzhou Xinhua Bookstore	423,846,006.00	–	–	–	–	423,846,006.00	–
Total	3,828,748,013.05	89,022,700.00	10,000,000.00	29,248,300.00	–	3,878,522,413.05	(31,320,332.00)

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 2025 RMB	Change for the year: 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 2025 RMB	Closing balance of impairment provision RMB
I. Joint Venture											
Hainan Publishing House	338,049,693.49	-	-	48,658,726.87	-	-	-	-	-	386,708,420.36	-
Subtotal	338,049,693.49	-	-	48,658,726.87	-	-	-	-	-	386,708,420.36	-
II. Associates											
The Commercial Press	3,809,064.08	-	-	215,173.57	-	-	-	-	-	4,024,237.65	-
Ren Min Eastern	7,454,138.93	-	-	(348,631.39)	-	-	-	-	-	7,105,507.54	-
Ming Bo Education	9,490,019.84	-	-	(479,110.02)	-	-	-	-	-	9,010,909.82	-
Preschool Educational	5,758,067.40	-	-	(289,311.12)	-	-	-	-	-	5,468,756.28	-
Xinhua Yingxuan	-	-	-	-	-	-	-	-	-	-	-
Huaxuan Yinshi	545,255.24	-	-	(473,436.31)	-	-	-	-	-	71,818.93	-
Hainan Phoenix	330,601,966.38	-	-	10,583,425.37	-	-	-	-	-	341,185,391.75	-
Cuiya Education	96,870.47	-	-	836,298.66	-	-	-	-	-	933,169.13	-
Wenbao Company	47,158,237.70	-	-	1,641,169.96	-	-	-	-	-	48,799,407.66	-
Subtotal	404,913,620.04	-	-	11,685,578.72	-	-	-	-	-	416,599,198.76	-
Total	742,963,313.53	-	-	60,344,305.59	-	-	-	-	-	803,307,619.12	-

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	2025 RMB	2024 RMB
Principal operating income	**6,573,902,018.93**	7,116,507,738.08
Including: Textbooks and supplementary materials	**3,786,678,009.39**	4,195,885,983.43
Other operating income (Note 1)	**172,031,213.63**	152,020,633.38
Total income	**6,745,933,232.56**	7,268,528,371.46
Principal operating cost	**4,144,434,217.56**	4,423,801,856.81
Other operating cost	**8,468,835.22**	4,276,689.04
Total costs	**4,152,903,052.78**	4,428,078,545.85

Note 1: Included in other operating income was commissions from concessionaire sales of RMB23,617,002.01. Among which, sales volume of concessionaire sales was RMB191,580,011.34 and cost of sales of concessionaire sales was RMB167,963,009.33 (2024: 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).

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	2025 RMB	2024 RMB
Income from long-term equity investments	**741,344,305.59**	600,741,431.35
Including: Investment income recognized at cost	**681,000,000.00**	550,000,000.00
Investment income recognized using equity method	**60,344,305.59**	50,741,431.35
Investment income generated from disposal of long-term equity investments	**9,022,700.00**	8,581,896.88
Investment income generated from holding other financial assets	**436,412.79**	623,644.03
Dividend income generated from holding other equity instrument investments	**96,208,000.00**	122,223,200.00
Investment income from disposal of held-for-trading financial assets	**692,727.00**	426,841.96
Total	**847,704,145.38**	732,597,014.22

Supplementary Information

1 BREAKDOWN OF NON-RECURRING PROFIT OR LOSS

Item	2025 RMB
Gain/loss on disposal of non-current assets, including write-offs for which asset impairment provisions have been made	72,595,657.18
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)	25,280,339.81
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	59,422,010.71
One-time impact on profit or loss due to adjustments to laws and regulations such as taxation and accounting	–
Other non-operating income and expenses other than the aforesaid items	(32,986,430.40)
Less: Income tax effects	12,297,877.31
Effects attributable to non-controlling interests (after tax)	1,005,034.73
Total	111,008,665.26

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	10.48%	1.27	1.27
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	9.74%	1.18	1.18

The Company has no dilutive potential ordinary shares.

* *For identification purposes only*

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