

winshare 文軒

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

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

(於中華人民共和國註冊成立之股份有限公司)

(香港交易所股份代號 HKEX Stock Code : 00811 上海證券交易所股份代號 SSE Stock Code : 601811)



2024

INTERIM REPORT
中期報告

*For identification purposes only
僅供識別



Contents

Definitions	2
Important Notice	5
Corporate Information	6
Management Discussion and Analysis	8
Other Information	26
Interim Financial Statements, Notes and Supplementary Information Prepared in accordance with the China Accounting Standards for Business Enterprises	34

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:

DEFINITIONS OF FREQUENTLY-USED TERMS

2024 First EGM	the 2024 first extraordinary general meeting of the Company proposed to be held on 16 October 2024
A Share(s)	ordinary share(s) 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
CITIC Buyout Fund	CITIC Buyout Investment Fund (Shenzhen) Partnership (Limited Partnership)
Companies Ordinance	the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
Company Law	the Company Law of the People's Republic of China
Company, Xinhua Winshare or Listed Company	Xinhua Winshare Publishing and Media Co., Ltd.* (新華文軒出版傳媒股份有限公司)
Controlling Shareholder or Sichuan Xinhua Publishing and Distribution Group	Sichuan Xinhua Publishing and Distribution Group Co., Ltd.

Definitions *(continued)*

Director(s)	the director(s) of the Company
Dividend Entitlement Date	29 October 2024
Group	the Company and its subsidiaries
H Share(s)	overseas listed foreign share(s) which are issued in Hong Kong, subscribed in Hong Kong dollars and listed on the Stock Exchange
Hua Sheng Group	Chengdu Hua Sheng (Group) Industry Co., Ltd.
Interim Dividend for 2024	the Board has recommended the payment of a dividend for the six months ended 30 June 2024 of RMB0.19 (tax inclusive) per share
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
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 OpenBook Co., Ltd.
Period or Reporting Period	from 1 January 2024 to 30 June 2024
PRC or China	the People's Republic of China (for the purpose of this interim report, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
Remuneration and Review Committee	the remuneration and review committee under the Board of the Company
RMB	Renminbi, the lawful currency of the PRC
Sales value	the list price of books printed at the back of each book
Same Period of Last Year	from 1 January 2023 to 30 June 2023
SASAC of Sichuan	State-owned Assets Supervision and Administration Commission of the Sichuan Provincial Government

Definitions *(continued)*

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 Cultural Investment Group	Sichuan Cultural Industry Investment Group Co., Ltd.
Sichuan Development	Sichuan Development (Holding) Co., Ltd.
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
Strategy and Investment Planning Committee	the strategy and investment planning committee under the Board of the Company
Supervisor(s)	the supervisor(s) of the Company
Supervisory Committee	the supervisory committee of the Company
Wan Xin Media	Anhui Xinhua Media Co., Ltd.
Winshare Hengxin	Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership (Limited Partnership)
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

Important Notice

- I. The Board, the Supervisory Committee, Directors, Supervisors and senior management of the Company warrant that this interim report is true, accurate and complete and does not contain any false records, misleading statements or material omission and jointly and severally take full legal responsibility as to the contents herein.
- II. Save as Mr. Li Qiang (an executive Director) who appointed Mr. Liu Longzhang (an executive Director) as his proxy to vote on his behalf due to other commitments, other Directors of the Company attended the tenth meeting of the fifth session of the Board of 2024 held on 27 August 2024 at which this interim report was considered and approved.
- III. The consolidated financial statements included in this interim report are unaudited.
- IV. Mr. Zhou Qing, the head of the Company, Mr. Xu Yongping, the person-in-charge of accounting affairs, and Mr. Feng Gang, the head of accounting department, declare that they warrant the truthfulness, accuracy and completeness of the financial statements contained in this interim report.
- V. For the interim profit distribution proposal for 2024, it is proposed that, on the basis of a total share capital of 1,233,841,000 shares, a cash dividend of RMB0.19 for every share (tax inclusive) held will be distributed to the Shareholders, with total cash dividend amounting to RMB234,429,790.00 (tax inclusive). The above profit distribution proposal is subject to the consideration and approval at the 2024 First EGM before the execution thereof.
- VI. The forward-looking statements included in this interim 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. During the 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 interim report for details of the risk factors that may be involved as set out by the Company.

Corporate Information

LEGAL NAME OF THE COMPANY

新華文軒出版傳媒股份有限公司

COMPANY NAME IN ENGLISH

XINHUA WINSHARE PUBLISHING
AND MEDIA CO., LTD.*

LEGAL REPRESENTATIVE

Mr. Zhou Qing

BOARD OF DIRECTORS

Executive Directors

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

Non-Executive Directors

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

Independent Non-Executive Directors

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

BOARD COMMITTEES

Strategy and Investment Planning Committee

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

Audit Committee

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

Remuneration and Review Committee

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

Nomination Committee

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

SUPERVISORY COMMITTEE

Supervisors

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

Independent Supervisors

Mr. Feng Jian
Ms. Wang Li

* For identification purposes only

Corporate Information *(continued)*

JOINT COMPANY SECRETARIES

Ms. Yang Miao
Ms. Wong Wai Ling

AUTHORIZED REPRESENTATIVES

Mr. Ke Jiming
Ms. Yang Miao

ALTERNATE AUTHORIZED REPRESENTATIVE

Ms. Wong Wai Ling

AUDITOR

KPMG Huazhen LLP
8th Floor, KPMG Tower, Oriental Plaza
1 East Chang An Avenue
Beijing, the PRC

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, Sanshe 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)

Management Discussion and Analysis

(I) BUSINESS REVIEW

INDUSTRY OVERVIEW

2024 is a critical year for achieving the goals and tasks of the “14th Five-Year Plan”, when the publishing industry shall solidly promote high-quality development. The 2024 Government Work Report emphasized on “in-depth study and implementation of Xi Jinping’s Cultural Thoughts”, providing fundamental guidelines for the development of cultural undertakings and cultural industry in the new era. For the first time, “deeply promoting the national cultural digitalization strategy” and “accelerating the development of new and quality productivity” were included in the Government Work Report, which clearly pointed out “to vigorously develop the cultural industry” and “to deepen national reading activities”. This will lead the publishing industry to take the development of new and quality productivity as its top priority, and comprehensively promote the prosperity and development of cultural undertakings and industry, so as to continue to meet the people’s new expectations for spiritual and cultural life.

According to the Open Book Data, the overall book retail market in the first half of 2024 showed a negative growth trend. Sales value fell by 6.20% year-on-year, but the decline narrowed down as compared with the first quarter. In terms of different channels, the sales value for short video e-commerce grew by 18.34% year-on-year. Such growth rate had slowed down but it was still the main growth force of the retail book market. Meanwhile, the traditional channels were still facing great pressure, and the sales value of physical stores, platform e-commerce, vertical and other e-commerce channels all declined to varying degrees. With the differentiation and integration of channels, the upstream and downstream sides of the publishing industry continued to expand channel layout and reach. The upstream publishing side extended from content publishing to terminal distribution, and the scope of both self-built stores and self-live broadcasting was expanding. At the same time, the downstream bookstore side also continued to expand from offline to online, and some had begun to extend to content publishing.

At present, the PRC attaches great importance to the development of cultural industry by reinforcing policy support and promoting the publishing industry to move towards the goal of high-quality development. The new round of state-owned enterprise reform deepening and upgrading actions has helped the publishing state-owned enterprises improve quality and efficiency. Relying on cultural digitalization strategic guidance and digital technology empowerment, the publishing industry has accelerated its integrated development. The rapid development of information technology has promoted the new development of publishing carriers and publishing forms, and brought about changes in reading habits and information acquisition methods of consumers. The publishing industry has entered from the “distribution era” to the “traffic era”, and transformed from “people looking for books” into “books looking for people”. In response to the changes in publishing methods, the publishing industry will accelerate the exploration and application of new technologies such as artificial intelligence, reconstruct traditional publishing production models and industrial forms, stimulate reading needs of consumers, and cultivate new publishing consumption formats, thereby vigorously developing new and quality productivity in the publishing industry.

Management Discussion and Analysis *(continued)*

RESULTS

In the first half of 2024, the Group focused on its main businesses of publishing and media and the development goal of “promoting high-quality development and striving to be the first class in the country” by deepening reforms, consolidating its roots while developing new products, and improving quality and efficiency. Also, the Group accelerated the cultivation of new and quality productivity in publishing and distribution, built a new digital publishing and communication system, and strove to improve the supply capacities of high-quality cultural products and service, with a view to further improving competitiveness and steadily promoting diversified operational formats and trends. During the Period, the Group recorded revenue of RMB5,788 million, representing a growth of 6.64% as compared with the Same Period of Last Year. The Group achieved total profit of RMB848 million, representing a growth of 5.83% as compared with the Same Period of Last Year, and net profit of RMB752 million, representing a decrease of 4.63% as compared with the Same Period of Last Year.

REVENUE

During the Period, the Group recorded revenue of RMB5,788 million, representing a growth of 6.64% as compared with RMB5,428 million in the Same Period of Last Year, among which, revenue from principal businesses amounted to RMB5,708 million, representing a year-on-year growth of 6.64%, which was mainly benefited from the business growth of educational services and online sales.

OPERATING COSTS

During the Period, operating costs of the Group amounted to RMB3,562 million, representing a growth of 7.29% from RMB3,320 million in the Same Period of Last Year, among which, costs of principal businesses amounted to RMB3,555 million, representing a growth of 7.28% as compared with the Same Period of Last Year, which was mainly due to the expansion of sales scale.

GROSS PROFIT MARGIN

During the Period, consolidated gross profit margin of the Group was 38.46%, down by 0.37 percentage point from 38.83% in the Same Period of Last Year, among which, gross profit margin of principal businesses was 37.73%, down by 0.37 percentage point from 38.10% in the Same Period of Last Year.

Management Discussion and Analysis *(continued)*

ANALYSIS OF OPERATING SEGMENTS

1. Overview of Principal Business Segments

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

The principal businesses of the Group for the six months ended 30 June 2024 by segment are as follows:

RMB

Analysis table of principal businesses by product

By product	Principal business revenue	Principal business costs	Gross profit margin (%)	Change of operating income as compared with last year (%)	Change of operating costs as compared with last year (%)	Change of gross profit margin as compared with last year (ppt)
I. Publication	1,211,622,731.49	806,024,438.97	33.48	(2.13)	(5.63)	2.47
Textbooks and supplementary materials	571,986,860.56	328,407,318.58	42.58	(9.25)	(14.57)	3.57
General books	496,655,976.41	368,200,746.38	25.86	9.62	7.83	1.23
Printing and supplies	107,483,622.93	89,600,963.55	16.64	(13.73)	(19.30)	5.75
Newspapers and journals	27,178,733.23	15,293,536.70	43.73	16.30	18.34	(0.97)
Others	8,317,538.36	4,521,873.76	45.63	24.17	6.03	9.30
II. Distribution	5,152,376,843.81	3,488,471,079.40	32.29	6.83	7.73	(0.57)
Textbooks and supplementary materials	2,262,673,037.52	1,374,393,457.35	39.26	6.53	6.66	(0.07)
General books	2,647,793,258.31	1,922,372,786.47	27.40	4.72	5.99	(0.87)
Education informatization and others	241,910,547.98	191,704,835.58	20.75	41.98	41.03	0.53
III. Others	182,953,577.12	159,623,102.23	12.75	2.41	1.61	0.69
Of which: Logistics services	178,855,509.42	158,482,239.11	11.39	4.19	2.57	1.40
Inter-segment elimination total	(838,669,696.92)	(899,345,010.63)				
Total	5,708,283,455.50	3,554,773,609.97	37.73	6.64	7.28	(0.37)

Management Discussion and Analysis *(continued)*

RMB

By sales model	Analysis table of principal businesses by sales model			Change of operating income as compared with last year (%)	Change of operating costs as compared with last year (%)	Change of gross profit margin as compared with last year (ppt)
	Principal business revenue	Principal business costs	Gross profit margin (%)			
Offline sales	2,992,159,951.66	1,764,241,081.72	41.04	4.19	7.24	(1.67)
Online sales	2,716,123,503.84	1,790,532,528.25	34.08	9.48	7.33	1.33
Total	5,708,283,455.50	3,554,773,609.97	37.73	6.64	7.28	(0.37)

2. Operating Data of the Business Segments

(1) Publication segment

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

During the Period, principal business revenue from the publication segment amounted to RMB1,212 million, representing a decrease of 2.13% as compared with RMB1,238 million in the Same Period of Last Year, which was mainly due to the time effect of revenue from textbooks and supplementary materials publishing business and printing and supplies business.

During the Period, gross profit margin of the publication segment was 33.48%, representing an increase of 2.47 percentage points from 31.01% in the Same Period of Last Year, which was mainly due to the increase in gross profit margin of textbooks and supplementary materials publishing business and printing and supplies business as compared with the Same Period of Last Year.

Textbooks and supplementary materials

In the first half of 2024, focusing on the fundamental task of cultivating virtuous talents, the Group followed the development trend of education and teaching reform, and actively responded to market changes and challenges. Adhering to the development path of professionalism, serialization, differentiation, specialization and branding, the Group stayed focus on innovation-driven, strictly controlled content quality, and created products with more core competitiveness. Moreover, the Group conducted in-depth researches on the use of new textbooks and the implementation of the new college entrance examination in Sichuan Province, which was followed by structure optimization, old product upgrades, and new product development to improve quality. By deeply tapping into the market potential of supplementary materials for each educational stage, the Group ensured the dominant position of existing products while striving to achieve greater breakthroughs in new products.

During the Period, the Group's textbooks and supplementary materials publication business achieved principal business revenue of RMB572 million, representing a year-on-year decrease of 9.25%. Principal business costs amounted to RMB328 million, representing a year-on-year decrease of 14.57%. Gross profit margin was 42.58%, up by 3.57 percentage points year-on-year, which mainly benefited from the results of further strengthened cost control by the Group.

Management Discussion and Analysis (continued)

General books

Focusing on the goal of “promoting high-quality development and striving to be the first class in the country” and the correct publishing orientation, the Group steadily promotes the high-quality development of publishing under the guidance of themed publishing and key publishing projects.

In the first half of 2024, the Group focused on the themed publishing, and launched key themed books such as Chengdu-Kunming Railway (《大成昆》); dug deep into local resources, and steadily promoted key serial publishing projects; launched successively 754 integrated publications such as e-books, audio books, digital collections, and modern paper books, forming a linkage with paper books and constantly exploring new paths for integrated publications. Moreover, the Group exported 251 copyrights, and physical products with a total sales value of RMB1.637 million. The Group was identified as the main organizer of the China-Nepal project, the China-Cambodia project of the Asian Classics Translation Project, and all nine of the Group’s publishing houses were selected into the top 100 in the 2024 Influence of Overseas Collections of Chinese Books. Unbroken History of Civilization (《不斷裂的文明史》) (Korean version) was selected as an outstanding book at the 23rd Annual Export and Import Editions of Outstanding Books Promotion Event, while the bilingual magazine of Watch Panda (《看熊貓》) published 26,400 copies in domestic and overseas channels, reflecting the continuous improvement in efficiency of international communication.

In the first half of 2024, the Group won many awards and achieved outstanding social benefits. Four books including Chengdu-Kunming Railway (《大成昆》) were selected for the 2024 China Good Books monthly list, seven books including the National Identity Theory and Practice (國家認同理論與實踐) series were shortlisted as projects funded by the National Publishing Fund in 2024, while Yixiang and the Legend of the Water Splashing Festival (《依香與潑水節的傳說》) was selected for the classic folktale animation creation and publishing project (5th edition) of the National Press and Publication Administration, and Shiyi Village on the Clouds (《雲朵上的石椅村》) was selected for the 2024 key work support project of the Chinese Writers Association. The Group’s performance in the mass book market was outstanding. According to the Open Book Data, 24 books of the Group were selected for the “List of Bestseller Books in the First Half of 2024”. Hilarious School Diaries’ Happy Language (《米小圈快樂大語文》) (a total of 6 volumes) recorded a sales volume of 225,000 sets and 1.3366 million copies; Being a Mother is a Practice (《當媽是一種修行》) recorded a sales volume of 998,000 copies; and Uncle Tank in the Pocket (《口袋裡的坦克叔叔》) recorded net shipment of 339,700 copies. The Group’s market share in terms of actual value in the mass book market was ranked 9th among 37 publishing and media groups in the PRC, up by two ranks as compared with the end of 2023.

During the Period, the Group’s general books publication business achieved principal business revenue of RMB497 million, representing a year-on-year increase of 9.62%, which mainly benefited from the sales growth of publications such as market-oriented cultural and educational books and literature. Principal business costs amounted to RMB368 million, representing a year-on-year increase of 7.83%. Gross profit margin was 25.86%, up by 1.23 percentage points year-on-year.

Newspapers and journals

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

During the Period, the Group’s newspapers and journals business achieved principal business revenue of RMB27,178,700, representing a year-on-year increase of 16.30%. Principal business costs amounted to RMB15,293,500, representing a year-on-year increase of 18.34%. Gross profit margin was 43.73%, down by 0.97 percentage point as compared with the Same Period of Last Year.

Management Discussion and Analysis *(continued)*

(2) *Distribution segment*

The distribution segment of the Group covers distribution of textbooks to schools, teachers and students and supply of education informatization and education equipment products and services for secondary and primary schools; retailing, distribution and online sales of publications.

During the Period, principal business revenue from the distribution segment of the Group amounted to RMB5,152 million, representing growth of 6.83% as compared with RMB4,823 million in the Same Period of Last Year, mainly benefiting from the business growth of education service and online sales.

During the Period, gross profit margin of the distribution segment of the Group was 32.29%, an insignificant change from 32.86% in the Same Period of Last Year.

Textbooks and supplementary materials

In the first half of 2024, the Group fully utilized its advantages of education content integration capabilities and sales network channels, furthering its in-depth efforts to comprehensively improve the quality and depth of educational services. The Group continuously optimized its business structure, improved product quality, enhanced service standards, consolidated the compulsory education service market, deepened the high school education service market, and made efforts in the vocational education service market, so as to promote sustained growth of education service.

During the Period, principal business revenue from textbooks and supplementary materials distribution segment of the Group amounted to RMB2,263 million, representing an increase of 6.53% year-on-year, mainly benefiting from the Group's deeply tapping into the high school education service market on the basis of consolidating the compulsory education service market, so that the sales of high school education products increased. Gross profit margin was 39.26%, an insignificant change from 39.33% in the Same Period of Last Year.

General books

In the first half of 2024, the Group's general book distribution capabilities further strengthened. The first was to continuously consolidate the main distribution channels of key themed current affairs publications, the distribution volume of which ranked top in the PRC; actively integrate into the construction of the public cultural service system, and vigorously expand the businesses of government and enterprise services to satisfy different cultural consumption needs of customers. The second was to continuously invest in promoting store upgrades and renovation, adhere to focusing on the needs of brand customer groups, and adopt differentiated operation of large bookstores, standardized operation of small and medium-sized stores, and themed operation of Stackway to enhance cultural consumption experience of customers. The third was to actively respond to market changes, optimize product structure, and further improve the student reading material system to meet educational needs. The fourth was to continuously strengthen the refined operation on comprehensive e-commerce platforms; vigorously expand content e-commerce businesses, thus consolidating the leading advantages in the national book e-commerce arena; and continuously optimize the operation of online "cloud stores" by promoting in-depth online-offline integration and creating diversified consumption scenarios.

During the Period, revenue from the principal businesses of general books distribution business of the Group amounted to RMB2,648 million, representing an increase of 4.72% year-on-year, which was mainly benefited from growth brought about by refined Internet operations and the continuous exploration of new channels. Gross profit margin was 27.40%, representing a decrease of 0.87 percentage point as compared with the Same Period of Last Year.

Management Discussion and Analysis *(continued)*

Education informatization and others

In the first half of 2024, the Group promoted the transformation and upgrading of its education informatization and education equipment business by leveraging high-quality digital content resource to explore business models from environmental construction, teaching applications to application operations, thus providing a full range of informatized services. The online service platform of “Winshare Youxue” covered 6,036 schools, serving 4.7448 million students; the labor and study practical education business served a secondary and primary student flow of 308,100; and the teacher training business organized and implemented 174 projects, serving a teacher flow of 56,000.

During the Period, sales revenue from education informatization and others business of the Group amounted to RMB242 million, representing an increase of 41.98% as compared with the Same Period of Last Year, which was mainly due to revenue growth brought about by the delivery of projects such as smart campuses and education equipment procurement in parts of the province during the Period. Gross profit margin was 20.75%, representing a slight increase from 20.22% in the Same Period of Last Year.

(II) ANALYSIS OF OPERATING RESULTS AND FINANCIAL PERFORMANCE

Breakdown of the relevant item changes in the financial statements

(For the six months ended 30 June 2024)

Item	<i>RMB</i>		
	Current period	Same Period of Last Year	Change (%)
Revenue	5,787,816,275.71	5,427,547,628.27	6.64
Operating costs	3,562,042,236.10	3,319,977,440.48	7.29
Selling expenses	715,635,380.70	660,590,684.41	8.33
Administrative expenses	749,109,877.40	717,781,572.58	4.36
Finance expenses	(85,134,627.74)	(73,491,949.73)	N/A
Research and development expenditure	9,364,568.90	8,668,944.20	8.02
Net cashflow generated from operating activities	379,837,357.10	582,152,981.45	(34.75)
Net cashflow generated from investing activities	(734,143,481.92)	(92,831,524.90)	N/A
Net cashflow generated from financing activities	(579,171,553.35)	(309,670,069.47)	N/A
Taxes and surcharges	25,551,756.04	7,086,485.01	260.57
Other gains	30,047,532.36	57,045,469.81	(47.33)
Gain (loss) on fair value change	(36,709,633.98)	(4,637,313.55)	N/A
Credit impairment gain (loss)	(46,035,808.57)	(84,176,818.32)	N/A
Asset impairment gain (loss)	(21,027,688.19)	(40,814,578.89)	N/A
Gain on asset disposal	1,128,329.57	267,758.40	321.40
Non-operating income	1,050,289.04	2,955,156.75	(64.46)
Income tax expenses	95,920,622.56	12,606,256.50	660.90
Minority interests	36,562,956.71	26,754,986.98	36.66

Management Discussion and Analysis *(continued)*

EXPENSES

During the Period, selling expenses of the Group amounted to RMB716 million, representing an increase of 8.33% from RMB661 million in the Same Period of Last Year, mainly due to the increase in advertising and promotion expenses, e-commerce platform service fees and labor costs.

During the Period, administrative expenses of the Group amounted to RMB749 million, representing an increase of 4.36% from RMB718 million in the Same Period of Last Year, mainly because expenses such as labor costs increased as compared with the Same Period of Last Year.

During the Period, finance expenses of the Group amounted to RMB-85,134,600, representing a decrease of RMB11,642,700 from RMB-73,491,900 in the Same Period of Last Year, mainly because the interest income derived from bank deposits increased as compared with the Same Period of Last Year.

During the Period, research and development expenses of the Group amounted to RMB9,364,600, an insignificant change from RMB8,668,900 in the Same Period of Last Year.

TAXES AND LEVIES

During the Period, taxes and levies of the Group amounted to RMB25,551,800, representing a growth of 260.57% from RMB7,086,500 in the Same Period of Last Year, mainly due to the preferential tax policies where the Company and some of its subsidiaries were exempt from property tax and urban land use tax in the Same Period of Last Year.

GAIN ON FAIR VALUE CHANGE

During the Period, loss on fair value change of the Group amounted to RMB36,709,600, representing an increase of RMB32,072,300 as compared with loss on fair value change of RMB4,637,300 in the Same Period of Last Year, mainly due to the changes in fair value of projects held by funds invested by the Group such as Winshare Hengxin and CITIC Buyout Fund as a result of fluctuation in share price during the Period.

CREDIT IMPAIRMENT LOSSES

During the Period, credit impairment losses of the Group amounted to RMB46,035,800, representing a decrease of RMB38,141,000 from RMB84,176,800 in the Same Period of Last Year, mainly due to the strengthened efforts in recovering historical debts during the Period, in which some historical debts were recovered.

ASSET IMPAIRMENT LOSSES

During the Period, asset impairment losses of the Group amounted to RMB21,027,700, representing a decrease of RMB19,786,900 from RMB40,814,600 in the Same Period of Last Year, mainly due to the changes in the inventory structure.

Management Discussion and Analysis *(continued)*

INVESTMENT INCOME

During the Period, the Group's investment income was RMB123 million, representing an increase of 21.68% from RMB101 million in the Same Period of Last Year, which was mainly due to the increase in cash dividends declared by companies such as Bank of Chengdu and Wan Xin Media for 2023 as compared with the Same Period of Last Year.

OTHER INCOME AND NON-OPERATING INCOME AND EXPENSES

During the Period, other income of the Group amounted to RMB30,047,500, representing a decrease of 47.33% from RMB57,045,500 in the Same Period of Last Year, which was mainly due to the effect of the timing of VAT refund, the payment of which was received in July.

During the Period, non-operating income of the Group amounted to RMB1,050,300, representing a decrease of 64.46% from RMB2,955,200 in the Same Period of Last Year, which was mainly due to the disposal of scrapped goods in the Same Period of Last Year.

During the Period, non-operating expenses of the Group amounted to RMB14,181,600, representing a decrease of 16.25% from RMB16,934,100 in the Same Period of Last Year, mainly due to the decrease in donations as compared with the Same Period of Last Year.

GAIN ON ASSET DISPOSAL

During the Period, gain on asset disposal of the Group amounted to RMB1,128,300, representing an increase of RMB860,500 from RMB267,800 in the Same Period of Last Year, mainly due to the gain brought about by disposal of printing equipment by subsidiaries during the Period.

INCOME TAX EXPENSES

During the Period, income tax expenses of the Group amounted to RMB95,920,600, representing an increase of RMB83,314,300 as compared with RMB12,606,300 in the Same Period of Last Year, mainly due to changes in the preferential tax policies for restructured cultural enterprises, which resulted in an increase in enterprise income tax expenses of the Company and some of its subsidiaries during the Period.

Management Discussion and Analysis *(continued)*

OTHER COMPREHENSIVE INCOME

During the Period, other comprehensive income net, after tax of the Group amounted to RMB265 million, representing a decrease of 3.21% from RMB274 million in the Same Period of Last Year, mainly due to fluctuation in share prices of Bank of Chengdu and Wan Xin Media and changes in the preferential tax policies.

PROFIT

Net profit of the Group for the Period amounted to RMB752 million, representing a year-on-year decrease of 4.63%. Net profit attributable to shareholders of the listed company amounted to RMB716 million, representing a year-on-year decrease of 6.08%. After deducting non-recurring profit or loss, the net profit attributable to shareholders of the listed company amounted to RMB744 million, representing a year-on-year decrease of 4.40%, which was mainly attributable to changes in the preferential tax policies for restructured cultural enterprises, which resulted in an increase in enterprise income tax expenses of the Company and some of its subsidiaries during the Period.

EARNINGS PER SHARE

Earnings per share is calculated based on the net profit of the Company attributable to the shareholders of the listed company for the Period divided by the weighted average number of the ordinary shares in issue during the Period. During the Period, earnings per share of the Group amounted to RMB0.58, representing a decrease of 6.45% as compared with RMB0.62 in the Same Period of Last Year. For details regarding the calculation of earnings per share, please refer to Note (VI) 53 to the consolidated financial statements in this interim report.

CASH FLOW

During the Period, net cashflow of the Group generated from operating activities was net inflow of RMB380 million, representing a decrease of 34.75% as compared with net inflow of RMB582 million in the Same Period of Last Year, mainly due to changes in the preferential tax policies, which resulted in a larger year-on-year increase in the enterprise income tax and property tax paid during Period, and the delay in refunding VAT payment after levy for the publication segment as compared with the Same Period of Last Year, which part of the payment was received in July.

During the Period, net cashflow of the Group generated from investing activities was net outflow of RMB734 million, as compared with net outflow of RMB93 million in the Same Period of Last Year. The net cash outflow during the Period was mainly due to the allocation of certificates of large amount deposits and time deposits, while in the Same Period of Last Year, net cash outflow was mainly due to the allocation of fund investment and time deposits.

During the Period, net cashflow of the Group generated from financing activities was net outflow of RMB579 million, as compared with net outflow of RMB310 million in the Same Period of Last Year. The net cash outflow during the Period was mainly due to the payment for 2023 special dividends of RMB222 million and the distribution of dividends for A Shares of RMB316 million for 2023, while in the Same Period of Last Year, net cash outflow was mainly due to the distribution of dividends for A Shares of RMB269 million for 2022.

Management Discussion and Analysis *(continued)*

ASSETS AND LIABILITIES ANALYSIS

(As at 30 June 2024)

RMB

Item	Amount as at the end of the current period	Amount as at the end of the current period as a percentage of the total assets (%)	Amount as at the end of the prior year	Amount as at the end of the prior year as a percentage of the total assets (%)	Change in the amount as at the end of the current period over the amount as at the end of the prior year (%)	Remark
Held-for-trading financial assets	78,709.63	0.00	5,220.00	0.00	1,407.85	It mainly represents the stocks invested by the Company.
Notes receivable	2,448,019.88	0.01	3,758,159.19	0.02	(34.86)	Mainly due to the decrease in the balance of receivables for logistics business settled by commercial acceptance bills at the end of the Period as compared with the beginning of the Period.
Prepayments	78,931,946.74	0.36	55,483,678.87	0.25	42.26	Mainly due to new prepayments to suppliers for equipment procurement during the Period.
Other receivables	262,357,988.75	1.20	121,733,914.08	0.56	115.52	The increase was mainly the receipt of 2023 cash dividends in July as declared by Bank of Chengdu, Wan Xin Media, etc.
Other current assets	197,324,091.15	0.90	508,621,658.45	2.33	(61.20)	Mainly due to recovery of time deposits upon maturity, resulting in a decrease in the balance at the end of the Period as compared with the beginning of the Period.
Long-term receivables	14,757,359.64	0.07	34,562,954.24	0.16	(57.30)	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 informatization and equipment business, which adopted collection by instalments, were transferred to "non-current assets due within one year" as the agreed payment period approached.
Development cost	2,623,266.62	0.01	1,045,459.68	0.00	150.92	Mainly due to the slight increase in research and development investment such as software during the Period.

Management Discussion and Analysis *(continued)*

RMB

Item	Amount as at the end of the current period	Amount as at the end of the current period as a percentage of the total assets (%)	Amount as at the end of the prior year	Amount as at the end of the prior year as a percentage of the total assets (%)	Change in the amount as at the end of the current period over the amount as at the end of the prior year (%)	Remark
Other non-current assets	1,792,698,873.88	8.19	865,432,280.53	3.97	107.14	Mainly due to the change of time deposits and bank certificates of large amount deposit with no intention to withdraw in advance.
Notes payable	23,680,278.64	0.11	36,299,683.81	0.17	(34.76)	Mainly due to the decrease in the balance of trade payables settled by notes for the provision of printing materials business and education informatization and equipment business at the end of the Period as compared with the beginning of the Period.
Receipts in advance	3,052,391.12	0.01	519,377.31	0.00	487.70	It represents the change of house rental received in advance.
Employee benefits payable	553,982,797.17	2.53	795,130,708.68	3.65	(30.33)	Mainly due to the payment of performance-based wages for 2023 during the Period.
Taxes payable	98,279,928.92	0.45	70,497,049.35	0.32	39.41	The closing balance was mainly due to the increase in enterprise income tax for the second quarter accrued by the Group, which was paid in July.
Long-term employee benefits payable	-	-	30,581,649.90	0.14	(100.00)	Mainly due to the fact that Liangshanzhou Xinhua Bookstore, a subsidiary of the Company, transferred the compensation for external expenses for retirees with original business status incurred during the restructuring to the Liangshanzhou Yi Autonomous Prefecture Educational Technology and Equipment Institute during the Period.
Deferred income	27,007,990.61	0.12	20,083,863.80	0.09	34.48	Mainly due to the changes in book subsidies and project subsidies during the Period.

Management Discussion and Analysis *(continued)*

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2024, the Group had cash and bank balances of approximately RMB8,244 million (31 December 2023: RMB9,118 million), and short-term borrowings of RMB10 million (31 December 2023: RMB10 million).

As at 30 June 2024, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 36.33%, down by 2.10 percentage points as compared with 38.43% as at 31 December 2023. The Group's overall financial structure remains relatively stable.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2024, the balance of pledged deposits of the Group amounted to RMB10,503,900 (31 December 2023: RMB12,560,200), representing the security deposits placed with the banks for the issuance of bank acceptance bills, letters of guarantee, etc. 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 that no foreign exchange hedging arrangement has been made.

WORKING CAPITAL MANAGEMENT

	30 June 2024	30 June 2023
Current ratio	1.7	1.8
Inventory turnover days	127.9	134.5
Trade receivable and notes turnover days	53.2	61.4
Trade payable and notes turnover days	280.9	290.9

As at 30 June 2024, current ratio of the Group was 1.7, which was basically the same as compared with the Same Period of Last Year. During the Period, the inventory turnover days was 127.9 days, down by 6.6 days as compared with the Same Period of Last Year. The trade receivable and notes turnover days was 53.2 days, down by 8.2 days as compared with the Same Period of Last Year. The trade payable and notes turnover days was 280.9 days, down by 10.0 days as compared with the Same Period of Last Year.

The above indicators reflect that the operating conditions of the Group remained relatively stable, and the turnover days of inventory, trade receivables and trade payables were in line with the industry features of the publication and distribution enterprises.

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

Management Discussion and Analysis *(continued)*

(III) OVERVIEW OF MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the Period, the Group centered on the development strategy and optimized the industry layout. While developing its principal businesses, the Group pushed ahead the industry-finance integration 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 2.10%. The cost of investment was RMB240 million. During the Period, the Company recognized a dividend income of RMB71,744,000 from Bank of Chengdu. As at 30 June 2024, the market capitalization of the shares held by the Company in Bank of Chengdu was RMB1,215 million.

The Company was interested in 124,640,000 shares of Wan Xin Media. Its shareholding was 6.27%. The cost of investment was RMB186 million. During the Period, the Company recognized a dividend income of RMB38,015,200 from Wan Xin Media. As at 30 June 2024, the market capitalization of the shares held by the Company in Wan Xin Media was RMB864 million.

Wan Xin Media and Bank of Chengdu are financial investments of the Company which not only generate attractive dividend income to the Group for the Period, but also higher capital appreciation to the Group. 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.

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

During the Period, 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 interim report.

Management Discussion and Analysis *(continued)*

Information of the major subsidiaries

RMB0'000

Name of subsidiary	Nature of business	Shareholding percentage (%)	Registered capital	January to June 2024		30 June 2024	
				Revenue	Net profit	Total assets	Net assets
Sichuan Education Publishing House Co., Ltd.	Publication of books	100.00	1,000.00	44,478.74	17,161.41	159,202.64	131,945.86
Sichuan Publication Printing Co., Ltd.	Plate-leased printing and supply of textbooks	100.00	5,000.00	8,524.04	2,416.23	86,462.54	79,685.60
Sichuan Winshare Online E-commerce Co., Ltd.	Online sales of different products	92.00	6,000.00	158,519.52	420.48	329,294.40	(8,421.75)

(IV) FUTURE PROSPECTS

The Group adheres to promoting high-quality development and strives to be the first class in the country. Focusing on its main responsibilities and principal businesses, the Group strengthens the publishing and distribution industry chain, accelerates digital transformation, and builds industrial competitive edges in the digital era. It will implement the following operating plans:

1. Adhere to “optimizing management, strengthening synergy, and deepening innovation” to promote high-quality development of the publishing business. Adhere to producing high-quality products and producing benefits, further promote the refined management of “one house, one policy”, refine major theme publishing, strengthen original high-quality publishing, optimize key publishing projects, and give full play to the advantages of full industry chain, continuing to gather high-quality author resources and content resources; further strengthen the collaboration between publishing and channels, and make full use of channel operating data to promote content planning capabilities; further deepen copyright operations and integrated publishing, and continue to build the publishing brand of Winshare.
2. Adhere to “policy-oriented, customer-centred” to promote high-quality development of educational service business. Develop and promote textbook products that meet market demand, and continuously improve product and service quality; continue to explore and develop new use scenarios of education equipment at all educational stages, and provide students with a three-dimensional and high-quality learning experience in the form of “environment construction + tools + content”; improve the bases of labor and study practical education business, optimize the operation mechanism of business; develop special teacher training courses to improve service quality; promote the optimization and upgrading of online service platforms, facilitate online-offline integrated development, and build a new educational service system against the digital background.
3. Adhere to “promoting in-depth online-offline integrated development” to drive high-quality development of reading service business. Make effort in ensuring the distribution services of key themed current affairs publications; focusing on the general book distribution business, continue to promote the transformation, upgrading and integrated development of physical bookstores; actively expand and broaden the library and university reading services for teachers and students, government and enterprise institutional cultural space customization services, rural bookstore cultural services and other businesses; further enhance the operational depth and capabilities of comprehensive e-commerce and content e-commerce, and pursue the introduction, development and refined operation of key products; strengthen the construction of supply chain coordination capabilities, and continuously improve service capabilities and consumer experience through technology, data and other means.

Management Discussion and Analysis *(continued)*

4. Optimize the allocation of logistics resources and enhance supply chain service capabilities. Promote the reform and upgrading of automated and specialized logistics equipment and supporting systems to improve logistics operation efficiency; continue to promote the construction of “functional warehouses” to further optimize resource utilization efficiency and management standards, and improve the efficiency of the intensification of logistics resources. Continuously enhance national supply chain service capabilities with a more scientific, intelligent and efficient management system.
5. Further improve the layout of capital operations, rationally allocate investment portfolios, diversify investment risks, integrate high-quality resources, and continuously create a balanced investment pattern that combines reasonable investment structure, short-term income and long-term value, so as to obtain capital operating gains.

(V) ANALYSIS OF CORE COMPETITIVENESS

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

Publication capabilities. The Group’s content resource aggregation and development capabilities have steadily improved, and the Group has established close partnership with well-known writers such as Wang Meng, Liu Xinwu, Huang Yazhou, Long Pingping, He Jianming, Zhang Qicheng, Alai, Da Zhen, Chen Guo, Du Yanglin, Beimao, Uncle Tank, Li Shanshan, Rao Xueli, Bill Porter and Roger Miro and obtained various copyrights of world-renowned publishing and media organizations such as Disney, DK, Viacom and Penguin Random House. The Group has a group of influential editorial talents such as Mingqin, which can closely meet the market demand and create high-quality dual-effect books. Books published by the Group have strong competitiveness in the market. In particular, it has built a strong brand advantage in the publication of children’s books. Its subsidiary, Sichuan Youth and Children’s Publishing House, owns the best-seller intellectual property rights – the Hilarious School Diaries, which repeatedly topped the charts of Open Book on children’s book best-sellers.

Reading service capabilities. By integrating large-sized book malls, medium and small-sized bookstores, theme bookstores, online reading service platform for publications, the “publication collaborative trading platform”, publishing decision-making service platform based on distribution big data, backed by the logistics service network primarily based in Chengdu, Tianjin, Wuxi and Qingyuan, the Group has built a reading service network system based in Sichuan Province, radiating across the country and integrating online and offline services. The Group has a number of brands including “Xinhua Winshare”, “Stackway”, “Winshare Bookstore”, “Kids Winshare children’s bookstore”, “Panda Bookstore”, “winxuan.com” and “Winshare September” to provide consumers with diversified, personalized and smart reading cultural consumption service.

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. It is the main operator of education informatization and education equipment products and services in Sichuan Province. After years of accumulation of experience, the Company has developed an all-variety, full-coverage and high-efficiency education service capabilities in the Sichuan regional market. The Group leverages on the first-move advantages in the digital education service business, providing education services such as textbooks and supplementary materials as well as digitalized subject tools. The Group has developed education equipment products such as professional subject classroom by centering on the subject contents and classroom scenarios. At the same time, the Group’s businesses of labor and practice education services and teachers’ training services enjoy a branding strength in the regional market.

Management Discussion and Analysis *(continued)*

(VI) EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group had a total of 7,604 (31 December 2023: 7,691) employees.

The Company improves and optimizes its employee remuneration policies and remuneration management system continuously, by which it has established a results-oriented incentive mechanism that aligns employees' remuneration to the Group's development. The standard remuneration package of the Company includes basic salary, performance-based bonus and benefits. Pensions, medical insurance, unemployment insurance, work injury insurance, maternity insurance and housing welfare funds, corporate annuity, etc. are available to the employees. For the six months ended 30 June 2024, the Company's total post-retirement plan contributions and corporate annuity scheme contributions amounted to RMB117,241,600, representing an increase of RMB8,347,800 as compared with RMB108,893,800 in the Same Period of Last Year, mainly due to the natural increase of labor costs.

Adhering to the human resources philosophy of "people-oriented", the Group attaches great importance to and cares about the growth and development of employees, establishes a multi-layer and multi-format training system, and continues to provide employees with training and learning opportunities. By carrying out targeted and wide-ranging training and external exchanges and learning, the Group helps employees enhance their professional skills and thinking awareness, and expand their areas of expertise. Based on the requirements of personnel training that are in line with the corporate strategies and operation management, the Group sets the goal of constructing a cadre and talent team of high quality, continues to deepen talent training planning and system construction, and continuously enriches the content and types of training to establish an improved training system. The Group's training content covers various aspects such as policies and regulations, operation management and professional skills, and is carried out in various ways such as internal training, external training, online learning, external exchange and knowledge competition. By promoting the improvement of employees' professional knowledge and skills as well as comprehensive ability and quality, the Group drives business development with the improvement of employees' ability and quality.

(VII) POTENTIAL RISKS

The Group has formulated sound business objectives and optimal operating plans. However, adjustments to industry policies and tax policies may affect the operating environment and market competition pattern of the industry. The Group will pay close attention to the dynamics of relevant policies, strengthen policy research capabilities, optimize resource allocation, make relevant tax arrangements, and improve core competitiveness to respond to industry and market changes.

With the rapid iteration and upgrading of information technology, technology in the fields of integrated media publishing and smart education continues to innovate, new business forms and new models have been emerging, and application scenarios continue to change, bringing development opportunities as well as a series of challenges to the Group. The Group will conduct in-depth research on the trends of the integration of industry and technology, further improve the technological innovation mechanism, explore and expand the innovative application of new technology, and promote in-depth integrated development.

In recent years, the rapid development of new media e-commerce such as short videos and live broadcasts, as well as the different discount strategies of various channels, have triggered intensified market competition. The full market competition environment has put forward higher requirements for the content production and channel sales capabilities of the Group's publishing business. The Group will strengthen market monitoring and analysis, focus on improving content production and service supply standards, and optimize product and channel marketing mix, continuously improving its market competitiveness and risk response capabilities.

Management Discussion and Analysis (continued)

(VIII) 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 SSE. The total proceeds raised amounted to RMB702,815,200. After deducting the issuance expenses, the net proceeds actually raised by the Company amounted to RMB645,175,098.06, which were mainly used for the Company'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 project, etc. In the first half of 2024, the Group utilized RMB89,563.97 of the proceeds. As of 30 June 2024, the accumulated use of proceeds amounted to RMB635,380,919.58. The balance of the unutilized proceeds amounted to RMB11,725,073.00, which is detailed as follows:

Committed investment projects		Committed total investment	Amount invested during the Reporting Period	Accumulated investment amount as at the end of the Period	Unutilized amount	RMB	
						Consistent with the planned use as disclosed or not	Expected timeline for 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	10,000,000.00	-	-	10,172,446.41	Yes	Note 2
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	300,000,000.00	89,563.97	299,082,209.61	1,552,626.59	Yes	Note 2
Total		645,175,098.06	89,563.97	635,380,919.58	11,725,073.00		

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. The expected timeline for utilizing the unutilized proceeds is based on the Company's consideration on the future market conditions and development of projects.

At the tenth meeting of the fifth session of the Board of the Company of 2024 held on 27 August 2024, the Resolution on Changes in the Content of a Project to be Invested Using the Proceeds of the Company (《關於本公司募集資金投資項目內容變化的議案》) was considered and approved. It was proposed to change the content of the plan of "publications regarding the revival of the Chinese culture project". The changes in the content of a project to be invested using the proceeds are subject to the consideration at the 2024 First EGM of the Company. For details, please refer to the announcement of the Company dated 27 August 2024 and the circular of the Company dated 30 August 2024.

Save as the above changes, as at the date of this interim report, there is no change in the use of proceeds of the Group.

Other Information

INTERESTS IN SHARE CAPITAL

As at 30 June 2024, the total issued share capital of the Company was RMB1,233,841,000, divided into 1,233,841,000 shares of RMB1.00 each as follows:

Shareholding details as at 30 June 2024:

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 (<i>Note 1</i>)	532,192,283	43.13%
(ii) Other promoters (<i>Note 2</i>)	106,939,860	8.67%
(iii) Hua Sheng Group (<i>Note 3</i>)	53,336,000	4.32%
(iv) A Share public investors	99,435,757	8.06%
H Shares	441,937,100	35.82%
including		
(i) Sichuan Xinhua Publishing and Distribution Group (<i>Note 4</i>)	90,780,000	7.36%
(ii) Other promoters (<i>Note 5</i>)	6,396,000	0.52%
(iii) H Share public investors	344,761,100	27.94%
Total Share Capital	1,233,841,000	100%

Notes:

- Sichuan Xinhua Publishing and Distribution Group, the controlling shareholder of the Company, is a wholly-owned subsidiary of Sichuan Development. The de facto controller of Sichuan Development is SASAC of Sichuan.*
- Other promoters include Sichuan Cultural Investment Group, Sichuan Daily Newspaper Group Co., Ltd. and Liaoning Publication Group. Liaoning Publication Group is interested in 6,485,160 A Shares of the Company through its subsidiary.*
- Social Legal Person Shares are held by Hua Sheng Group, a promoter of the Company.*
- 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.*
- Sichuan Cultural Investment Group, a promoter of the Company, is interested in 6,396,000 H Shares of the Company through its subsidiary.*

Other Information *(continued)*

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

As at 30 June 2024, so far as is known to the Directors and Supervisors of the Company, the following persons (not being Directors, Supervisors or senior management of the Company) had, or were deemed to have interests or short positions in the shares, underlying shares and debentures of the Company which were required, pursuant to section 336 of the SFO, to be entered in the register required to be kept by the Company referred to therein:

Name of shareholder	Number of shares directly and indirectly held	Capacity	Class of shares	Approximate percentage in the relevant class of shares	Approximate percentage of total issued share capital of the Company	Long position/ short position
Sichuan Development	623,382,470	Interests in controlled corporation	A Shares	78.72%	50.52%	Long position
	97,176,000 <i>(Note 1)</i>	Interests in controlled corporation	H Shares	21.99%	7.88%	Long position
Sichuan Xinhua Publishing and Distribution Group	532,192,283	Beneficial owner	A Shares	67.20%	43.13%	Long position
	90,780,000 <i>(Note 2)</i>	Interests in controlled corporation/ beneficial owner	H Shares	20.54%	7.36%	Long position
Sichuan Culture Investment Group	91,190,187	Beneficial owner	A Shares	11.52%	7.39%	Long position
	6,396,000	Beneficial owner	H Shares	1.45%	0.52%	Long position
Hua Sheng Group	53,336,000 <i>(Note 3)</i>	Beneficial owner	A Shares	6.74%	4.32%	Long position
Wu Wenqian	53,336,000 <i>(Note 3)</i>	Interests in controlled corporation	A Shares	6.74%	4.32%	Long position

Other Information *(continued)*

Name of shareholder	Number of shares directly and indirectly held	Capacity	Class of shares	Approximate percentage in the relevant class of shares	Approximate percentage of total issued share capital of the Company	Long position/ short position
Seafarer Capital Partners, LLC*	30,875,500	Investment manager	H Shares	6.99%	2.50%	Long position
Brown Brothers Harriman & Co.*	38,626,617	Approved lending agent	H Shares	8.74%	3.13%	Long position
	38,626,617	Approved lending agent	H Shares	8.74%	3.13%	Lending pool
Beijing Maple Spring Investment Management Co., Ltd.*	26,732,000 <i>(Note 4)</i>	Interests in controlled corporation	H Shares	6.05%	2.17%	Long position
Chen Zheng*	26,732,000 <i>(Note 4)</i>	Interests in controlled corporation	H Shares	6.05%	2.17%	Long position

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

Notes:

- Sichuan Development is the controlling shareholder of Sichuan Xinhua Publishing and Distribution Group and Sichuan Cultural Investment Group. According to the SFO, Sichuan Development is deemed to (i) indirectly hold 532,192,283 A Shares of the Company through Sichuan Xinhua Publishing and Distribution Group and 91,190,187 A Shares of the Company through Sichuan Cultural Investment Group, totalling 623,382,470 A Shares; and (ii) indirectly hold 90,780,000 H Shares of the Company through Sichuan Xinhua Publishing and Distribution Group and 6,396,000 H Shares of the Company through Sichuan Cultural Investment Group, totalling 97,176,000 H Shares.*
- 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, and directly holds 532,192,283 A Shares of the Company.*
- 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.*
- Chen Zheng is indirectly interested in 90% equity interests in Beijing Maple Spring Investment Management Co., Ltd. Accordingly, Chen Zheng is deemed to hold 26,732,000 H Shares of the Company through Beijing Maple Spring Investment Management Co., Ltd.*

Other Information *(continued)*

Save as disclosed above, as at 30 June 2024, so far as is known to the Directors and Supervisors, no other person (not being a Director, Supervisor or senior management of the Company) had any interest and short position in the shares, underlying shares and debentures of the Company which were required, pursuant to section 336 of the SFO, to be entered in the register required to be kept by the Company referred to therein.

Apart from (i) Mr. Zhou Qing, the chairman of the Company, who is the party committee secretary and chairman of Sichuan Xinhua Publishing and Distribution Group; (ii) Mr. Liu Longzhang, the vice chairman of the Company, who is the deputy party secretary, vice chairman and general manager of Sichuan Xinhua Publishing and Distribution Group; (iii) Mr. Ke Jiming, the non-executive Director of the Company, who is a member of the party committee and deputy general manager of Sichuan Xinhua Publishing and Distribution Group; (iv) Mr. Dai Weidong, the non-executive Director of the Company, who is the deputy party secretary, vice chairman and general manager of Sichuan Culture Investment Group; (v) Ms. Tan Ao, the non-executive Director of the Company, who is the assistant to general manager of Sichuan Culture Investment Group; and (vi) Mr. Qiu Ming, the chairman of the Supervisory Committee, who is the director of finance department of Sichuan Culture Investment Group, as at 30 June 2024, none of the Directors and Supervisors of the Company held any positions as directors or employed as employees in any company having interests or short positions which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

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

So far as is known to the Directors, as at 30 June 2024, none of the Directors, Supervisors and chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company, or which were required, pursuant to the Model Code set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange.

CHANGE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Period and up to the date of this interim report, details of the changes relating to the Directors, Supervisors and senior management of the Company are set out below:

CHANGES OF DIRECTORS

On 9 April 2024, Mr. Li Xu, an independent non-executive Director of the Company, passed away due to an illness. On 21 May 2024, as resolved at the annual general meeting of 2023 of the Company, Mr. Han Wenlong was appointed as an independent non-executive Director of the fifth session of the Board. His term of office became effective on 21 May 2024 and will last until the expiry of the term of the fifth session of the Board.

CHANGES OF SUPERVISORS

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

Other Information *(continued)*

CHANGES OF SENIOR MANAGEMENT

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

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

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

SHARE APPRECIATION RIGHT INCENTIVE SCHEME

During the Period, the Company did not adopt any share appreciation right incentive scheme.

MATERIAL LITIGATION AND ARBITRATION

During the Period, 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.

COMPLIANCE WITH THE CG CODE

The Directors are of the view that, during the Period, the Company has adopted and complied with all applicable principles and the code provisions of the CG Code.

Other Information *(continued)*

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

The Company has adopted the Model Code as the code of conduct for securities transactions by the Directors and Supervisors, for the purpose of regulating securities transactions by the Directors and Supervisors. Having made specific enquiries to each Director and Supervisor, all Directors and Supervisors confirmed that they have complied with the provisions as set out in the Model Code throughout the Period. So far as the Company is aware, there was no violation by any Directors or Supervisors during the Period.

INTERIM DIVIDEND

The Board has recommended the payment of an interim dividend by the Company for the six months ended 30 June 2024 of RMB0.19 (tax inclusive) per share, totaling RMB234,429,790.00 (tax inclusive). Dividends payable to A Shareholders will be declared and paid in RMB, whereas dividends payable to H Shareholders will be declared in RMB and payable in Hong Kong dollars, the exchange rate of which would be calculated based on the average exchange rate published by the People's Bank of China during the week preceding the 2024 First EGM.

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

Other Information *(continued)*

The proposed Interim Dividend for 2024 is subject to the approval by the Shareholders at the forthcoming 2024 First EGM of the Company. In order to ascertain the Shareholders who are entitled to attend the 2024 First EGM and to receive the Interim Dividend for 2024 (if approved by the Shareholders), the register of members for H Shares will be closed by the Company during the following periods:

To ascertain the H Shareholders who are qualified to attend and vote at the 2024 First EGM:

Latest time for lodging transfers of H Shares	4:30 p.m., Friday, 13 September 2024
Closure of register of members for H Shares	from Monday, 16 September 2024 to Wednesday, 16 October 2024 (both days inclusive)
Date for holding the EGM	Wednesday, 16 October 2024

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

Latest time for lodging transfers of H Shares	4:30 p.m., Monday, 21 October 2024
Closure of register of members for H Shares	from Tuesday, 22 October 2024 to Tuesday, 29 October 2024 (both days inclusive)
Dividend Entitlement Date	Tuesday, 29 October 2024

In order for the H Shareholders to qualify to attend and vote at the EGM and to receive the Interim Dividend for 2024 (if approved by the Shareholders) proposed by the Company, all transfer documents 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 abovementioned deadlines for lodging the transfer documents.

H Shareholders whose names appear on the register of members of the Company at 4:30 p.m. on Friday, 13 September 2024 are entitled to attend and vote at the 2024 First EGM. H Shareholders whose names appear on the register of members of the Company on the Dividend Entitlement Date are entitled to the Interim Dividend for 2024 of the Company (if approved by the Shareholders). The Interim Dividend for 2024 will be paid on or before 16 December 2024 (if approved by the Shareholders).

Other Information *(continued)*

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 enterprise 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 enterprise income tax and individual income tax.

EVENTS AFTER THE REPORTING PERIOD

At the Board meeting held on 27 August 2024, the profit distribution plan for the interim period of 2024 was passed under which the undistributed profit for the interim period of 2024 will be distributed at the price of RMB0.19 (tax inclusive) per share and the proposed dividend amounted to RMB234,429,790.00 (tax inclusive). The resolution shall take effect upon obtaining approval at the 2024 First EGM of the Company. Apart from this, there were no material events of the Group after the Period.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the Group's unaudited consolidated financial statements for the six months ended 30 June 2024 included in this interim report and has communicated and discussed the financial reporting issues of the Group with the management of the Company. The Audit Committee confirmed that the interim financial report of the Group has been prepared in accordance with the applicable accounting standards and requirements and has made appropriate disclosures accordingly.

By Order of the Board

XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.*

Zhou Qing

Chairman

Sichuan, the PRC, 27 August 2024

* For identification purposes only

Consolidated Balance Sheet

As at 30 June 2024

RMB

	Notes	30 June 2024 (Unaudited)	31 December 2023
Assets			
Current Assets:			
Cash and bank balances	(VI)1	8,244,180,881.47	9,117,663,825.52
Held-for-trading financial assets		78,709.63	5,220.00
Notes receivable	(VI)2	2,448,019.88	3,758,159.19
Accounts receivable	(VI)3	1,743,971,482.68	1,477,171,063.02
Financing receivables	(VI)4	4,014,552.03	4,445,475.96
Prepayments	(VI)5	78,931,946.74	55,483,678.87
Other receivables	(VI)6	262,357,988.75	121,733,914.08
Including: Interests receivable		–	–
Dividends receivable	(VI)6.2	129,366,062.35	72,000.00
Inventories	(VI)7	2,352,676,852.25	2,641,169,798.03
Contract assets	(VI)8	6,362,152.42	8,817,641.75
Non-current assets due within one year	(VI)10	70,711,649.03	69,763,811.83
Other current assets	(VI)9	197,324,091.15	508,621,658.45
Total Current Assets		12,963,058,326.03	14,008,634,246.70
Non-current Assets:			
Long-term receivables	(VI)10	14,757,359.64	34,562,954.24
Long-term equity investments	(VI)11	768,949,181.42	771,481,018.72
Other equity instrument investment	(VI)12	2,079,485,154.96	1,767,951,589.74
Other non-current financial assets	(VI)13	410,923,172.67	449,082,949.02
Investment properties	(VI)14	80,472,702.92	94,146,451.73
Fixed assets	(VI)15	2,389,650,233.10	2,380,738,171.45
Construction in progress	(VI)16	50,476,886.51	39,549,969.11
Right-of-use assets	(VI)17	268,902,721.17	299,090,003.20
Intangible assets	(VI)18	351,384,920.45	369,853,435.66
Development cost		2,623,266.62	1,045,459.68
Goodwill	(VI)19	622,652,907.24	622,652,907.24
Long-term prepaid expenses	(VI)20	30,889,230.24	32,940,683.68
Deferred income tax assets	(VI)21	65,424,046.09	50,401,253.62
Other non-current assets	(VI)22	1,792,698,873.88	865,432,280.53
Total Non-current Assets		8,929,290,656.91	7,778,929,127.62
TOTAL ASSETS		21,892,348,982.94	21,787,563,374.32

Consolidated Balance Sheet *(continued)*

As at 30 June 2024

RMB

	Notes	30 June 2024 (Unaudited)	31 December 2023
Liabilities and shareholders' equity			
Current Liabilities:			
Short-term borrowings	(VI)23	10,000,000.00	10,000,000.00
Notes payable	(VI)24	23,680,278.64	36,299,683.81
Accounts payable	(VI)25	5,433,440,532.14	5,470,058,096.76
Advance receipts		3,052,391.12	519,377.31
Contract liabilities	(VI)26	555,919,065.44	607,861,828.48
Employee benefits payable	(VI)27	553,982,797.17	795,130,708.68
Taxes payable	(VI)28	98,279,928.92	70,497,049.35
Other payables	(VI)29	476,472,908.87	564,176,104.54
Including: Interests payable		-	-
Dividends payable	(VI)29.2	176,774,840.00	222,091,380.00
Non-current liabilities due within one year	(VI)31	81,921,966.82	94,775,135.71
Other current liabilities	(VI)30	211,769,759.52	224,857,867.64
Total Current Liabilities		7,448,519,628.64	7,874,175,852.28
Non-current Liabilities:			
Lease liabilities	(VI)31	226,330,439.55	230,930,029.86
Long-term employee benefits payable	(VI)32	-	30,581,649.90
Deferred income	(VI)33	27,007,990.61	20,083,863.80
Deferred income tax liabilities	(VI)21	252,681,670.38	217,635,807.37
Total Non-current Liabilities		506,020,100.54	499,231,350.93
TOTAL LIABILITIES		7,954,539,729.18	8,373,407,203.21
Shareholders' Equity:			
Share capital	(VI)34	1,233,841,000.00	1,233,841,000.00
Capital reserve	(VI)35	2,523,663,464.41	2,523,663,464.41
Other comprehensive income	(VI)36	1,402,540,445.09	1,137,699,551.17
Surplus reserve	(VI)37	1,294,713,238.91	1,294,713,238.91
Undistributed profits	(VI)38	7,103,280,120.88	6,881,030,888.86
Total Shareholder's Equity Attributable to the Parent Company		13,558,038,269.29	13,070,948,143.35
Non-controlling Interests		379,770,984.47	343,208,027.76
TOTAL SHAREHOLDERS' EQUITY		13,937,809,253.76	13,414,156,171.11
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		21,892,348,982.94	21,787,563,374.32

Consolidated Balance Sheet *(continued)*

As at 30 June 2024

This financial statement was approved by the Board on 27 August 2024.

The financial statements on pages 34 to 48 were signed by the following:

Zhou Qing
Legal Representative

Xu Yongping
Chief Accountant

Feng Gang
*Person in Charge of the
Accounting Body*

The notes to the financial statements on pages 49 to 208 form part of the financial statements.

The Parent Company's Balance Sheet

As at 30 June 2024

RMB

Notes	30 June 2024 (Unaudited)	31 December 2023
Assets		
Current Assets:		
Cash and bank balances	7,130,085,556.93	7,788,321,636.59
Held-for-trading financial assets	78,709.63	5,220.00
Accounts receivable (XVII)1	812,735,375.28	699,276,340.51
Prepayments	23,682,995.31	13,600,172.21
Other receivables (XVII)2	703,383,726.99	616,621,299.28
Including: Interests receivable	–	–
Dividends receivable	126,459,871.32	–
Inventories	345,533,866.02	435,583,442.31
Contract assets	506,463.02	560,395.38
Non-current liabilities due within one year	11,575,498.31	4,272,070.71
Other current assets	81,058,569.68	293,133,587.07
Total Current Assets	9,108,640,761.17	9,851,374,164.06
Non-current Assets:		
Long-term receivables	54,401.30	2,782,132.97
Long-term equity investments (XVII)3	4,528,198,403.76	4,515,307,269.67
Other equity instrument investment	2,078,955,200.00	1,767,048,000.00
Other non-current financial assets	102,040,531.05	116,686,868.39
Investment properties	13,034,570.96	13,415,454.00
Fixed assets	1,756,577,490.47	1,767,532,255.92
Construction in progress	1,691,669.54	1,738,513.49
Right-of-use assets	259,535,534.28	283,367,159.00
Intangible assets	137,628,992.73	142,558,267.49
Long-term prepaid expenses	20,176,719.05	23,328,017.13
Other non-current assets	1,272,435,398.23	547,188,051.78
Total Non-current Assets	10,170,328,911.37	9,180,951,989.84
TOTAL ASSETS	19,278,969,672.54	19,032,326,153.90

The Parent Company's Balance Sheet *(continued)*

As at 30 June 2024

RMB

Notes	30 June 2024 (Unaudited)	31 December 2023
Liabilities and shareholders' equity		
Current Liabilities:		
Accounts payable	4,237,211,625.20	3,951,763,180.20
Contract liabilities	329,969,788.56	363,598,362.96
Employee benefits payable	340,305,609.48	539,200,354.31
Taxes payable	62,386,862.57	18,598,509.25
Other payables	1,647,845,178.88	1,776,059,392.63
Including: Interests payable	—	—
Dividends payable	176,774,840.00	222,091,380.00
Non-current liabilities due within one year	80,820,450.28	90,884,948.34
Other current liabilities	78,440,731.66	80,677,483.03
Total Current Liabilities	6,776,980,246.63	6,820,782,230.72
Non-current Liabilities:		
Lease liabilities	216,909,685.98	217,545,536.16
Deferred income	6,245,450.97	7,172,154.03
Deferred income tax liabilities	184,424,859.81	147,023,084.36
Total Non-current Liabilities	407,579,996.76	371,740,774.55
TOTAL LIABILITIES	7,184,560,243.39	7,192,523,005.27
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	1,404,658,891.20	1,139,537,771.20
Surplus reserve	1,293,878,488.78	1,293,878,488.78
Undistributed profits	5,530,973,721.07	5,541,488,560.55
TOTAL SHAREHOLDERS' EQUITY	12,094,409,429.15	11,839,803,148.63
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	19,278,969,672.54	19,032,326,153.90

Consolidated Income Statement

For the period from 1 January to 30 June 2024

		<i>RMB</i>	
	Notes	For the period from 1 January to 30 June 2024 (Unaudited)	
		For the period from 1 January to 30 June 2023 (Unaudited)	
I. Operating income	(VI)39	5,787,816,275.71	5,427,547,628.27
Less: Operating costs	(VI)39	3,562,042,236.10	3,319,977,440.48
Taxes and surcharges	(VI)40	25,551,756.04	7,086,485.01
Selling expenses	(VI)41	715,635,380.70	660,590,684.41
Administrative expenses	(VI)42	749,109,877.40	717,781,572.58
Research and development expenditure		9,364,568.90	8,668,944.20
Finance expenses	(VI)43	(85,134,627.74)	(73,491,949.73)
Including: Interest expense		6,676,754.64	9,335,572.49
Interest income		96,383,472.12	85,982,349.20
Add: Other income	(VI)44	30,047,532.36	57,045,469.81
Investment income (loss)	(VI)45	122,750,749.47	100,877,689.79
Including: Income from investments in associates and joint ventures		9,268,834.02	16,165,973.10
Gains (losses) from changes in fair values	(VI)46	(36,709,633.98)	(4,637,313.55)
Gains (losses) on credit impairment	(VI)47	(46,035,808.57)	(84,176,818.32)
Impairment gains (losses) of assets	(VI)48	(21,027,688.19)	(40,814,578.89)
Gains (losses) from disposal of assets	(VI)49	1,128,329.57	267,758.40
II. Operating profit		861,400,564.97	815,496,658.56
Add: Non-operating income	(VI)50	1,050,289.04	2,955,156.75
Less: Non-operating expenses	(VI)51	14,181,642.72	16,934,116.02
III. Total profit		848,269,211.29	801,517,699.29
Less: Income tax expenses	(VI)52	95,920,622.56	12,606,256.50
IV. Net profit		752,348,588.73	788,911,442.79
(I) Categorized by the nature of continuing operation:			
1. Net profit from continuing operations		752,348,588.73	788,911,442.79
2. Net profit from discontinued operations		–	–
(II) Categorized by ownership:			
1. Net profit attributable to shareholders of the parent company		715,785,632.02	762,156,455.81
2. Profit or loss attributable to non- controlling interests		36,562,956.71	26,754,986.98

Consolidated Income Statement *(continued)*

For the period from 1 January to 30 June 2024

		<i>RMB</i>	
		For the period from 1 January to 30 June 2024 (Unaudited)	For the period from 1 January to 30 June 2023 (Unaudited)
	Notes		
V.	Other comprehensive income, net of tax	264,840,893.92	273,637,950.83
	(I) Other comprehensive income attributable to shareholders of the parent company, net of tax	264,840,893.92	273,637,950.83
	1. Other comprehensive income not reclassified to profit or loss	264,840,893.92	273,637,950.83
	(1) Changes in other equity instrument investment at fair value	264,840,893.92	273,637,950.83
	(II) Other comprehensive income attributable to non-controlling shareholders, net of tax	-	-
VI.	Total comprehensive income	1,017,189,482.65	1,062,549,393.62
	(I) Total comprehensive income attributable to shareholders of the parent company	980,626,525.94	1,035,794,406.64
	(II) Total comprehensive income attributable to non-controlling shareholders	36,562,956.71	26,754,986.98
VII.	Earnings per share:		
	(I) Basic earnings per share (RMB/share)	0.58	0.62
	(II) Diluted earnings per share (RMB/share)	0.58	0.62

The Parent Company's Income Statement

For the period from 1 January to 30 June 2024

		For the period from 1 January to 30 June 2024 (Unaudited)	<i>RMB</i> For the period from 1 January to 30 June 2023 (Unaudited)
	Notes		
I. Operating income	(XVII)4	3,540,107,821.86	3,408,725,549.73
Less: Operating costs	(XVII)4	2,076,632,588.17	1,957,698,315.38
Taxes and surcharges		12,137,592.80	874,144.74
Selling expenses		450,823,673.94	441,339,186.66
Administrative expenses		576,822,694.29	547,614,424.54
Research and development expenses		2,659,488.51	2,520,462.68
Finance expenses		(52,360,486.21)	(40,004,997.72)
Including: Interest expenses		19,850,963.32	22,352,317.78
Interest income		74,615,408.11	63,411,282.79
Add: Other income		14,142,204.26	5,867,687.17
Investment income (loss)	(XVII)5	114,644,486.46	96,931,970.81
Including: Gains from investments in associates and joint ventures		10,184,342.42	11,106,802.91
Gains (losses) from changes in fair values		(14,288,552.52)	(36,821,468.35)
Gains (losses) on credit impairment		(28,971,437.87)	(174,671,799.89)
Impairment gains (losses) of assets		1,774,726.64	(23,321,348.10)
Gains (losses) from disposal of assets		320,694.81	220,533.96
II. Operating profit		561,014,392.14	366,889,589.05
Add: Non-operating income		258,092.95	2,226,061.30
Less: Non-operating expenses		12,742,504.60	14,743,118.26
III. Total profit		548,529,980.49	354,372,532.09
Less: Income tax expenses		65,508,419.97	-
IV. Net profit		483,021,560.52	354,372,532.09
(I) Net profit from continuing operations		483,021,560.52	354,372,532.09
(II) Net profit from discontinued operations		-	-

The Parent Company's Income Statement *(continued)*

For the period from 1 January to 30 June 2024

	Notes	For the period from 1 January to 30 June 2024 (Unaudited)	<i>RMB</i> For the period from 1 January to 30 June 2023 (Unaudited)
V. Other comprehensive income, net of tax		265,121,120.00	273,795,200.00
(I) Other comprehensive income not reclassified to profit or loss		265,121,120.00	273,795,200.00
1. Changes in other equity instrument investment at fair value		265,121,120.00	273,795,200.00
(II) Other comprehensive income that will be reclassified to profit or loss		-	-
VI. Total comprehensive income		748,142,680.52	628,167,732.09

Consolidated Cash Flow Statement

For the period from 1 January to 30 June 2024

		For the period from 1 January to 30 June 2024 (Unaudited)	<i>RMB</i> For the period from 1 January to 30 June 2023 (Unaudited)
	Notes		
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		5,651,423,761.49	5,512,432,554.31
Receipts of tax refunds		345,661.34	37,540,988.38
Other cash receipts relating to operating activities	(VI)54(1)	124,546,020.34	120,895,825.40
Sub-total of cash inflows from operating activities		5,776,315,443.17	5,670,869,368.09
Cash payments for goods purchased and services received		3,573,152,395.16	3,456,071,893.64
Cash payments to and on behalf of employees		1,207,126,877.24	1,096,591,952.42
Payments of various types of taxes		152,493,658.24	67,196,007.55
Other cash payments relating to operating activities	(VI)54(2)	463,705,155.43	468,856,533.03
Sub-total of cash outflows from operating activities		5,396,478,086.07	5,088,716,386.64
Net Cash Flow from Operating Activities	(VI)55(1)	379,837,357.10	582,152,981.45
II. Cash Flows from Investing Activities:			
Cash receipts from recovery of investments	(VI)54(3)	913,990.81	154,682,654.69
Cash receipts from investment income		36,052,500.00	1,486,548.79
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		1,984,932.52	546,945.00
Other cash receipts relating to investing activities	(VI)54(5)	300,000,000.00	50,391,589.04
Sub-total of cash inflows from investing activities		338,951,423.33	207,107,737.52
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		51,536,468.46	46,551,405.40
Cash payments to acquire investments	(VI)54(4)	211,558,436.79	153,387,857.02
Other cash payments relating to investing activities	(VI)54(6)	810,000,000.00	100,000,000.00
Sub-total of cash outflows from investing activities		1,073,094,905.25	299,939,262.42
Net Cash Flow from Investing Activities		(734,143,481.92)	(92,831,524.90)

Consolidated Cash Flow Statement *(continued)*

For the period from 1 January to 30 June 2024

		<i>RMB</i>
	Notes	For the period from 1 January to 30 June 2023 (Unaudited)
		For the period from 1 January to 30 June 2024 (Unaudited)
III. Cash Flows from Financing Activities:		
Cash payments for distribution of dividends, profit or settlement of interest expenses		269,563,398.33
Including: Payments for distribution of dividends, profit to non- controlling shareholders of subsidiaries		–
Other cash payments relating to financing activities	(VI)54(7)	40,106,671.14
Sub-total of cash outflows from financing activities		309,670,069.47
Net Cash Flow from Financing Activities		(309,670,069.47)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		–
V. Net Increase in Cash and Cash Equivalents	(VI)55(1)	179,651,387.08
Add: Opening balance of cash and cash equivalents	(VI)55(2)	7,762,084,629.28
VI. Closing Balance of Cash and Cash Equivalents	(VI)55(2)	7,941,736,016.36

The Parent Company's Cash Flow Statement

For the period from 1 January to 30 June 2024

	Notes	For the period from 1 January to 30 June 2024 (Unaudited)	<i>RMB</i> For the period from 1 January to 30 June 2023 (Unaudited)
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		3,479,822,996.42	3,484,619,675.40
Other cash receipts relating to operating activities		99,650,418.32	119,268,598.32
Sub-total of cash inflows from operating activities		3,579,473,414.74	3,603,888,273.72
Cash payments for goods purchased and services received		1,905,292,359.77	1,958,123,157.84
Cash payments to and on behalf of employees		845,050,846.46	762,447,608.42
Payments of various types of taxes		27,519,501.10	3,165,815.76
Other cash payments relating to operating activities		337,105,728.38	318,720,781.72
Sub-total of cash outflows from operating activities		3,114,968,435.71	3,042,457,363.74
Net Cash Flow from Operating Activities		464,504,979.03	561,430,909.98
II. Cash Flows from Investing Activities:			
Cash receipts from recovery of investments		913,990.81	18,115,461.91
Cash receipts from investment income		24,090,000.00	–
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		461,283.17	382,936.57
Other cash receipts relating to investing activities		267,691,391.78	142,571,541.10
Sub-total of cash inflows from investing activities		293,156,665.76	161,069,939.58
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		20,500,552.24	49,060,898.12
Cash payments to acquire investments		231,558,436.79	4,967,591.25
Other cash payments relating to investing activities		600,000,000.00	–
Sub-total of cash outflows from investing activities		852,058,989.03	54,028,489.37
Net Cash Flow from Investing Activities		(558,902,323.27)	107,041,450.21

The Parent Company's Cash Flow Statement *(continued)*

For the period from 1 January to 30 June 2024

	Notes	For the period from 1 January to 30 June 2024 (Unaudited)	<i>RMB</i> For the period from 1 January to 30 June 2023 (Unaudited)
III. Cash Flows from Financing Activities:			
Other cash receipts relating to financing activities		53,000,000.00	50,000,000.00
Sub-total of cash inflows from financing activities		53,000,000.00	50,000,000.00
Cash payments for distribution of dividends, profit or settlement of interest expenses		547,049,547.89	279,572,326.00
Other cash payments relating to financing activities		124,051,262.58	182,082,276.29
Sub-total of cash outflows from financing activities		671,100,810.47	461,654,602.29
Net Cash Flow from Financing Activities		(618,100,810.47)	(411,654,602.29)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
		-	-
V. Net Increase in Cash and Cash Equivalents			
		(712,498,154.71)	256,817,757.90
Add: Opening balance of cash and cash equivalents		7,780,441,095.55	6,262,731,595.65
VI. Closing Balance of Cash and Cash Equivalents			
		7,067,942,940.84	6,519,549,353.55

Consolidated Statement of Changes in Shareholders' Equity

For the period from 1 January to 30 June 2024

RMB

ITEM	For the period from 1 January to 30 June 2024 (Unaudited)						
	Equity attributable to shareholders of the parent company						
	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 in current period							
(1) Total comprehensive income	-	-	264,840,893.92	-	715,785,632.02	36,562,956.71	1,017,189,482.65
(2) Profit distribution							
1. Distributions to shareholders	-	-	-	-	(493,536,400.00)	-	(493,536,400.00)
III. 30 June 2024 (Unaudited)	1,233,841,000.00	2,523,663,464.41	1,402,540,445.09	1,294,713,238.91	7,103,280,120.88	379,770,984.47	13,937,809,253.76

RMB

ITEM	For the period from 1 January to 30 June 2023 (Unaudited)						
	Equity attributable to shareholders of the parent company						
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	Non-controlling interests	Total shareholders' equity
I. 1 January 2023	1,233,841,000.00	2,572,524,766.32	1,445,418,214.18	1,154,424,514.15	6,083,770,928.98	172,053,936.43	12,662,033,360.06
II. Changes in current period							
(1) Total comprehensive income	-	-	273,637,950.83	-	762,156,455.81	26,754,986.98	1,062,549,393.62
(2) Profit distribution							
1. Distributions to shareholders	-	-	-	-	(419,505,940.00)	-	(419,505,940.00)
III. 30 June 2023 (Unaudited)	1,233,841,000.00	2,572,524,766.32	1,719,056,165.01	1,154,424,514.15	6,426,421,444.79	198,808,923.41	13,305,076,813.68

The Parent Company's Statement of Changes in Shareholders' Equity

For the period from 1 January to 30 June 2024

Item	For the period from 1 January to 30 June 2024 (Unaudited)					<i>RMB</i>
	Share capital	Capital reserve	Other	Surplus reserve	Retained profits	Total shareholders' equity
			comprehensive income			
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 in current period						
(1) Total comprehensive income	-	-	265,121,120.00	-	483,021,560.52	748,142,680.52
(2) Profit distribution						
1. Distributions to shareholders	-	-	-	-	(493,536,400.00)	(493,536,400.00)
III. 30 June 2024	1,233,841,000.00	2,631,057,328.10	1,404,658,891.20	1,293,878,488.78	5,530,973,721.07	12,094,409,429.15

Item	For the period from 1 January to 30 June 2023 (Unaudited)					<i>RMB</i>
	Share capital	Capital reserve	Other	Surplus reserve	Retained profits	Total shareholders' equity
			comprehensive income			
I. 1 January 2023	1,233,841,000.00	2,631,057,328.10	1,446,959,072.00	1,153,589,764.02	4,920,487,357.70	11,385,934,521.82
II. Changes in current period						
(1) Total comprehensive income	-	-	273,795,200.00	-	354,372,532.09	628,167,732.09
(2) Profit distribution						
1. Distributions to shareholders	-	-	-	-	(419,505,940.00)	(419,505,940.00)
III. 30 June 2023	1,233,841,000.00	2,631,057,328.10	1,720,754,272.00	1,153,589,764.02	4,855,353,949.79	11,594,596,313.91

Notes to the Financial Statements

For the period from 1 January to 30 June 2024

(1) 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"**, originally known as Sichuan Xinhua Winshare Chain Co., Ltd.), collectively sponsored by Sichuan Xinhua Publishing and Distribution Group Co., Ltd. (hereinafter referred to as **"Sichuan Xinhua Publishing and Distribution Group"**), Chengdu Hua Sheng (Group) Industry Co., Ltd. (**"Hua Sheng Group"**), Sichuan Daily Newspaper Group Co., Ltd., Sichuan Cultural Industry Investment Group Co., Ltd. (hereinafter referred to as **"Sichuan Cultural Investment Group"**), Sichuan Youth and Children's Publishing House Co., Ltd. (hereinafter referred to as **"Youth and Children's Publishing House"**), and Liaoning Publication Group Co., Ltd., was incorporated on 11 June 2005 upon registration at Sichuan Provincial Administration for Market Regulation.

In accordance with resolutions made on 7th meeting of the second session of the Board of Directors meeting on 20 August 2010, the Company changed its name from Sichuan Xinhua Winshare Chain Co., Ltd. To Xinhua Winshare Publishing and Media Co., Ltd.

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

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

In accordance with the resolution of the eleventh meeting of the fifth session of the Board of Directors in 2023 on 29 August 2023, Mr. Zhou Qing was elected as the chairman of the Company. Pursuant to the Articles of Association, the legal representative of the Company has been changed from Mr. Luo Yong to Mr. Zhou Qing. The registered address of the Company is Unit 1, Block 1, No. 238, Sanshe Road, Jinjiang District, Chengdu, Sichuan Province. The headquarters of the Company is located at Unit 1, Block 1, No. 238, Sanshe Road, Jinjiang District, Chengdu, Sichuan Province.

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 company of the Company is Sichuan Xinhua Publishing and Distribution Group. The Company is de facto controlled by the State-owned Assets Supervision and Administration Commission of Sichuan Province (**"Sichuan SASAC"**).

2. Date of approval of financial statements

The consolidated and the parent company's financial statements were approved by the Board of the Company on 27 August 2024.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(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 subsequent to 30 June 2024, and found no events or circumstances that may cast significant doubts upon it. Hence the financial statements have been prepared on a 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 fair value is directly observable or estimated using valuation technique, fair value measurement and 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 using valuation technique of unobservable inputs in the subsequent measurement at the fair value, the technique is adjusted during the valuation to match the initial recognition results determined with the transaction prices.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

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

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

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

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance with the ASBE

The financial statements have been prepared by the Company in accordance with ASBE, and present truly and completely, the consolidated and the parent company's financial position as at 30 June 2024, and the consolidated and the parent company's results of operations, the consolidated and the parent company's statement of changes in shareholders' equity and the consolidated and the parent company's cash flows for the period from 1 January to 30 June 2024.

2. Accounting period

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

3. Operating 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 operating 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 their functional currency. The Company adopts RMB to prepare its financial statements.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

5. Determination method and selection basis of materiality standards

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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

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

6.1 *Business combinations involving enterprises under common control*

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

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is adjusted to the share capital premium in capital reserve. If the share capital premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings. Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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

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

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

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

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

7. Judgment standard of control and preparation of consolidated financial statements

7.1 Judgment standard of control

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

7.2 Preparation of consolidated financial statements

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

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

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

7. Judgment standard of control and preparation of consolidated financial statements

(Continued)

7.2 Preparation of consolidated financial statements *(Continued)*

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

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

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

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

The portion of subsidiaries' equity that is not attributable to the Company 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 shareholders are presented as "profit or loss attributable to non-controlling shareholders" in the consolidated income statement below the "net profit" line item.

When the amount of 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 Company owners' interests and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid/received is adjusted to capital reserve under owners' equity. If the capital reserve is not sufficient to absorb the difference, the excess is adjusted against retained earnings.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

7. Judgment standard of control and preparation of consolidated financial statements

(Continued)

7.2 Preparation of consolidated financial statements *(Continued)*

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

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

8. Classification of joint arrangements

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

The joint arrangement of the Group refers to the joint venture. 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.

9. Recognition criteria of cash and cash equivalents

Cash comprises cash on hand of the Group and its 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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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 the functional currency using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognized in profit or loss for the period, save as: (1) exchange differences relating to a special borrowing denominated in foreign currency qualified for capitalization are capitalized as part of the cost of the relevant asset during the capitalization period; (2) exchange differences relating to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting; (3) exchange differences arising from changes in the carrying amounts (other than amortized cost) of monetary items classified at fair value through other comprehensive income (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 ASBE No. 14 – Revenue (the “**Standard – Revenue**”), accounts receivable recognized shall be measured at transaction price defined based on the Standard – Revenue on initial recognition.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

11. Financial instruments *(Continued)*

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

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the net carrying amount 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 (time deposits), non-current assets due within one year, long-term receivables, other non-current assets (time deposits) and etc.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

11. Financial instruments *(Continued)*

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

The contract clauses 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, among which those with maturities over one year upon acquisition are presented under other debt investments, those with maturities within one year (inclusive) since the balance sheet date are presented under non-current assets due within one year, those classified as accounts receivable and notes receivable at FVTOCI upon acquisition are presented under financing receivables, those remaining items with maturities within one year (inclusive) upon acquisition are presented under other current assets.

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 an 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 are held by the Group 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 that meet the definition of financial guarantee contracts as well as derivatives designated as effective hedging instruments.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

11. Financial instruments *(Continued)*

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

The financial assets at fair value through profit or loss (FVTPL) include those classified as at FVTPL and those designated as at FVTPL:

- 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 due 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.

11.1.1 Financial assets classified as at amortized cost

Financial assets measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from impairment or derecognition is included in profit or loss for the current period.

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 except for the following situations:

- For purchased or originated 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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

11. Financial instruments *(Continued)*

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

*11.1.1 Financial assets classified as at amortized cost *(Continued)**

- For purchased or originated 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 rule, the Group recognizes interest income by applying effective interest rate to book balance of the financial assets.

11.1.2 Financial assets at FVTOCI

Gains or losses on impairment and interest income calculated using effective interest rate that relate to a financial asset classified as at FVTOCI are recognized in profit or loss for the period, otherwise fair value changes in the financial asset are included in other comprehensive income. The amount of the financial asset included in profit or loss for each period is equal to the amount as if it had been measured at amortized cost through profit or loss for each period. Upon derecognition of the financial asset, cumulative gains or losses previously recognized in other comprehensive income are transferred and included in profit or loss for the period.

The fair value change of non-trading equity instrument investments designated as 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 into the Group; and the amount of dividend can be reliably measured.

11.1.3 Financial assets at FVTPL

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

11. Financial instruments *(Continued)*

11.2 Impairment of financial instruments

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

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

For other financial instruments, except for the purchased or internally generated credit – impaired financial assets, at each balance sheet date, the Group assesses changes in credit risk of relevant financial assets since initial recognition. If the credit risk of the above financial instruments has increased significantly since initial recognition, the Group measures loss allowance based on the amount of full lifetime ECL; if credit risk of the financial instruments has not increased significantly since initial recognition, the Group recognizes loss allowance based on 12-month ECL of the financial 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 instruments at 12-month ECL at the balance sheet date for the current period. Relevant reversal of loss allowance is included in profit or loss as gain on impairment.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

11. Financial instruments *(Continued)*

11.2 Impairment of financial instruments (Continued)

11.2.1 Significant increase in credit risk

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

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

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

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

11. Financial instruments *(Continued)*

11.2 Impairment of financial instruments (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.

11.2.3 Recognition of ECL

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

- For financial assets 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 carrying amount 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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

11. Financial instruments *(Continued)*

11.2 Impairment of financial instruments (Continued)

11.2.4 Reduction in financial assets

The Group directly reduces the carrying amount 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.

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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

11. Financial instruments *(Continued)*

11.3 Transfer of financial assets (Continued)

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 plus the consideration received from the transfer of financial asset and the sum of corresponding amounts derecognized in the accumulated changes in the fair value of other comprehensive income is recognized in profit or loss for the period. 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.

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, cumulative gains or losses previously recognized in other comprehensive income are transferred and included in retained earnings.

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

11.4 Classification of financial liabilities and equity instruments

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

11. Financial instruments *(Continued)*

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

11.4.1 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 and 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.

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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

11. Financial instruments *(Continued)*

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.

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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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

13.1 Accounts receivable (Continued)

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.

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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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.

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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

15. Other receivables *(Continued)*

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.

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 materials, 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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

16. Inventories *(Continued)*

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 decline in value of inventories is made.

Net realizable value is the estimated selling price of inventories in the ordinary course of business less the estimated costs to be incurred up to 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.

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 informatization 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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

16. Inventories *(Continued)*

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

- (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 informatization equipment and others: The net realizable value is determined based on the estimated selling price less the estimated sales expenses and related taxes.

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

The Group recognizes net realizable value of self-owned and outsourcing (for underwriting part) general books based on the age in stock according to the annual pricing regulations of the publishing industry, which are classified into age groups of within one year, one to two years, two to three years, and more than three years. The basis for determining net realizable value for each group is: For those aging within one year, no provision for impairment is made; for those aging within one to two years, provision is made at 10% of total pricing of book inventory at year end; for those aging within two to three years, provision is made at 20% of total pricing of book inventory at year end; for those aging for more than 3 years, provision is made at 100% of actual costs of book inventories at year end. The provision for outsourcing (for returnable part) general books is made at 1%-3% of actual costs of book inventories at the year end.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

17. Contract assets

17.1 Recognition methods and criteria for contract assets

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

17.2 The determination method and accounting treatment for ECL of contract assets

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

17.3 Judgment criteria for credit loss provision on an individual basis

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

18. Long-term equity investments

18.1 Judgement criteria for joint control and significant influence

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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

18.2 Determination of initial investment cost

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

For a long-term equity investment acquired through business combination not involving enterprises under common control, the initial investment cost of the long-term equity investment is the aggregate cost on the date 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 amounts of equity investments previously held in the acquiree and the new investment cost is deemed as the initial investment cost of the long-term equity investment that was changed to be accounted for using cost method. If the equity interests previously held were 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 its cost.

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 company's separate 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. The cost of the long-term equity investment is 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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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

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

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

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 and a joint venture refers to a joint arrangement whereby the Group has only the 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.

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income of the investee for the year as investment income and other comprehensive income respectively. 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 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. The Group's transactions with its associates and joint ventures where assets contributed or sold do not constitute a business, unrealized internal profit or loss is recognized as investment profit or loss to the extent that those attributable to the Group's proportionate shareholding 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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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

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.

19. Investment properties

An investment property is a 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 disposal.

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

20. Fixed assets

20.1 Recognition criteria

Fixed assets are tangible assets that are held for use in the production or supply of goods or 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 method

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.

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 accounts for any change as a change in an accounting estimate.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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

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:

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

23. Intangible assets *(Continued)*

23.1 Useful life and basis for determination, valuation, amortization method or review procedure *(Continued)*

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 Expected economic	–
Patents	Straight-line method	10 – 15	benefit period Expected economic	–
Software	Straight-line method	5 – 10	benefit period Expected economic	–
Others	Straight-line method	1 – 10	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.

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:

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

23. Intangible assets *(Continued)*

23.2 Scope of research and development expenditure and related accounting treatment method *(Continued)*

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 assets to expected usage from the point of time of satisfaction of capitalization conditions. The expenditures included in the profit or loss capitalized before the same intangible asset meets the capitalization conditions during the course of development are not adjusted.

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.

24. Impairment of long-term assets

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

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

If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit 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 assets group(s) or each of assets group(s) expected to benefit from the synergies of the combination. An impairment loss is recognized if the recoverable amount of the assets group or sets of assets 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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

25. Long-term prepaid expenses

Long-term prepaid expenses represent expenses incurred that should be amortized over the current year and each of the 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 or should receive consideration from the customer. Contract assets and contract liabilities under the same contract are presented in net amounts.

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 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, etc. and payments of housing funds, as well as union running costs and employee education costs provided in accordance with relevant requirements, are calculated according to prescribed bases and percentages in determining the amount of employee benefits and recognized as relevant liabilities, with a corresponding charge to the profit or loss for the period or the costs of relevant assets in the accounting period in which employees provide services.

27.2 Accounting treatment of post-employment benefits

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

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

27. Employee benefits *(Continued)*

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.

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

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

Revenue of the Group is primarily from the 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 informatization 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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

29. Revenue *(Continued)*

The Group recognizes revenue based on the transaction price allocated to such performance obligation when a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation represents the commitment that a good and service that is distinct shall be transferred by the Group to the customer.

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 each single performance obligation according to the relative proportion of the stand-alone selling prices of the goods or services promised by each 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 the relevant one or more performance obligations. The stand-alone selling price is the price at which the Group would sell a 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 to estimate the stand-alone selling price.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

29. Revenue *(Continued)*

Variable consideration

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

Sales with sales return terms attached

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

Sales with quality assurance terms attached

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

Additional purchase option

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

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

29. Revenue *(Continued)*

Significant financing component

If the contract includes significant financing component (including education informatization and 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 to 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.

Specific revenue recognition methods and timing:

The Group’s general book sales business, textbooks and supplementary materials sales business, printing and supplies business, and concessionaire sales business generally only include performance obligations for transferred goods, which are performance obligations performed at a certain 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 and the customer has received the goods, the Group has collected payment or obtained proof of payment, and the consideration to which it is entitled is likely to be recovered, and the principal risks and benefits in relation to the ownership of the goods have been transferred.

The Group’s education informatization and equipment business recognizes revenue after the project is accepted, and significant financing components in the contract are handled in accordance with the above principle.

The Group’s concessionaire sales business recognizes revenue at the net amount of the total consideration received or receivable after deducting the price payable to other related parties when the Group, as an agent, meets the revenue recognition conditions.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

30. Contract costs

30.1 Cost of contract acquisition

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

30.2 Cost of performance of contract

If the cost incurred by the Group for the performance of the contract does not fall within the scope of other ASBE other than the Standard – 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.

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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

31. Government grants *(Continued)*

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

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

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

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

Included in the Group's government grants, as the book subsidy is mainly used by the press 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.

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.

At the contract commencement date, the Group evaluates whether the contract is a lease or comprises a lease. 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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

32. Lease *(Continued)*

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 ASBE 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 provisions under the ASBE No. 8 – Impairment of Assets and applies accounting treatment to the impairment loss identified accordingly.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

32. Lease *(Continued)*

32.1 The Group as lessee (Continued)

32.1.2 Lease liabilities

Except for short-term leases, the Group initially measures lease liabilities on the commencement date of lease term according to the present value of outstanding lease payments on that date. When calculating the present value of lease payments, the Group uses incremental borrowing rate as discount rate as 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 (deduct 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 profit or loss for the period or the cost of relevant assets.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

32. Lease *(Continued)*

32.1 The Group as lessee *(Continued)*

32.1.2 Lease liabilities *(Continued)*

For the following cases after the commencement date of lease term, the Group shall remeasure lease liabilities and adjust the right-of-use assets correspondingly. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the lease liability, the Group recognizes any difference in profit or loss for the period:

- 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 office and operating buildings, 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.

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 right-of-use of one or more leased assets;
- The increased consideration and the individual price of the expanded part of scope of lease are equivalent after adjustment is made in accordance with situation of the contract.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

32. Lease *(Continued)*

32.1 The Group as lessee (Continued)

32.1.4 Lease modification (Continued)

If accounting treatment for the modification of lease as a separate lease is not conducted, the Group shall re-amortize the modified consideration of contract and 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 accordingly and recognizes the gains or losses relevant to the partial or complete termination of the leases in 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.

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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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.

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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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

33.2 Deferred tax assets and deferred tax liabilities (Continued)

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.

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

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

- The provisions on “Classification of Current Liabilities and Non-current Liabilities” in the ASBE Interpretation No. 17 (Cai Kuai [2023] No. 21);
- The provisions on “Presentation of Warranty-related Guarantee Expenses” in the ASBE Compilation of Application Guidelines 2024.

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(IV) KEY ASSUMPTIONS AND UNCERTAINTIES APPLIED IN ACCOUNTING ESTIMATES

In the application of accounting policies as set out in Note (III), the Group is required to make judgements, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainties of the operating activities. These judgements, estimates and assumptions are based on historical experience of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates of the Group.

The aforementioned judgements, estimates and assumptions are reviewed regularly by the Group on a going concern basis. The effect of a change in accounting estimate is recognized in the period of the change, if the change affects that period only; or recognized in the period of the change and future periods, if the change affects both.

Key assumptions and uncertainties applied 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 ECL rate of accounts receivable. At the end of the 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 decline in value of inventories

The Group determines provisions for decline in value of inventories on the basis of the estimates of net realizable value of inventories. Judgements and estimates shall be applied in measuring provisions for decline in value of inventories. If the re-assessment results differ from the existing estimates, the difference shall affect carrying amount of inventories and profit or loss for the period when estimates change.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(IV) KEY ASSUMPTIONS AND UNCERTAINTIES APPLIED IN ACCOUNTING ESTIMATES *(Continued)*

Key assumptions and uncertainties applied in accounting estimates *(Continued)*

Impairment of goodwill

The Group tests whether goodwill is impaired at least at the end of every year and when circumstances indicate that goodwill may be impaired. This requires an estimation of the future cash flows that will be generated by the asset groups or groups of asset group to which the goodwill is allocated, and a choice of a suitable discount rate in order to calculate the present value of those future cash flows.

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 return rates, product quality assurance, etc. and makes corresponding provisions based on contract terms, existing knowledge and historical experience. When such contingencies have formed a current obligation, and the performance of such current obligation is likely to result in the outflow of economic benefits from the Company, the Company's best estimate of the expenditures required to perform the relevant current obligation in relation to the contingencies shall be recognized as provision. The recognition and measurement of provisions rely heavily on the management's judgment. In the process of making judgments, the Company needs to evaluate the risks, uncertainties, time value of money and other factors related to these contingencies.

Fair value of financial instruments

For financial instruments that do not have an active trading market, the Group determines their fair value through various valuation methods. These valuation methods include discounted cash flow model analysis, etc. During valuation, the Group needs to estimate future cash flow, credit risk, market volatility and correlation, and select an appropriate discount rate. The relevant assumptions are uncertain and their changes will have an impact on the fair value of financial instruments.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(V) TAXES

1. Major categories of taxes and tax rates

Category of tax	Basis of tax calculation	Tax rate
Value-added tax	Note	13%, 9%, 6%, 3%
City maintenance and construction tax	Turnover tax paid	7%, 5%
Education surcharges	Turnover tax paid	3%
Local education surcharges	Turnover tax paid	2%
Enterprise income tax	Assessable income	25%, 15%
Property tax	Residual value after deducting 10% to 30% from the cost of the property/ rental income of the 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 as per relevant tax laws.

2. Tax incentives and official approvals

Enterprise income tax

In accordance with Notice on Several Tax Policies for the Transformation of Operating Cultural Institutions into Enterprises for Continuous Implementation of Cultural System Reform (Cai Shui [2019] No. 16) issued by the Ministry of Finance, State Administration of Taxation and Publicity Department of the Chinese Communist Party, 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 Culture Communication Co., Ltd. ("**Sichuan Cultural Communication**") and the thirteen publishing units under the Company enjoy enterprise income tax exemption for five years from 1 January 2019.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(V) TAXES *(Continued)*

2. Tax incentives and official approvals *(Continued)*

Enterprise income tax (Continued)

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

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

Value-added tax

Pursuant to Notice on Persistently Promoting Cultural Value-added Tax Preferential Policies (Announcement of Ministry of Finance and the State Administration of Taxation No. 10 of 2021) issued by the Ministry of Finance and the State Administration of Taxation, for the period from 1 January 2021 to 31 December 2023, the Group's publications of newspapers and journals published for children and the elderly, textbooks for students in primary and secondary schools and publications for ethnic minorities are entitled to preferential policy of 100% reimbursement of value-added tax during publishing phase; apart from the above publications that are entitled to preferential policy of 100% reimbursement of value-added tax, other publications such as books, journals, audio-visual products and electronic publications are entitled to preferential policy of 50% reimbursement of value-added tax during publishing phase; and the book wholesale and retail business is entitled to exemption from value-added tax. Pursuant to Notice on Persistently 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 is still entitled to the above value-added tax preferential policies.

Property tax

Pursuant to the Announcement of the Sichuan Provincial Taxation Bureau of the State Administration of Taxation and the Sichuan Provincial Department of Finance on Exemption for Taxpayers in Five Industries, including Transportation, from Property Tax and Urban Land Use Tax in the First Half of 2023 (Announcement of the Sichuan Provincial Tax Bureau of the State Administration of Taxation and the Sichuan Provincial Department of Finance No. 1 of 2023), for the period from 1 January 2023 to 30 June 2024, the Company and its subsidiaries which belong to transportation, warehousing and postal services, wholesale and retail, accommodation, catering, tourism, cultural, sports and entertainment industries are exempt from property tax and urban land use tax.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Item	30 June 2024 (Unaudited)			31 December 2023		
	Amounts of the original currencies	Exchange rate	Amount in RMB	Amounts of the original currencies	Exchange rate	Amount in RMB
	RMB		RMB	RMB		RMB
Cash on hand:						
RMB	148,632.85	1.0000	148,632.85	179,253.14	1.0000	179,253.14
Bank balances:						
RMB (Note 1)	8,203,351,235.43	1.0000	8,203,351,235.43	9,069,239,592.57	1.0000	9,069,239,592.57
USD	19,566.20	7.1268	139,444.39	21,844.91	7.0827	154,720.94
EUR	68.69	7.6617	526.28	68.69	7.8592	539.85
HKD	75,933.03	0.9127	69,304.08	53,408.16	0.9062	48,398.47
Other currency funds:						
RMB (Note 2)	40,471,738.44	1.0000	40,471,738.44	48,041,320.55	1.0000	48,041,320.55
Total			8,244,180,881.47			9,117,663,825.52

Note 1: On 30 June 2024, the bank balances include 3-month above time deposits amounting to RMB5,896,235,000.00 (31 December 2023: RMB4,395,140,000.00). The management held the term 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 RMB60,000,000.00, and accrued interest calculated based on the effective interest rate method of RMB3,933,896.49.

Note 2: On 30 June 2024, other currency funds include the balances with Alipay App account, WeChat App account, E-commerce platform online store account and securities account of RMB5,089,900.08 (31 December 2023: RMB8,720,319.82), and the remaining are restricted currency funds. For details, please refer to Note (VI) 56.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2. Notes receivable

Categories of notes receivable

Category	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Commercial acceptance bills	2,448,019.88	3,758,159.19

On 30 June 2024, there were no commercial acceptance bills pledged by the Group, and there were no commercial acceptance bills endorsed by the Group not yet due as at the balance sheet date (31 December 2023: nil).

3. Accounts receivable

(1) Disclosure by aging

Aging	Carrying balance as at 30 June 2024 (Unaudited) RMB	Carrying balance as at 31 December 2023 RMB
Within 1 year	1,703,935,918.39	1,336,648,791.16
More than 1 year but not exceeding 2 years	253,604,552.38	528,023,489.09
More than 2 years but not exceeding 3 years	285,181,930.70	155,276,886.22
More than 3 years	378,031,535.29	282,129,814.92
Subtotal	2,620,753,936.76	2,302,078,981.39
Less: Provision for credit loss	876,782,454.08	824,907,918.37
Total	1,743,971,482.68	1,477,171,063.02

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

3. Accounts receivable *(Continued)*

(2) Disclosure by provision method of credit loss

Category	30 June 2024 (unaudited)					31 December 2023				
	Carrying amount		Credit loss provision			Carrying amount		Credit loss provision		
	Percentage		Provision			Percentage		Provision		
	Amount	(%)	Amount	(%)	Carrying value	Amount	(%)	Amount	(%)	Carrying value
	RMB		RMB	RMB	RMB		RMB	RMB	RMB	
Provision for credit loss on an individual basis	486,894,100.44	18.58	264,334,856.59	54.29	222,559,243.85	495,450,049.19	21.52	236,866,289.35	47.81	258,583,759.84
Provision for credit loss on a collective basis	2,133,859,836.32	81.42	612,447,597.49	28.70	1,521,412,238.83	1,806,628,932.20	78.48	588,041,629.02	32.55	1,218,587,303.18
Total	2,620,753,936.76	100.00	876,782,454.08		1,743,971,482.68	2,302,078,981.39	100.00	824,907,918.37		1,477,171,063.02

Provision for credit loss on an individual basis

Name of entity	30 June 2024 (unaudited)			Reason for provision
	Carrying balance	Provision for credit loss	Provision percentage (%)	
	RMB	RMB		
Customer A	123,643,585.66	123,643,585.66	100.00	Poor solvency
Customer D	89,797,275.50	38,490,586.83	42.86	Decreasing recovery speed
Customer E	49,562,910.56	23,710,293.77	47.84	Poor solvency
Others	223,890,328.72	78,490,390.33	35.06	Decreasing recovery speed, etc.
Total	486,894,100.44	264,334,856.59	54.29	

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

3. Accounts receivable *(Continued)*

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

Provision for credit loss on 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	30 June 2024 (unaudited)			Carrying value RMB
	Carrying balance RMB	Provision for credit loss RMB	Provision percentage (%)	
Within 1 year	1,638,466,626.42	160,514,758.97	9.80	1,477,951,867.45
More than 1 year but not exceeding 2 years	152,960,253.25	109,499,881.87	71.59	43,460,371.38
More than 2 years but not exceeding 3 years	117,655,519.34	117,655,519.34	100.00	–
More than 3 years	224,777,437.31	224,777,437.31	100.00	–
Total	2,133,859,836.32	612,447,597.49	28.70	1,521,412,238.83

(3) Credit loss provision made or reversed in the Period

See Note (X) for details of recognition of credit loss.

(4) Accounts receivable actually written off for the Period

See Note (X) for details of accounts receivable actually written off for the Period.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

3. Accounts receivable *(Continued)*

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

Name of entity	Relationship with the Company	Balance as at 30 June 2024 (Unaudited) <i>RMB</i>	As a percentage of the total accounts receivable (%)	Closing balance of credit loss provision as at 30 June 2024 (Unaudited) <i>RMB</i>
Customer A	Third party	123,651,289.66	4.72	123,643,816.78
Customer D	Third party	89,797,275.50	3.43	38,490,586.83
Customer E	Third party	50,122,884.67	1.91	23,710,293.77
Customer K	Third party	28,741,751.18	1.10	2,735,145.84
Customer L	Third party	19,212,997.00	0.73	19,212,997.00
Total		311,526,198.01	11.89	207,792,840.22

The total transaction volume between the above-mentioned customers and the Group in the period from 1 January to 30 June 2024 accounted for less than 0.1% of the Group's operating income.

4. Financing receivables

(1) *Classification of financing receivables*

Item	30 June 2024 (Unaudited) <i>RMB</i>	31 December 2023 <i>RMB</i>
Bank acceptance bills measured at fair value (Note 1)	4,014,552.03	4,445,475.96

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

4. Financing receivables *(Continued)*

(2) *Financing receivables endorsed by the Group as at 30 June 2024 and not yet due as at the balance sheet date*

Item	Amounts derecognized as at 30 June 2024 (Unaudited) <i>RMB</i>	Amounts not yet derecognized as at 30 June 2024 (Unaudited) <i>RMB</i>
Bank acceptance bills measured at fair value (Note 2)	4,694,846.23	–

Note 1: In the process of managing corporate liquidity, the Group would endorse the transfer of some of its bank acceptance bills, and derecognize endorsed bank acceptance bills given that substantially all risks and rewards have been transferred to the relevant counterparties. The business model of some of the Group's subsidiaries in managing bank acceptance bills aims at both receiving contract cash flows and selling the financial assets. Therefore, the bank acceptance bills receivable under such business model are classified as financial assets at FVTOCI. Please refer to Note (XI) 1 for the determination of fair value.

During the Period, the Group did not make provision for credit impairment loss with respect to its financing receivables.

Note 2: As at 30 June 2024, the Group had derecognized bank acceptance bills endorsed and not yet due of RMB4,694,846.23 (31 December 2023: RMB26,986,856.89). Please refer to Note (X) 2 for details.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

5. Prepayments

(1) Aging analysis of prepayments

Aging	30 June 2024 (Unaudited)		31 December 2023	
	Amount RMB	Proportion (%)	Amount RMB	Proportion (%)
Within 1 year	47,785,420.21	60.54	26,252,365.06	47.31
More than 1 year but not exceeding 2 years	5,910,934.37	7.49	7,657,525.19	13.80
More than 2 years but not exceeding 3 years	8,303,345.60	10.52	10,029,036.59	18.08
More than 3 years	16,932,246.56	21.45	11,544,752.03	20.81
Total	78,931,946.74	100.00	55,483,678.87	100.00

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

(2) Top five entities with the largest balances of prepayments at the end of the Period

Name of entity	Relationship with the Company	30 June 2024 (Unaudited) RMB	As a percentage of the total prepayments (%)	Reasons for unsettlement
Shenzhen Hongbiaodian Technology Co., Ltd.	Third party	5,946,902.66	7.53	Production line equipment payment
Dangdang.com (Meishan) Information Technology Co., Ltd.	Third party	4,587,940.88	5.81	Book payment
Chengdu Tongcheng Weiye Technology Co., Ltd.	Third party	4,131,902.40	5.23	Security renovation payment
Mikekailun (Shenzhen) Culture Media Co., Ltd.	Third party	2,500,110.00	3.17	Royalties not yet settled
Shanghai Yihai Culture Dissemination Center	Third party	2,380,482.00	3.02	Royalties not yet settled
Total		19,547,337.94	24.76	

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

6. Other receivables

6.1 Presentation of items

Item	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Dividend receivables	129,366,062.35	72,000.00
Other receivables	132,991,926.40	121,661,914.08
Total	262,357,988.75	121,733,914.08

6.2 Dividend receivables

Item	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Bank of Chengdu	71,744,000.00	–
Wan Xin Media	38,015,200.00	–
Hainan Phoenix Xinhua Publishing and Distribution Co., Ltd. ("Hainan Phoenix")	16,700,671.32	–
Sinopec Marketing Co., Ltd. ("Sinopec Marketing Company")	2,834,191.03	–
Sichuan Education and Science Forum Magazine Press Co., Ltd. ("Education Forum")	72,000.00	72,000.00
Total	129,366,062.35	72,000.00

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

6. Other receivables *(Continued)*

6.3 Other receivables

(1) Other receivables by aging

Aging	Carrying balance as at 30 June 2024 (Unaudited) RMB	Carrying balance as at 31 December 2023 RMB
Within 1 year	63,446,715.06	37,650,205.71
More than 1 year but not exceeding 2 years	19,136,057.97	24,417,276.66
More than 2 years but not exceeding 3 years	22,991,216.32	32,596,120.80
More than 3 years	39,450,000.58	43,062,648.80
Subtotal	145,023,989.93	137,726,251.97
Less: Provision for credit loss	12,032,063.53	16,064,337.89
Total	132,991,926.40	121,661,914.08

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

6. Other receivables (Continued)

6.3 Other receivables (Continued)

(2) Disclosure by provision method of credit loss

Category	30 June 2024 (Unaudited)					31 December 2023				
	Carrying amount		Credit loss provision			Carrying amount		Credit loss provision		
	Amount RMB	Percentage	Amount RMB	Provision		Amount RMB	Percentage	Amount RMB	Provision	
		(%)		(%)	(%)		(%)		Carrying value RMB	
Provision for credit loss on an individual basis	100,762,665.94	69.48	-	-	100,762,665.94	90,837,939.84	65.96	-	-	90,837,939.84
Provision for credit loss on a collective basis	44,261,323.99	30.52	12,032,063.53	27.18	32,229,260.46	46,888,312.13	34.04	16,064,337.89	34.26	30,823,974.24
Total	145,023,989.93	100.00	12,032,063.53		132,991,926.40	137,726,251.97	100.00	16,064,337.89		121,661,914.08

Provision for credit loss on an individual basis

Name of entity	30 June 2024 (Unaudited)			
	Carrying balance RMB	Provision for credit loss RMB	Provision percentage (%)	Reason for provision
Deposit/security deposit/ petty cash	100,762,665.94	-	-	N/A

Provision for credit loss on a collective basis

Aging	30 June 2024 (Unaudited)			
	Carrying balance RMB	Provision for credit loss RMB	Provision percentage (%)	Carrying value RMB
Within 1 year	29,285,450.94	249,253.27	0.85	29,036,197.67
More than 1 year but not exceeding 2 years	3,244,031.89	50,969.10	1.57	3,193,062.79
More than 2 years but not exceeding 3 years	3,686,392.71	3,686,392.71	100.00	-
More than 3 years	8,045,448.45	8,045,448.45	100.00	-
Total	44,261,323.99	12,032,063.53	27.18	32,229,260.46

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

6. Other receivables *(Continued)*

6.3 Other receivables *(Continued)*

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

See Note (X) for details of recognition of credit loss.

(4) *Other accounts receivable actually written off in the Period*

See Note (X) for details of other accounts receivable actually written off in the current period.

(5) *Other receivables presented by nature*

Nature of other receivables	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Amount due from related parties	201,882.65	116,478.80
Deposit and guarantee deposit	99,870,525.80	89,505,996.46
Petty cash	892,140.14	1,331,943.38
Others	44,059,441.34	46,771,833.33
Total	145,023,989.93	137,726,251.97

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

Name of entity	Nature	Balance as at 30 June 2024 (Unaudited) RMB	Aging	As a percentage of total other receivables (%)	Closing balance of credit loss provision as at 30 June 2024 (Unaudited) RMB
Higher Education Press Co., Ltd.	Deposit/guarantee deposit	30,000,000.00	2-3 years, more than 3 years	20.69	-
Education Department of Tibet Autonomous Region	Deposit/guarantee deposit	5,230,000.00	More than 3 years	3.61	-
Dazhou Senior High School	Deposit/guarantee deposit	3,158,938.20	More than 3 years	2.18	-
Chengdu Zhonghang Real Estate Development Co., Ltd.	Deposit/guarantee deposit	3,020,214.00	More than 3 years	2.08	-
Kaijiang County Education and Science and Technology Bureau	Deposit/guarantee deposit	2,489,898.60	More than 3 years	1.72	-
Total		43,899,050.80		30.28	-

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

7. Inventories

(1) Categories of inventories

Item	30 June 2024 (Unaudited)			31 December 2023		
	Book balance	Provision for decline in value	Carrying amount	Book balance	Provision for decline in value	Carrying amount
	RMB	RMB	RMB	RMB	RMB	RMB
Goods on hand	2,523,749,418.26	275,693,830.69	2,248,055,587.57	2,699,626,136.87	253,610,441.20	2,446,015,695.67
Work-in-progress	78,449,403.30	–	78,449,403.30	135,593,328.09	–	135,593,328.09
Raw materials	27,472,964.73	1,301,103.35	26,171,861.38	60,861,877.62	1,301,103.35	59,560,774.27
Total	2,629,671,786.29	276,994,934.04	2,352,676,852.25	2,896,081,342.58	254,911,544.55	2,641,169,798.03

There were no inventories pledged as at the end of the Period.

(2) Provision for decline in value of inventories

Category of inventories	1 January 2024	Provision for the current period	Decrease in the current period		30 June 2024 (Unaudited)
			Reversal in the current period	Other decreases	
	RMB	RMB	RMB	RMB	RMB
Goods on hand	253,610,441.20	22,083,389.49	–	–	275,693,830.69
Raw materials	1,301,103.35	–	–	–	1,301,103.35
Total	254,911,544.55	22,083,389.49	–	–	276,994,934.04

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

7. Inventories *(Continued)*

(2) Provision for decline in value of inventories *(Continued)*

Provision for decline in value of inventories on a collective basis

Name of group	30 June 2024 (Unaudited)			31 December 2023		
	Carrying balance	Provision for	Provision	Carrying balance	Provision for	Provision
	<i>RMB</i>	decline in value <i>RMB</i>	percentage (%)	<i>RMB</i>	decline in value <i>RMB</i>	percentage (%)
General books	2,144,171,029.01	174,562,560.04	8.14	2,083,005,450.42	158,652,774.47	7.62
Textbooks	206,480,965.70	67,902,007.25	32.89	376,367,792.88	67,966,690.40	18.06
Paper	39,519,568.98	3,046,054.48	7.71	35,679,978.46	3,046,054.48	8.54
Others	133,577,854.57	30,183,208.92	22.60	204,572,915.11	23,944,921.85	11.70
Work-in-progress	78,449,403.30	-	-	135,593,328.09	-	-
Raw materials	27,472,964.73	1,301,103.35	4.74	60,861,877.62	1,301,103.35	2.14
Total	2,629,671,786.29	276,994,934.04		2,896,081,342.58	254,911,544.55	

8. Contract assets

(1) Details of contract assets

Item	30 June 2024 (Unaudited)			31 December 2023		
	Book balance	Provision for	Carrying	Book balance	Provision for	Carrying
	<i>RMB</i>	impairment <i>RMB</i>	amount <i>RMB</i>	<i>RMB</i>	impairment <i>RMB</i>	amount <i>RMB</i>
Contract assets arising from contracts with customers	6,362,152.42	-	6,362,152.42	8,817,641.75	-	8,817,641.75
Total	6,362,152.42	-	6,362,152.42	8,817,641.75	-	8,817,641.75

Contract assets are security deposit recognized under contractual agreements that will expire in less than one year, and the Group presents contract assets that expire in more than one year as other non-current assets. See Note (VI) 22 for details.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

8. Contract assets *(Continued)*

(2) Qualitative and quantitative analysis of contract assets

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

9. Other current assets

(1) Details of other current assets

Item	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Refund costs receivable (Note 1)	50,244,268.66	49,026,417.13
VAT input tax to be deducted (Note 2)	26,052,711.38	8,122,102.43
Term deposits	121,027,111.11	451,473,138.89
Total	197,324,091.15	508,621,658.45

Note 1: As at 30 June 2024, the refund costs receivable was RMB50,244,268.66 (31 December 2023: RMB49,026,417.13), including the original value of the refund costs receivable of RMB67,928,558.46 (31 December 2023: RMB67,766,408.23), and the provision for asset impairment of RMB17,684,289.80 (31 December 2023: RMB18,739,991.10).

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

(2) Details of impairment provision

Item	1 January 2024 RMB	Provision for the current period RMB	Reversal for the current period RMB	30 June 2024 (Unaudited) RMB
Refund costs receivable	18,739,991.10	–	1,055,701.30	17,684,289.80

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

10. Long-term receivables

(1) Details of long-term receivables

Item	30 June 2024 (Unaudited)			31 December 2023			
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount	Range of discount rate
	RMB	RMB	RMB	RMB	RMB	RMB	
Goods sold by instalments (Note)	90,740,970.19	5,271,961.52	85,469,008.67	111,461,175.30	7,134,409.23	104,326,766.07	3.45%-5%
Less: Long-term receivables included in non-current assets due within one year	75,274,600.88	4,562,951.85	70,711,649.03	74,921,437.10	5,157,625.27	69,763,811.83	3.45%-5%
Net	15,466,369.31	709,009.67	14,757,359.64	36,539,738.20	1,976,783.96	34,562,954.24	

Note: Receivables of goods sold by instalments are the Group's receivables for education informatization and equipment business, which shall be collected by instalments in accordance with the contract. The agreed period in the contract is 2-5 years and the Group has discounted the instalments at a discount rate of 3.45%-5% (31 December 2023: 3.65%-5%).

(2) Details of provision for credit loss

See Note (X) for details of recognition of credit loss.

11. Long-term equity investments

(1) Summary of long-term equity investments:

Item	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Book balance of long-term equity investments	775,596,526.99	778,128,364.29
Less: Provision for impairment of long-term equity investments	6,647,345.57	6,647,345.57
Carrying amount of long-term equity investments	768,949,181.42	771,481,018.72

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**11. Long-term equity investments (Continued)**

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

Investee	1 January 2024 RMB	Changes for the Period										Closing balance of provision for impairment RMB	
		Addition in investment RMB	Reduction in investment RMB	Investment gain 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	30 June 2024 (Unaudited) RMB			
Ming Bo Education Technology Holdings Co., Ltd. ("Ming Bo Education")	9,469,749.55	-	-	(978,698.86)	-	-	-	-	-	-	-	8,491,050.69	-
Shanghai Jingjie Information Technology Co., Ltd. ("Shanghai Jingjie")	-	-	-	-	-	-	-	-	-	-	-	-	-
Sichuan Centennial Preschool Educational Management Co., Ltd. ("Preschool Education")	6,264,056.63	-	-	(135,632.53)	-	-	-	-	-	-	-	6,128,424.10	(1,604,619.30)
Chengdu Winshare Equity Investment Fund Management Co., Ltd. ("Winshare Equity Investment Fund")	22,941,231.37	-	-	(2,471,646.73)	-	-	-	-	-	-	-	20,469,584.64	-
Education Forum	1,486,532.86	-	-	57,979.04	-	-	-	-	-	-	-	1,544,511.90	-
Fuzhou Winshare Technology Partnership (Limited Partnership) ("Fuzhou Winshare") (Note 3)	4,670,233.08	-	-	182,970.52	-	-	-	-	-	-	-	4,853,203.60	-
Sichuan Jiayang Shuo Film Co., Ltd. Xinhua Yingxuan (Beijing) Screen Culture Co., Ltd. ("Xinhua Yingxuan")	125,591.57	-	-	-	-	-	-	-	-	-	-	125,591.57	-
Tianjin Tianxi Zhongda Cultural Development Co., Ltd. ("Tianxi Zhongda") (Note 4)	21,801,177.88	-	-	713,034.03	-	-	-	-	-	-	-	22,514,211.71	-
Winshare Yinshi (Beijing) Cultural Communication Co., Ltd. ("Winshare Yinshi") (Note 5)	538,292.30	-	-	23,083.77	-	-	-	-	-	-	-	561,376.07	-
Hainan Phoenix	336,629,133.67	-	-	4,093,508.41	-	-	-	(16,700,671.32)	-	-	-	324,021,970.76	-

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2024

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

11. Long-term equity investments (Continued)

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

Investee	1 January 2024 RMB	Changes for the Period							30 June 2024 (Unaudited) RMB	Closing balance of provision for impairment RMB
		Addition in investment RMB	Reduction in investment RMB	Investment gain 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		
Sichuan Cuiya Education Technology Co., Ltd. ("Cuiya Education") (Note 7)	-	-	-	-	-	-	-	-	-	-
Sichuan Digital World Culture Technology Co., Ltd. ("Digital World") (Note 8)	5,053,847.72	4,900,000.00	-	210,387.13	-	-	-	-	-	10,164,234.85
Subtotal	467,752,914.22	4,900,000.00	-	1,739,729.04	-	-	(16,700,671.32)	-	-	457,691,971.94
Total	771,481,018.72	4,900,000.00	-	9,268,834.02	-	-	(16,700,671.32)	-	-	768,949,181.42
										(6,647,345.57)
										(6,647,345.57)

Note 1: According to the articles of association of Sanya Xuancai, Winshare Investment Co., Ltd. ("Winshare Investment"), a subsidiary of the Company, has 40% of the voting rights in the shareholders' meeting and the other two shareholders will enjoy 30% of the voting rights respectively. Resolutions of annual financial budget plans, final accounting plan, profit distribution and make up losses plans made by the shareholders' meeting of Sanya Xuancai shall be approved by over 75% of the votes from the shareholders. Therefore, Winshare Investment and the other two shareholders have joint control over Sanya Xuancai which is a joint venture of the Group.

Note 2: In June 2017, Sichuan Xinhua Winshare Logistics Co., Ltd. (former name: **Sichuan Wenchuan Logistics Co., Ltd.**) ("Winshare Logistics"), a subsidiary of the Company, entered into an investment agreement with BLOGIS Holdings Limited and Chengdu Longchuang Investment Management Center (Limited Partnership) to jointly establish Winshare BLOGIS with a shareholding proportion of 45%, 40% and 15%, respectively. On 20 April 2023, Winshare Logistics transferred 45% of the equity interests in Winshare BLOGIS it held to the Company at RMB46,234,600.00. According to the latest articles of association of Winshare BLOGIS, the resolutions of Winshare BLOGIS on the events such as annual financial budget plan, final accounting plan, profit distribution and making up losses plans etc. must be approved by the shareholders representing more than 50% of the voting power. Therefore, Winshare BLOGIS is an associate of the Group.

Note 3: As a limited partner, Winshare Investment, a subsidiary of the Company, contributed 56.34% of the total subscribed capital to Fuzhou Winshare. According to the partnership agreement of Fuzhou Winshare, the investment decision-making committee is responsible for the decision of fund projects. Winshare Investment holds 25% of the voting rights in the investment decision-making committee, by which it can exert significant influence on Fuzhou Winshare. Therefore, Fuzhou Winshare is an associate of the Group.

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

11. Long-term equity investments (Continued)

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

Note 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 Winshare Yinshi, with a shareholding proportion of 40%, 30% and 30% respectively. According to the articles of association, the resolutions of Winshare Yinshi on the events such as annual financial budget plan, final accounting plan, profit distribution and making up losses plans etc. must be approved by the shareholders representing more than 50% of the voting power. Therefore, Winshare Yinshi is an associate of the Group.

Note 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, Sichuan Lianxiang Future Technology Partnership (Limited Partnership), Sichuan Cable Radio and Television Network Co., Ltd. and Sichuan Rennixue Education Technology Co., Ltd., jointly establishing Cuiya Education, with a shareholding proportion of 18%, 34%, 18%, 15%, 11% and 4% respectively. According to the articles of association of Cuiya Education, the Company has appointed one director to Cuiya Education. The chairman of the board of directors shall be recommended by the Company and elected and removed by more than half of the directors of the board of directors. As the Company is able to exercise significant influence over Cuiya Education, Cuiya Education is an associate of the Group.

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 Sichuan Digital World Culture Technology Co., Ltd., with the shareholding ratios of the two parties being 49% and 51%, respectively. According to the articles of association of Digital World, the Group appoints 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	30 June 2024 (Unaudited)		31 December 2023	
	Unrecognized investment losses for the Period RMB	Accumulated unrecognized investment losses RMB	Unrecognized investment losses for the prior year RMB	Accumulated unrecognized investment losses RMB
Guizhou Winshare	–	5,557,990.70	–	5,557,990.70
Fudou Technology	108,928.27	4,216,683.84	520,055.33	4,107,755.57
Cuiya Education	84,373.95	87,111.46	(95,946.05)	2,737.51
Xinhua Yingxuan	751,252.81	16,870,254.07	15,322,580.56	16,119,001.26
Total	944,555.03	26,732,040.07	15,746,689.84	25,787,485.04

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2024

(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 2024 RMB	Changes in the current period						Dividend income recognized in the current period RMB	Accumulated gain included in other comprehensive income RMB	Accumulated loss included in other comprehensive income RMB	Reason for FVTOCI designation
		Increase in investment RMB	Decrease in investment RMB	Gain included in other comprehensive income for the current period RMB	Loss included in other comprehensive income for the current period RMB	Others RMB	Balance as at 30 June 2024 (Unaudited) RMB				
Wan Xin Media	866,248,000.00	-	-	-	2,492,800.00	-	863,755,200.00	38,015,200.00	677,339,872.00	-	The investment is not held for the purpose of selling it in the near term for short-term gains.
Jiangsu Hagon Intelligent Robot Co., Ltd. ("HGZN")	528,195.93	-	-	-	373,634.78	-	154,561.15	-	-	628,995.69	The investment is not held for the purpose of selling it in the near term for short-term gains.
Bank of Chengde	900,800,000.00	-	-	314,400,000.00	-	-	1,215,200,000.00	71,744,000.00	975,200,000.00	-	The investment is not held for the purpose of selling it in the near term for short-term gains.
Others	375,393.81	-	-	-	-	-	375,393.81	-	-	1,646,699.35	The investment is not held for the purpose of selling it in the near term for short-term gains.
Total	1,767,951,589.74	-	-	314,400,000.00	2,866,434.78	-	2,079,485,154.96	109,759,200.00	1,652,539,872.00	2,275,695.04	

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

13. Other non-current financial assets

Item	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
CITIC Buyout Fund (Note 1)	59,122,369.62	73,747,350.58
Winshare Hengxin (Note 2)	26,729,865.46	44,208,480.95
Qingdao Goldstone Zhixin Investment Center (Limited Partnership) (“ Qingdao Goldstone ”) (Note 3)	109,797.80	293,410.55
Ningbo Meishan Free Trade Port Winshare Dingsheng Equity Investment Partnership (Limited Partnership) (Note 4)	74,562,964.94	77,426,838.97
Xinhua Internet E-commerce Co., Ltd. (“ Xinhua Internet ”) (Note 5)	3,000,000.00	3,000,000.00
Sichuan Culture Investment Jinwen Equity Investment Fund Partnership (Limited Partnership) (Note 6)	39,918,161.43	39,939,517.81
Goldstone Growth Equity Investment (Hangzhou) Partnership (Limited Partnership) (Note 7)	29,980,321.02	29,927,440.57
CICC Qichen Phase II (Wuxi) Emerging Industry Equity Investment Fund Partnership (Limited Partnership) (“ CICC Qichen ”) (Note 8)	119,813,102.95	122,853,320.14
Sinopec Marketing Co., Ltd. (“ Sinopec Marketing Company ”) (Note 9)	57,686,589.45	57,686,589.45
Total	410,923,172.67	449,082,949.02

Note 1: Losses from changes in fair values for the current period were RMB14,268,909.56.

Note 2: Losses from changes in fair values for the current period were RMB17,478,615.49.

Note 3: The fund was in liquidation. In 2023, the fund transferred the equity interest it held in Sinopec Marketing Company to Winshare Investment. Losses from changes in fair values for the current period were RMB183,612.75.

Note 4: Losses from changes in fair values for the current period were RMB2,863,874.03.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

Note 5: In November 2020, the Company entered into an investment agreement with Xinhua Bookstore Headquarters Co., Ltd. and Wan Xin Media to make an investment of RMB3,000,000.00 in Xinhua Internet. The shareholding of the Company was 1.6585%.

Note 6: On 1 August 2023, the Company entered into a partnership agreement to invest RMB40,000,000.00 in Sichuan Culture Investment Jinwen Equity Investment Fund Partnership (Limited Partnership), holding 19.90% subscription ratio of its limited partner interest. Losses from changes in fair value were RMB21,356.38.

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

Note 7: On 21 July 2023, Winshare Investment, a subsidiary of the Company, signed a partnership agreement to invest RMB30,000,000.00 in Goldstone Growth Equity Investment (Hangzhou) Partnership (Limited Partnership), holding 3.05% subscription ratio of its limited partner shares. Gains from changes in fair value for the current period were RMB52,880.45.

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

Note 8: On 18 April 2023, Winshare Investment, a subsidiary of the Company, signed a partnership agreement to invest in CICC Qichen at an amount of RMB120,000,000.00, holding 8.73% subscription ratio of its limited partner share. In the current period, the loss from changes in fair value was RMB1,947,859.64, the recovery of investment amounted to RMB1,092,357.55, and the dividends received amounted to RMB695,043.37.

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

Note 9: As mentioned in Note 3, dividends of RMB2,834,191.03 were received from Sinopec Marketing Company for the current period.

Details of measurement of the above non-current financial assets at fair value are set out in Note (XI).

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

14. Investment properties

Investment properties measured at cost

Item	Buildings RMB
I. Cost	
1 January 2024	137,379,557.27
Increase in the Period	–
Decrease in the Period	17,287,668.90
Transfer to fixed assets	17,287,668.90
30 June 2024 (Unaudited)	120,091,888.37
II. Accumulated depreciation	
1 January 2024	43,233,105.54
Increase in the Period	2,079,197.01
Provision	2,079,197.01
Decrease in the Period	5,693,117.10
Transfer to fixed assets	5,693,117.10
30 June 2024 (Unaudited)	39,619,185.45
III. Carrying amount	
30 June 2024 (Unaudited)	80,472,702.92
31 December 2023	94,146,451.73

Investment properties of which certificates of title have not been obtained as at the end of the Reporting Period

Item	Carrying amount RMB	Reasons why certificates of title have not been obtained
Buildings of Zhonggulou under Mianning		
Branch of Liangshanzhou Xinhua Bookstore	10,796,944.48	In process

The above investment properties of which certificates of title have not been obtained have no significant influence on the Group's operations.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

15. Fixed assets

(1) Fixed assets

Item	Buildings	Machinery and	Electronic	Transportation	Total
	RMB	equipment	equipment and	vehicles	
	RMB	RMB	others	RMB	RMB
I. Cost					
1 January 2024	3,022,488,079.44	352,318,764.52	225,112,096.92	128,254,795.27	3,728,173,736.15
Increase in the Period	71,845,460.46	9,202,236.31	6,777,378.61	36,465.00	87,861,540.38
(1) Acquisition	39,877,428.92	9,202,236.31	6,777,378.61	36,465.00	55,893,508.84
(2) Transfer from construction in progress	14,680,362.64	-	-	-	14,680,362.64
(3) Transfer from investment properties	17,287,668.90	-	-	-	17,287,668.90
Decrease in the Period	270,000.00	8,637,669.15	13,490,805.97	3,300,322.34	25,698,797.46
(1) Disposal	270,000.00	8,637,669.15	13,490,805.97	3,300,322.34	25,698,797.46
30 June 2024 (Unaudited)	3,094,063,539.90	352,883,331.68	218,398,669.56	124,990,937.93	3,790,336,479.07
II. Accumulated depreciation					
1 January 2024	831,690,505.10	276,075,320.84	164,093,317.56	75,560,424.68	1,347,419,568.18
Increase in the Period	51,977,355.74	6,295,951.58	13,169,994.34	6,780,438.02	78,223,739.68
(1) Provision	46,284,238.64	6,295,951.58	13,169,994.34	6,780,438.02	72,530,622.58
(2) Transfer from investment properties	5,693,117.10	-	-	-	5,693,117.10
Decrease in the Period	270,000.00	8,336,362.87	13,400,556.30	2,966,139.24	24,973,058.41
(1) Disposal	270,000.00	8,336,362.87	13,400,556.30	2,966,139.24	24,973,058.41
30 June 2024 (Unaudited)	883,397,860.84	274,034,909.55	163,862,755.60	79,374,723.46	1,400,670,249.45
III. Provision for impairment of fixed assets					
1 January 2024	15,996.52	-	-	-	15,996.52
Increase in the Period	-	-	-	-	-
30 June 2024 (Unaudited)	15,996.52	-	-	-	15,996.52
IV. Carrying amount					
30 June 2024 (Unaudited)	2,210,649,682.54	78,848,422.13	54,535,913.96	45,616,214.47	2,389,650,233.10
31 December 2023	2,190,781,577.82	76,243,443.68	61,018,779.36	52,694,370.59	2,380,738,171.45

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

15. Fixed assets *(Continued)*

(2) *Fixed assets of which certificates of title have not been obtained by the end of the current period*

Item	Carrying amount <i>RMB</i>	Reasons why certificates of title have not been obtained
Office building (Beijing Branch)	51,959,120.53	Processing
Warehouse and office building (Sichuan Nanchong)	12,719,941.78	Processing
Warehouse and office building (Sichuan Longquan)	6,902,948.61	Processing
Warehouse and office building (Sichuan Peng'an)	4,206,507.34	Processing
Warehouse and office building (Sichuan Guang'an)	7,721,834.39	Processing
Warehouse and office building (Bazhong)	13,343,847.06	Processing
Warehouse and office building (Suining)	21,220,251.38	Processing
Warehouse and office building (Dazhu)	22,319,868.57	Processing
Warehouse and office building (Yingshan)	17,419,420.16	Processing
Total	157,813,739.82	

The above fixed assets of which certificates of title not yet obtained had no material impacts on the Group's operations.

(3) *There were no temporary idle fixed assets included in the Group's major operational fixed assets at the end of the current period.*

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

16. Construction in progress

Details of construction in progress are as follows:

Item	30 June 2024 (Unaudited)			31 December 2023		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
	RMB	RMB	RMB	RMB	RMB	RMB
Publishing and Media Creativity Centre secondary installation project	-	-	-	93,073.99	-	93,073.99
Yuexi County Xinhua Bookstore comprehensive building construction project	295,469.16	-	295,469.16	14,488,393.95	-	14,488,393.95
Muli County Xinhua Bookstore complex building construction project	9,799,530.00	-	9,799,530.00	9,799,530.00	-	9,799,530.00
Xichang Xinhua Bookstore storage and logistics base construction project	17,748,545.11	-	17,748,545.11	10,807,822.51	-	10,807,822.51
Liangshanzhou Xinhua Bookstore Co., Ltd. Yanyuan County Branch's textbook warehouse and business comprehensive room project	19,450,010.52	-	19,450,010.52	1,224,046.98	-	1,224,046.98
Xinhua Winshare Bazhong Study and Practice Education Camp	1,657,461.28	-	1,657,461.28	1,645,439.48	-	1,645,439.48
Others	1,525,870.44	-	1,525,870.44	1,491,662.20	-	1,491,662.20
Total	50,476,886.51	-	50,476,886.51	39,549,969.11	-	39,549,969.11

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**16. Construction in progress (Continued)***Changes in construction in progress for current period*

Item name	Budget amount RMB	1 January 2024 RMB	Increase in the current period RMB	Transfer to fixed assets in the current period RMB	Transfer to others RMB	30 June 2024 (Unaudited) RMB	Amount injected as a proportion of budget amount (%)	Construction progress (%)	Amount of accumulated capitalized interest RMB	Including: Capitalized interest for the current period RMB	Interest rate for the period (%)	Source of funds
Publishing and Media Creativity Centre secondary installation project	9,440,000.00	93,073.99	110,075.60	203,149.59	-	-	91.01	100.00	-	-	-	self-financing
Yuexi County Xinhua Bookstore comprehensive building construction project	18,500,000.00	14,488,393.95	284,288.26	14,477,213.05	-	295,469.16	79.85	79.85	-	-	-	self-financing
Muli County Xinhua Bookstore complex building construction project	9,989,400.00	9,799,530.00	-	-	-	9,799,530.00	98.10	98.10	-	-	-	self-financing
Xichang Xinhua Bookstore storage and logistics base construction project	48,000,000.00	10,807,822.51	6,940,722.60	-	-	17,748,545.11	36.98	36.98	-	-	-	self-financing
Liangshanzhou Xinhua Bookstore Co., Ltd. Yanyuan County Branch's textbook warehouse and business comprehensive room project	75,797,700.00	1,224,046.98	18,225,963.54	-	-	19,450,010.52	25.66	25.66	-	-	-	self-financing
Xinhua Winshare Bazhong Study and Practice Education Camp	93,414,600.00	1,645,439.48	12,021.80	-	-	1,657,461.28	1.77	1.77	-	-	-	self-financing
Others	-	1,491,662.20	34,208.24	-	-	1,525,870.44	-	-	-	-	-	self-financing
Total		39,549,969.11	25,607,280.04	14,680,362.64	-	50,476,886.51						

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

17. Right-of-use assets

(1) *Details of right-of-use assets*

Item	Buildings RMB
I. Cost:	
1 January 2024	673,227,436.40
Increase in the Period	30,216,505.03
Decrease in the Period	17,866,633.48
30 June 2024 (Unaudited)	685,577,307.95
II. Accumulated depreciation	
1 January 2024	374,137,433.20
Increase in the Period	49,441,901.67
(1) Provision in the Period	49,441,901.67
Decrease in the Period	6,904,748.09
30 June 2024 (Unaudited)	416,674,586.78
III. Carrying amount	
30 June 2024 (Unaudited)	268,902,721.17
31 December 2023	299,090,003.20

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

(2) Amount recognized in the profit or loss

Item	Building RMB
Depreciation expense for right-of-use assets (Note 1)	49,441,901.67
Interest expense on lease liabilities (Note 2)	6,501,379.65
Short-term lease expenses	5,590,625.70
Variable lease payments not included in the measurement of lease liabilities	1,170,044.79

Note 1: During the Period, there was no depreciation expense for right-of-use assets capitalized (Same Period of Last Year: nil).

Note 2: During the Period, there was no interest expense on lease liabilities capitalized (Same Period of Last Year: nil).

(3) The total cash outflow for leases in the Period was RMB46,903,908.85 (Same Period of Last Year: RMB50,045,526.17).

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

18. Intangible assets

Intangible assets

Item	Land use rights <i>RMB</i>	Patent <i>RMB</i>	Software <i>RMB</i>	Others <i>RMB</i>	Total <i>RMB</i>
I. Cost					
1 January 2024	409,991,434.62	12,545,446.42	278,225,929.41	10,544,319.86	711,307,130.31
Increase in the Period	–	150,693.04	2,209,670.82	–	2,360,363.86
(1) Acquisition	–	150,693.04	971,567.53	–	1,122,260.57
(2) Transfer from development expenses	–	–	1,238,103.29	–	1,238,103.29
Decrease in the Period	–	–	–	–	–
30 June 2024 (Unaudited)	409,991,434.62	12,696,139.46	280,435,600.23	10,544,319.86	713,667,494.17
II. Accumulated amortization					
1 January 2024	128,209,613.50	9,252,931.94	196,130,286.60	5,431,320.58	339,024,152.62
Increase in the Period	4,714,550.02	652,225.06	14,911,773.48	550,330.51	20,828,879.07
(1) Provision	4,714,550.02	652,225.06	14,911,773.48	550,330.51	20,828,879.07
Decrease in the Period	–	–	–	–	–
30 June 2024 (Unaudited)	132,924,163.52	9,905,157.00	211,042,060.08	5,981,651.09	359,853,031.69
III. Provision for impairment					
1 January 2024	–	1,339,595.45	1,089,946.58	–	2,429,542.03
Increase in the Period	–	–	–	–	–
Decrease in the Period	–	–	–	–	–
30 June 2024 (Unaudited)	–	1,339,595.45	1,089,946.58	–	2,429,542.03
IV. Carrying amount					
30 June 2024 (Unaudited)	277,067,271.10	1,451,387.01	68,303,593.57	4,562,668.77	351,384,920.45
31 December 2023	281,781,821.12	1,952,919.03	81,005,696.23	5,112,999.28	369,853,435.66

At the end of Period, intangible assets developed as a result of internal research and development as a percentage of the balance of intangible assets were 8.36% (31 December 2023: 10.71%).

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

19. Goodwill

(1) Cost of goodwill

Name of the investee or item resulting in goodwill	1 January 2024 <i>RMB</i>	Increase in the current period Incurred by business combination <i>RMB</i>	Decrease in the current period Changes in scope of consolidation <i>RMB</i>	30 June
				2024 (Unaudited) <i>RMB</i>
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 of goodwill

Name of the investee or item resulting in goodwill	1 January 2024 <i>RMB</i>	Increase in provision in the current period <i>RMB</i>	Decrease in disposal in the current period <i>RMB</i>	30 June
				2024 (Unaudited) <i>RMB</i>
Acquisitions of fifteen publishing companies	-	-	-	-
Acquisition of Liangshanzhou Xinhua Bookstore	-	-	-	-
Others	544,629.46	-	-	544,629.46
Total	544,629.46	-	-	544,629.46

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

19. Goodwill *(Continued)*

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

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

20. Long-term prepaid expenses

Item	1 January 2024 RMB	Increase in the current period RMB	Amortization for the current period RMB	30 June 2024 (Unaudited) RMB
Leasehold improvement	32,912,739.26	7,141,606.49	10,328,978.24	29,725,367.51
Others	27,944.42	1,283,185.85	147,267.54	1,163,862.73
Total	32,940,683.68	8,424,792.34	10,476,245.78	30,889,230.24

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

21. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets not yet offset

Item	30 June 2024 (Unaudited)		31 December 2023	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
	RMB	RMB	RMB	RMB
Provision for impairment of assets	866,746,125.83	132,979,570.72	808,139,056.44	124,465,419.71
Employee benefits payable	65,248,081.99	9,787,212.30	60,774,016.72	9,116,102.51
Deferred income	33,552,760.12	5,032,914.02	32,457,656.43	4,868,648.46
Expected returns of goods	118,185,108.93	17,727,766.34	117,788,324.69	17,668,248.70
Lease liabilities	289,687,481.53	43,453,122.23	308,430,484.50	46,264,572.68
Unrealized profits from internal transactions	67,666,544.25	10,149,981.64	-	-
Total	1,441,086,102.65	219,130,567.25	1,327,589,538.78	202,382,992.06

(2) Deferred tax liabilities not yet offset

Item	30 June 2024 (Unaudited)		31 December 2023	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
	RMB	RMB	RMB	RMB
Asset valuation appreciation due to business combination not involving enterprises under common control	63,113,070.42	15,778,267.61	64,981,412.98	16,245,353.24
Changes in fair value of other equity instrument investments	1,652,395,165.81	247,844,804.25	1,340,861,600.62	201,152,132.96
Changes in fair value of other noncurrent financial assets	32,528,313.42	5,108,801.74	54,442,851.30	9,122,802.48
Asset valuation appreciation of subsidiaries due to restructuring (Note 1)	207,635,209.00	51,908,802.25	207,635,209.00	51,908,802.25
Right-of-use assets	251,637,093.21	37,745,563.98	283,367,159.00	42,505,073.85
Investment in associates accounted for using the equity method	214,844,486.68	32,226,673.00	220,314,312.23	33,047,146.83
Refund costs receivable	105,094,704.54	15,764,205.69	104,169,454.67	15,625,418.19
Others	212,465.62	11,073.02	210,752.30	10,816.01
Total	2,527,460,508.70	406,388,191.54	2,275,982,752.10	369,617,545.81

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

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

Item	Offsetting amount of deferred tax assets and liabilities at the end of the current period <i>RMB</i>	Balance of deferred tax liabilities, net of offsetting amount, at the end of the current period <i>RMB</i>	Offsetting amount of deferred tax assets and liabilities at the beginning of the current period <i>RMB</i>	Balance of deferred tax liabilities, net of offsetting amount, at the beginning of the current period <i>RMB</i>
Deferred tax assets	153,706,521.16	65,424,046.09	151,981,738.44	50,401,253.62
Deferred tax liabilities	153,706,521.16	252,681,670.38	151,981,738.44	217,635,807.37

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

Item	30 June 2024 (Unaudited) <i>RMB</i>	31 December 2023 <i>RMB</i>
Deductible temporary differences	691,528,897.00	667,962,551.16
Deductible taxable losses	131,304,768.05	135,859,733.81
Total	822,833,665.05	803,822,284.97

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

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

Year	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
2024	20,354,321.57	25,586,383.06
2025	13,721,486.69	16,809,175.90
2026	18,530,335.45	21,407,684.45
2027	29,160,515.22	34,581,267.42
2028	36,325,924.47	37,475,222.98
2029	13,212,184.65	–
Total	131,304,768.05	135,859,733.81

22. Other non-current assets

Item	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Prepaid land funds	35,355,838.00	35,355,838.00
VAT input tax to be deducted	–	8,670,076.79
Prepaid purchase price for property	–	41,875,311.40
Time deposits and bank certificates of large amount deposit (Note 1)	1,726,291,315.14	756,272,309.80
Quality guarantee money	14,202,426.17	13,497,664.54
Prepaid price for equipment	9,761,080.00	9,761,080.00
Others	7,088,214.57	–
Total	1,792,698,873.88	865,432,280.53

Note 1: Time deposits and bank certificates of large amount deposit and interests that the Group does not intend to withdraw in advance within one year, with corresponding interest rates ranging 2.60% to 3.55% (31 December 2023: 2.90% to 3.55%).

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

23. Short-term borrowings

Item	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Credit borrowings	10,000,000.00	10,000,000.00
Total	10,000,000.00	10,000,000.00

On 30 June 2024, short-term borrowing was a “Tianfu Wenchandai” borrowing by Winshare International Cultural Communication Co., Ltd. (“**Winshare International**”), a subsidiary of the Group, from Bank of Chengdu Co., Ltd. Qintai Sub-branch in 2023. The principal of the borrowing was RMB10,000,000.00, and the loan period was from 26 September 2023 to 25 September 2024. 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	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Commercial acceptance bills	16,994,349.98	25,998,203.87
Bank acceptance bills	6,685,928.66	10,301,479.94
Total	23,680,278.64	36,299,683.81

As at 30 June 2024, the Group's deposit for the above-mentioned bank acceptance bills was RMB1,141,375.20 (31 December 2023: RMB3,315,689.99).

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

25. Accounts payable

Details of aging analysis of accounts payable are as follows:

Item	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Within 1 year	4,143,204,289.92	4,146,690,498.29
More than 1 year but not exceeding 2 years	637,701,565.55	719,572,866.87
More than 2 years but not exceeding 3 years	232,892,832.67	260,061,257.71
More than 3 years	419,641,844.00	343,733,473.89
Total	5,433,440,532.14	5,470,058,096.76

The above aging analysis of accounts payable is carried out based on the time of purchasing goods or receiving services. Accounts payable aged more than one year are mainly payments due to the suppliers.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

26. Contract liabilities

(1) *Presentation of contract liabilities:*

Item	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Advanced receipts for sold goods	554,845,810.66	607,247,731.49
Membership card points	1,073,254.78	614,096.99
Total	555,919,065.44	607,861,828.48

(2) *The important contract liabilities aged over 1 year were mainly pre-stored recharge cards amounted to RMB236,230,691.75.*

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

Item	Balance of changes (Unaudited) RMB	Reason for change
Advanced receipts for sold goods	205,211,812.80	Revenue recognized for the amount included in the opening carrying amount of contract liabilities
Advanced receipts for sold goods	152,809,891.97	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 reaching 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 the respective stand-alone selling prices. Sale consideration allocated to reward points is recognized as contract liabilities, and as revenue upon redemption.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

27. Employee benefits payable

(1) Presentation of employee benefits payable

Item	1 January 2024 RMB	Increase in the current period RMB	Decrease in the current period RMB	30 June 2024 (Unaudited) RMB
I. Short-term benefits	786,773,639.37	845,633,698.85	1,085,189,557.96	547,217,780.26
II. Post-employment benefit				
– defined contribution plan	8,357,069.31	120,171,877.38	121,763,929.78	6,765,016.91
III. Termination benefits	–	173,389.50	173,389.50	–
Total	795,130,708.68	965,978,965.73	1,207,126,877.24	553,982,797.17

(2) Presentation of short-term benefits

Item	1 January 2024 RMB	Increase in the current period RMB	Decrease in the current period RMB	30 June 2024 (Unaudited) RMB
I. Wages or salaries, bonuses, allowances and subsidies	670,176,946.86	712,378,575.24	954,308,159.57	428,247,362.53
II. Staff welfare	–	9,748,570.63	9,748,570.63	–
III. Social security contributions	315,117.10	42,156,640.73	42,099,468.04	372,289.79
Including: Medical insurance	299,884.27	40,879,010.44	40,823,019.96	355,874.75
Work injury insurance	15,232.83	1,267,380.64	1,266,198.43	16,415.04
Other insurances	–	10,249.65	10,249.65	–
IV. Housing funds	1,557,940.27	56,055,557.52	56,003,966.12	1,609,531.67
V. Union running costs and employee education costs	114,620,498.24	24,638,970.06	22,374,008.93	116,885,459.37
VI. Others	103,136.90	655,384.67	655,384.67	103,136.90
Total	786,773,639.37	845,633,698.85	1,085,189,557.96	547,217,780.26

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

27. Employee benefits payable *(Continued)*

(3) Defined contribution plan

Item	1 January 2024 RMB	Increase in the current period RMB	Decrease in the current period RMB	30 June 2024 (Unaudited) RMB
I. Basic pension insurance expense	434,157.09	77,381,889.76	77,294,642.07	521,404.78
II. Unemployment insurance expense	18,120.46	2,930,314.83	2,926,776.33	21,658.96
III. Enterprise annuity	7,904,791.76	39,859,672.79	41,542,511.38	6,221,953.17
Total	8,357,069.31	120,171,877.38	121,763,929.78	6,765,016.91

The Group 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% (31 December 2023: 16% and 0.6%) of the employee's monthly basic wage and performance-linked compensation, respectively, to the plans. Save as the monthly contribution above, the Group has not undertaken further payment obligation. The corresponding expenses are included in profit or loss for the period or the cost of the relevant asset when incurred.

During the Period, the Group's contributions of RMB77,381,889.76 and RMB2,930,314.83 (Same Period of Last Year: RMB72,350,315.88 and RMB2,775,439.92) were payable to pension insurance and unemployment insurance plans respectively. As at 30 June 2024, the outstanding contributions of RMB521,404.78 and RMB21,658.96 (31 December 2023: RMB434,157.09 and RMB18,120.46) payable by the Group were contributions due during the Reporting Period and yet to be paid to the pension insurance and unemployment insurance plans.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

28. Taxes payable

Item	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Enterprise income tax	66,841,153.94	6,070,260.69
Value added tax	27,040,516.27	41,069,510.55
City construction and maintenance tax	694,326.39	1,261,069.58
Education surcharges	533,832.62	919,240.22
Individual income tax	2,166,032.78	2,957,363.17
Others	1,004,066.92	18,219,605.14
Total	98,279,928.92	70,497,049.35

29. Other payables

29.1 Total other payables

Item	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Dividend payables	176,774,840.00	222,091,380.00
Other payables	299,698,068.87	342,084,724.54
Total	476,472,908.87	564,176,104.54

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

29. Other payables *(Continued)*

29.2 Dividend payables

Item	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Dividend payables – Hua Sheng Group	–	9,600,480.00
Dividend payables – Sichuan Xinhua Publishing and Distribution Group	–	95,794,610.94
Dividend payables – Other A Shareholders	–	37,147,611.06
Dividend payables – H Shareholders	176,774,840.00	79,548,678.00
Total	176,774,840.00	222,091,380.00

29.3 Other payables by nature of payments

Item	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Amounts due to related parties	6,052,309.15	7,455,829.98
Security deposit/deposit/quality warranty/ performance security	83,436,692.19	90,104,757.33
Construction and infrastructure construction expenses	38,549,672.48	39,583,858.78
Amounts due to/from other entities	4,475,646.50	6,844,834.63
Others	167,183,748.55	198,095,443.82
Total	299,698,068.87	342,084,724.54

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

30. Other current liabilities

Item	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Government grants (Note (VI) 33)	82,716,184.26	95,381,814.64
Expected sales returns (Note 1)	122,271,471.43	122,059,320.46
Output tax to be transferred	5,451,435.83	6,086,064.54
Others	1,330,668.00	1,330,668.00
Total	211,769,759.52	224,857,867.64

Note 1: Expected sales returns are related to the customer's right of refund subsequent to purchase of books. On the basis of accumulated historical experiences, the Group assesses the quantity of sales returns using the expected-value method on an organization level.

31. Lease liabilities

	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Rents	308,252,406.37	325,705,165.57
Less: Lease liabilities included in non-current liabilities due within one year	81,921,966.82	94,775,135.71
Net	226,330,439.55	230,930,029.86

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

31. Lease liabilities *(Continued)*

The Group's lease liabilities based on the maturity of the undiscounted remaining contractual obligations are analyzed as follows:

	Within 1 year <i>RMB</i>	1 to 2 years <i>RMB</i>	2 to 5 years <i>RMB</i>	More than 5 years <i>RMB</i>	Total <i>RMB</i>
Balance at the end of the current period	92,829,089.46	78,338,259.79	127,258,173.15	42,034,189.99	340,459,712.39
Balance at the beginning of the current period	107,901,044.74	81,066,940.83	134,339,293.12	43,611,638.88	366,918,917.57

32. Long-term employee benefits payable

Item	30 June 2024 (Unaudited) <i>RMB</i>	31 December 2023 <i>RMB</i>
Special payables – retirement benefits	–	30,581,649.90

The amount represents the one-off provision for living allowance and other expenses of Liangshanzhou Xinhua Bookstore as approved by the Liangshanzhou State-owned Assets Supervision and Administration Commission (Liang Guo Zi [2022] No. 79) for retired employees who have completed the procedures for retirement before 30 November 2020, family members of deceased employees who have obtained the qualification before 30 November 2020 and employed staff who have completed the procedures for retirement before 30 November 2020.

33. Deferred income

Item	30 June 2024 (Unaudited) <i>RMB</i>	31 December 2023 <i>RMB</i>
Government grants	27,007,990.61	20,083,863.80

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

33. Deferred income (Continued)

Items related to government grants:

Item	1 January 2024	Amount charged		30 June 2024 (Unaudited)	Related to an asset/ related to income
		New grants for the current period	to other income for the current period		
	RMB	RMB	RMB	RMB	
Copyright protection of audio and video cloud application system	471,511.90	-	74,449.25	397,062.65	Related to an asset
Western Culture Logistics and Distribution Base	156,793.88	-	156,793.88	-	Related to an asset
Special funds for technological transformation	1,219,362.41	-	262,446.40	956,916.01	Related to an asset
Research and development and industrialization project of rich media digital resources online edit system	416,573.49	-	312,430.08	104,143.41	Related to an asset
Wisdom Bookstore Project	187,493.06	-	42,953.57	144,539.49	Related to an asset
Special fund for Stackway	840,233.96	-	152,769.84	687,464.12	Related to an asset
Network Construction of Shuxiang Tianfu, Wisdom Xinhua Physical Bookstore	83,598.43	-	83,598.43	-	Related to an asset
Digital Media Education Service System Construction	107,786.16	-	80,839.68	26,946.48	Related to an asset
Digital Evaluation Platform	1,033,369.59	-	163,163.62	870,205.97	Related to an asset
Establishment of Big data based Math Analysis Model which is published on demand and Key Technology Research Project	1,204,489.50	-	314,214.65	890,274.85	Related to an asset
Model project of semantics-based content resources linking technology and education compound application system research and development and application	158,036.02	-	41,226.79	116,809.23	Related to an asset
Education and media convergence projects	4,587.90	-	-	4,587.90	Related to an asset
Research and development and industrial application of key technologies of digital education public service platform	73,899.37	-	73,899.37	-	Related to an asset
Provincial special funds (Tibetan, Qiang and Yi cultural corridor)	4,371,176.49	-	16,028.82	4,355,147.67	Related to an asset
Special grant for "Illustrations" of Watch Panda	8,518.24	-	-	8,518.24	Related to income
Special grant for "Sichuan Bookshelves"	93,249.87	-	-	93,249.87	Related to income
2022 municipal special funds for cultural industry development	1,449,015.40	-	374,885.89	1,074,129.51	Related to an asset
Intelligent evaluation based on education digital resources, a demonstration construction of supplementary services for teaching	31,062.87	-	-	31,062.87	Related to income
Digital publishing based on big data + artificial intelligence	748,033.16	-	324,802.80	423,230.36	Related to income
Intelligent optimization of teaching supplementary materials based on big data	3,121,103.20	-	-	3,121,103.20	Related to income
2023 municipal special funds for guiding service industry development	-	500,000.00	500,000.00	-	Related to income
Book e-commerce intelligent distribution management platform funds	-	50,000.00	-	50,000.00	Related to income
Sichuan book fair project	-	7,950,000.00	7,950,000.00	-	Related to income
Smart publishing sub-project	-	4,000,000.00	4,000,000.00	-	Related to income
Shanghai book fair	-	500,000.00	500,000.00	-	Related to income
Book subsidies	95,381,814.64	9,533,700.00	12,665,630.38	92,249,884.26	Related to income
Others	4,303,968.90	-	185,070.12	4,118,898.78	Related to an asset
Total	115,465,678.44	22,533,700.00	28,275,203.57	109,724,174.87	

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

34. Share capital

Item	1 January 2024 <i>RMB</i>	Changes for the Period					30 June 2024 (Unaudited) <i>RMB</i>
		Issue of new shares <i>RMB</i>	Bonus issue <i>RMB</i>	Capitalization of surplus reserve <i>RMB</i>	Others <i>RMB</i>	Subtotal <i>RMB</i>	
Total number of shares	1,233,841,000.00	-	-	-	-	-	1,233,841,000.00

35. Capital reserve

Item	1 January 2024 <i>RMB</i>	Increase in the current period <i>RMB</i>	Decrease in the current period <i>RMB</i>	30 June 2024 (Unaudited) <i>RMB</i>
Share capital premium	2,491,560,219.79	-	-	2,491,560,219.79
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	(107,141,918.06)	-	-	(107,141,918.06)
Other capital reserve	32,103,244.62	-	-	32,103,244.62
Including: Transfer from capital reserve under the previous accounting system	23,281,007.10	-	-	23,281,007.10
Treasury shares	(998,378.51)	-	-	(998,378.51)
Others	9,820,616.03	-	-	9,820,616.03
Total	2,523,663,464.41	-	-	2,523,663,464.41

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

36. Other comprehensive income

Item	Opening balance of other comprehensive income attributable to shareholders of the parent company <i>RMB</i>	Changes for the current period				Closing balance of other comprehensive income attributable to shareholders of the parent company (Unaudited) <i>RMB</i>		
		Amount before income tax for the current period <i>RMB</i>	Less: Income tax expenses <i>RMB</i>	Post-tax amount attributable to the owner of the parent <i>RMB</i>	Post-tax amount attributable to the non-controlling shareholders <i>RMB</i>			
Changes in fair value of other equity instrument investments	1,137,699,551.17	311,533,565.22	46,692,671.30	264,840,893.92	- 1,402,540,445.09			

37. Surplus reserve

Item	1 January 2024 <i>RMB</i>	Increase in the current period <i>RMB</i>	Decrease in the current period <i>RMB</i>	30 June 2024 (Unaudited) <i>RMB</i>
Statutory surplus reserve	1,294,713,238.91	-	-	1,294,713,238.91

38. Undistributed profits

Item	30 June 2024 (Unaudited) <i>RMB</i>	31 December 2023 <i>RMB</i>	Proportion of appropriation or distribution
Undistributed profits at the beginning of the period/year	6,881,030,888.86	6,083,770,928.98	
Add: Net profit attributable to shareholders of the parent company for the period/year	715,785,632.02	1,579,146,004.64	
Less: Appropriation to statutory surplus reserve	-	140,288,724.76	(1)
Dividends payable on ordinary shares	493,536,400.00	641,597,320.00	(2)
Undistributed profits at the end of the period/year	7,103,280,120.88	6,881,030,888.86	(3)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

38. Undistributed profits *(Continued)*

(1) Appropriation to statutory surplus reserve

According to the Articles of Association, the Company is required to transfer 10% of its net profit to the statutory surplus reserve. The transfer may be ceased if the balance of the statutory surplus reserve has reached 50% of the Company's registered capital. The statutory surplus reserve can be used to offset the loss of the Company, expanding production and operation or transferring to paid-in capital, but the retained statutory surplus reserve shall not be lower than 25% of the registered capital.

(2) Cash dividends approved at shareholders' meeting

On 21 May 2024, the resolution regarding the Company's 2023 Annual Profit Distribution Proposal was approved at 2023 annual general meeting of the Company. The profit distribution was based on the Company's total share capital of 1,233,841,000 shares before the implementation of the proposal. The cash dividend per share was RMB0.40 (tax-inclusive).

On 18 May 2023, the resolution regarding the Company's 2022 Annual Profit Distribution Proposal was approved at 2022 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 RMB0.34 (tax-inclusive).

On 20 December 2023, the resolution regarding the Company's 2023 Third Quarter Profit Distribution Proposal was approved at 2023 second 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 RMB0.18 (tax-inclusive).

(3) Appropriation to surplus reserve by subsidiaries

At the end of the current period, the balance of the Group's undistributed profits included appropriation to surplus reserve by subsidiaries amounting to RMB182,108,211.63 (31 December 2023: RMB182,108,211.63).

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

39. Operating income and operating costs

(1) *Classification*

Item	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB
Principal operating income	5,708,283,455.50	5,352,613,123.71
Other operating income (Note 1)	79,532,820.21	74,934,504.56
Total operating income	5,787,816,275.71	5,427,547,628.27
Principal operating cost	3,554,773,609.97	3,313,464,076.94
Other operating cost	7,268,626.13	6,513,363.54
Total operating costs	3,562,042,236.10	3,319,977,440.48

Note 1: Included in other operating income was net income from concessionaire sales of RMB13,236,788.62. Among which, revenue from concessionaire sales was RMB93,014,222.15 and cost from concessionaire sales was RMB79,750,433.53 (for the period from 1 January to 30 June 2024: net income from concessionaire sales of RMB14,236,371.58. Among which, revenue from concessionaire sales was RMB98,720,930.33 and cost from concessionaire sales was RMB84,484,558.75).

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

39. Operating income and operating costs *(Continued)*

(2) *Details of income from contracts*

Product	Principal operating income		Principal operating costs	
	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB
I. Publication segment				
Textbooks and supplementary materials	571,986,860.56	630,262,835.96	328,407,318.58	384,410,842.13
General book	496,655,976.41	453,052,375.88	368,200,746.38	341,453,773.91
Printing and supplies	107,483,622.93	124,594,628.08	89,600,963.55	111,028,016.28
Newspapers and journals	27,178,733.23	23,368,799.61	15,293,536.70	12,923,718.83
Others	8,317,538.36	6,698,450.84	4,521,873.76	4,264,649.30
Subtotal	1,211,622,731.49	1,237,977,090.37	806,024,438.97	854,081,000.45
II. Distribution segment				
Textbooks and supplementary materials	2,262,673,037.52	2,124,056,783.54	1,374,393,457.35	1,288,602,804.24
General book	2,647,793,258.31	2,528,546,369.34	1,922,372,786.47	1,813,652,563.45
Education informatization and others	241,910,547.98	170,388,566.72	191,704,835.58	135,933,768.53
Subtotal	5,152,376,843.81	4,822,991,719.60	3,488,471,079.40	3,238,189,136.22
III. Others	182,953,577.12	178,641,664.62	159,623,102.23	157,089,043.65
Less: Inter-segment elimination	838,669,696.92	886,997,350.88	899,345,010.63	935,895,103.38
Total	5,708,283,455.50	5,352,613,123.71	3,554,773,609.97	3,313,464,076.94

Division of publication segment and distribution segment and other details are set out in Note (XVI) 2.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

39. Operating income and operating costs *(Continued)*

(3) Details of performance obligation

Item	Time of obligation performance	Important payment term	Nature of goods transferred as committed by the Company		Main responsible person?	Amounts borne by the Company that are expected to be returned to customers	Types of quality assurance provided by the Company and related obligation
			Self-owned, stenciling-rent or outsourcing	Self-developed or outsourcing			
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 informatization 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 informatization and equipment business, the Group's principal operating income 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 informatization and equipment business, the Group, as the main responsible person, performs the performance business at the time of delivery. The contracts stipulate that payments shall be collected in installments over 2-5 years. The contracts do not contain important amounts expected to be returned to customers, and providing guarantee-type quality assurance does not form a separate performance obligation.

The Group has adopted a simplified practical expedient for service contracts originally expected to have a contract term of no more than one year, and therefore the information disclosed above does not include the transaction price allocated to the remaining performance obligations under such contracts.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

40. Taxes and surcharges

Item	For the period from 1 January to 30 June 2024 (Unaudited) <i>RMB</i>	For the period from 1 January to 30 June 2023 (Unaudited) <i>RMB</i>
City construction and maintenance tax	3,729,482.68	2,030,719.70
Education surcharges	2,705,209.86	1,454,442.19
Property tax	14,547,724.56	1,612,024.97
Urban land use tax	2,461,592.96	311,907.32
Stamp duty	1,833,375.85	1,442,430.56
Vessel and vehicle tax	118,716.10	166,909.46
Others	155,654.03	68,050.81
Total	25,551,756.04	7,086,485.01

41. Selling expenses

Item	For the period from 1 January to 30 June 2024 (Unaudited) <i>RMB</i>	For the period from 1 January to 30 June 2023 (Unaudited) <i>RMB</i>
Wages and other labor costs	441,287,801.39	406,874,448.03
Logistics and transportation costs	54,039,698.01	55,451,433.23
Business conference fees	1,329,113.52	1,585,827.47
Vehicle fees	5,963,194.54	7,723,027.63
Travel expenses	9,439,960.17	10,517,617.13
Advertising and promotion fees	124,422,587.02	107,258,905.45
Distribution commission	8,811,769.99	8,751,303.34
E-commerce platform service fees	42,452,889.78	28,165,965.81
Packing expenses	14,975,860.37	13,888,038.95
Others	12,912,505.91	20,374,117.37
Total	715,635,380.70	660,590,684.41

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

42. Administrative expenses

Item	For the period from 1 January to 30 June 2024 (Unaudited) <i>RMB</i>	For the period from 1 January to 30 June 2023 (Unaudited) <i>RMB</i>
Wages and other labor costs	484,180,136.20	441,800,282.43
Business entertainment fees	18,546,800.47	21,993,450.79
Lease payments	6,760,670.49	9,932,209.43
Depreciation and amortization expenses	131,521,474.72	131,133,382.91
Conference fees	3,415,225.41	5,578,167.75
Property management fees	35,976,429.50	33,770,958.08
Travel expenses	6,030,988.12	7,317,778.98
Energy costs	9,678,264.17	8,318,450.86
Office expenses	3,736,728.24	3,820,029.42
Repair charges	7,314,038.56	7,148,353.67
Remuneration of accounting firm – audit services	707,547.17	720,000.00
Others	41,241,574.35	46,248,508.26
Total	749,109,877.40	717,781,572.58

43. Finance expenses

Item	For the period from 1 January to 30 June 2024 (Unaudited) <i>RMB</i>	For the period from 1 January to 30 June 2023 (Unaudited) <i>RMB</i>
Interest expense	175,374.99	324,211.22
Interest expense on lease liabilities	6,501,379.65	9,011,361.27
Less: Interest income	95,350,124.61	82,864,269.71
Less: Interest income of long-term receivables	1,033,347.51	3,118,079.49
Others	4,572,089.74	3,154,826.98
Total	(85,134,627.74)	(73,491,949.73)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

44. Other income

Item	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB
Book publishing subsidies	12,665,630.38	8,544,846.23
VAT first levied then returned	345,661.34	37,540,988.38
Other financial subsidies	17,036,240.64	10,959,635.20
Total	30,047,532.36	57,045,469.81

45. Investment income

Item	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB
Income from long-term equity investments under equity method	9,268,834.02	16,165,973.10
Investment income/(loss) during the holding of other non-current financial assets	3,529,234.40	(1,113,451.21)
Dividend income during the holding of other equity instrument investments	109,759,200.00	85,778,400.00
Investment income from disposal of held-for-trading financial assets	193,481.05	46,767.90
Total	122,750,749.47	100,877,689.79

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

46. Gains from fair value change

Source of gains from fair value change	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB
Financial assets at FVTPL	(36,709,633.98)	(4,637,313.55)
Including: Other non-current financial assets	(36,711,347.40)	(4,637,313.55)
Held-for-trading financial assets	1,713.42	–
Total	(36,709,633.98)	(4,637,313.55)

47. Losses on credit impairment

Item	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB
Credit impairment losses of accounts receivable	(24,460,963.40)	(69,501,067.96)
Bad debt losses of other receivables	4,031,274.36	2,959,412.11
Bad debt losses of long-term receivables	(25,606,119.53)	(17,635,162.47)
Total	(46,035,808.57)	(84,176,818.32)

48. Impairment losses of assets

Item	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB
Losses from decline in value for inventories and impairment losses of contract performance costs	(22,083,389.49)	(37,212,659.95)
Others	1,055,701.30	(3,601,918.94)
Total	(21,027,688.19)	(40,814,578.89)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

49. Gains on asset disposal

Item	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB
Gains on fixed asset disposal	789,145.09	146,823.97
Gains on right-of-use asset disposal	339,184.48	120,934.43
Total	1,128,329.57	267,758.40

50. Non-operating income

Item	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB	Amount included in non-recurring profit or loss for the current period RMB
Total gains on disposal of non-current assets	157,523.66	208,815.76	157,523.66
Including: Gains on disposal of fixed assets	157,523.66	208,815.76	157,523.66
Others	892,765.38	2,746,340.99	892,765.38
Total	1,050,289.04	2,955,156.75	1,050,289.04

51. Non-operating expenses

Item	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB	Amount included in non-recurring profit or loss for the current period RMB
Total losses on disposal of non-current assets	26,659.77	37,638.35	26,659.77
Including: Losses on disposal of fixed assets	26,659.77	37,638.35	26,659.77
Donations	13,082,595.65	15,636,689.96	13,082,595.65
Penalties	4,733.99	1,081.58	4,733.99
Others	1,067,653.31	1,258,706.13	1,067,653.31
Total	14,181,642.72	16,934,116.02	14,181,642.72

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

52. Income tax expenses

Item	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB
Current income tax calculated according to tax laws and relevant requirements	121,636,058.97	12,426,990.55
Tax filing differences	954,164.35	(221,901.41)
Deferred income tax expenses	(26,669,600.76)	401,167.36
Total	95,920,622.56	12,606,256.50

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

Item	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB
Accounting profit	848,269,211.29	801,517,699.29
Income tax expenses calculated at 25%	212,067,302.82	200,379,424.82
Tax concessions	(108,774,182.03)	(185,502,256.92)
Effect of expenses that are not deductible for tax purposes	3,101,063.79	2,413,025.99
Effect of tax-free income	(17,261,445.61)	(21,444,600.00)
Effect of utilization of deductible losses for which no deferred income tax asset was recognized in the prior period	(1,639,982.45)	(2,170,567.15)
Effect of utilization of deductible temporary differences for which no deferred income tax asset was recognized in the prior period	(3,832,031.81)	–
Effect of deductible temporary differences or deductible losses for which no deferred income tax asset was recognized during the current period	10,566,490.97	19,153,131.17
Tax filing differences	954,164.35	(221,901.41)
Tax effect of tax rate adjustment on the balance of deferred tax assets at the beginning of the period	739,242.53	–
Total	95,920,622.56	12,606,256.50

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

53. Calculation process of basic earnings per share

For the purpose of calculating basic earnings per share, net profit for the current period attributable to ordinary shareholders is as follows:

	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB
Net profit for the current period attributable to ordinary shareholders	715,785,632.02	762,156,455.81
Including: Net profit from continuing operations	715,785,632.02	762,156,455.81

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:

	For the period from 1 January to 30 June 2024 (Unaudited) Number of shares	For the period from 1 January to 30 June 2023 (Unaudited) Number of shares
Number of ordinary shares outstanding at the beginning of the period	1,233,841,000.00	1,233,841,000.00
Weighted number of ordinary shares outstanding at the end of the period	1,233,841,000.00	1,233,841,000.00

Earnings per share:

	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB
Net profit for the current period attributable to ordinary shareholders divided by weighted number of ordinary shares outstanding at the end of period	0.58	0.62
Net profit for the current period attributable to ordinary shareholders and attributable to continuing operation divided by weighted number of ordinary shares outstanding at the end of period	0.58	0.62

The Company has no dilutive potential ordinary shares.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

54. Notes to items in the cash flow statement

(1) *Other cash receipts relating to operating activities*

Item	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB
Interest income	73,046,320.29	67,080,993.54
Government grants	23,960,367.45	15,630,292.70
Others	27,539,332.60	38,184,539.16
Total	124,546,020.34	120,895,825.40

(2) *Other cash payments relating to operating activities*

Item	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB
Selling expenses	274,343,439.59	253,648,841.91
Including: Logistics and transportation costs	54,039,698.01	55,451,433.23
Business conference fees	1,329,113.52	1,585,827.47
Vehicles fees	5,963,194.54	7,723,027.63
Travel expenses	9,439,960.17	10,517,617.13
Advertising and promotion fees	124,422,587.02	107,258,905.45
E-commerce platform service fees	42,452,889.78	28,165,965.81
Administrative expenses	133,408,266.48	144,847,907.24
Including: Business entertainment fees	18,546,800.47	21,993,450.79
Lease payment	6,760,670.49	9,932,209.43
Conference fees	3,415,225.41	5,578,167.75
Property management fees	35,976,429.50	33,770,958.08
Energy costs	9,678,264.17	8,318,450.86
Repair charges	7,314,038.56	7,148,353.67
Others	55,953,449.36	70,359,783.88
Total	463,705,155.43	468,856,533.03

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

(3) Material cash receipts relating to investing activities

Item	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB
Recovery of liquidation and exit money from investment in Winshare Hengxin fund	–	124,984,423.66

(4) Material cash payments relating to investing activities

Item	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB
Investment in CICC Qichen fund	–	120,000,000.00
Subscription of large deposit certificate of Shanghai Pudong Development Bank	206,222,222.22	–
Total	206,222,222.22	120,000,000.00

(5) Other cash receipts relating to investing activities

Item	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB
Receipt of time deposit over 3 months	300,000,000.00	50,000,000.00
Recovery of interest from time deposit	–	391,589.04
Total	300,000,000.00	50,391,589.04

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

(6) Other cash payments relating to investing activities

Item	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB
Increase of time deposit over 3 months	810,000,000.00	100,000,000.00

(7) Other cash payments relating to financing activities

Item	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB
Payment for lease payments	40,143,238.36	40,106,671.14

(8) Changes in liabilities arising from financing activities

Item	Balance as at 1 January 2024 RMB	Increase in the current period		Decrease in the current period		Balance as at 30 June 2024 (Unaudited) 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
Dividends payable	222,091,380.00	-	493,536,400.00	538,852,940.00	-	176,774,840.00
Interests payable	-	-	175,374.99	175,374.99	-	-
Lease liabilities (Note)	325,705,165.57	-	24,416,636.75	40,143,238.36	1,726,157.59	308,252,406.37
Total	557,796,545.57	-	518,128,411.74	579,171,553.35	1,726,157.59	495,027,246.37

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

55. Supplementary information to the cash flow statement

(1) *Supplementary information to the cash flow statement*

Supplementary information	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	752,348,588.73	788,911,442.79
Add: Impairment losses of assets	21,027,688.19	40,814,578.89
Loss on credit impairment	46,035,808.57	84,176,818.32
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of productive biological assets	72,530,622.58	72,844,268.58
Depreciation of right-of-use assets	49,441,901.67	47,925,229.95
Depreciation of investment properties	2,079,197.01	2,036,995.90
Amortization of intangible assets	20,828,879.07	21,011,243.36
Amortization of long-term prepaid expenses	10,476,245.78	7,640,798.67
Losses from disposal of fixed assets, intangible assets and other long-term assets (gain represented by "-")	(1,128,329.57)	(267,758.40)
Asset retirement losses (gain represented by "-")	(130,863.89)	(171,177.41)
Losses from fair value changes (gain represented by "-")	36,709,633.98	4,637,313.55
Finance expenses (gain represented by "-")	(16,660,397.19)	(6,447,703.68)
Investment loss (gain represented by "-")	(122,750,749.47)	(100,877,689.79)
Decrease in deferred income tax assets (increase represented by "-")	(15,022,792.47)	71,259.99
Increase in deferred income tax liabilities (decrease represented by "-")	(11,646,808.29)	329,907.37
Decrease in inventories (increase represented by "-")	266,409,556.29	216,285,163.37
Decrease in receivables from operating activities (increase represented by "-")	(335,790,019.08)	(47,879,836.14)
Increase in payables from operating activities (decrease represented by "-")	(394,920,804.81)	(548,887,873.87)
Net cash flow from operating activities	379,837,357.10	582,152,981.45
2. Material investment and financing activities not involving cash receipts and payments:		
Right-of-use assets recognized for leased fixed assets	30,216,505.03	8,664,041.26
3. Net changes in cash and cash equivalents:		
Closing balance of cash and cash equivalent for the period	8,144,865,146.62	7,941,736,016.36
Less: Opening balance of cash and cash equivalent for the period	9,078,342,824.79	7,762,084,629.28
Net increase in cash and cash equivalents	(933,477,678.17)	179,651,387.08

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

55. Supplementary information to the cash flow statement *(Continued)*

(2) Cash and cash equivalents

Item	30 June 2024	31 December 2023
	(Unaudited) RMB	RMB
Cash	8,144,865,146.62	9,078,342,824.79
Including: Cash on hand	148,632.85	179,253.14
Bank deposits readily available for payment	8,139,626,613.69	9,069,443,251.83
Other cash and bank balances readily available for payment	5,089,900.08	8,720,319.82
Closing balance of cash and cash equivalents	8,144,865,146.62	9,078,342,824.79

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

Item	30 June 2024	31 December 2023
	(Unaudited) RMB	RMB
Time deposits	63,933,896.49	–
Restricted cash and bank balances	35,381,838.36	39,321,000.73
Total	99,315,734.85	39,321,000.73

56. Assets with restricted ownership or right-of-use

Item	30 June 2024 (Unaudited)				31 December 2023			
	Carrying balance	Carrying value	Type of restriction	Condition of restriction	Carrying balance	Carrying value	Type of restriction	Condition of restriction
	RMB	RMB			RMB	RMB		
Cash and bank balances	35,381,838.36	35,381,838.36	Other	Note	37,540,930.42	37,540,930.42	Other	Note
	–	–	Frozen	Note	1,780,070.31	1,780,070.31	Frozen	Note
Total	35,381,838.36	35,381,838.36			39,321,000.73	39,321,000.73		

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

56. Assets with restricted ownership or right-of-use *(Continued)*

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

- (1) security deposit for the issuance of bank acceptance bills of RMB1,141,375.20;
- (2) security deposit placed in bank for the issuance of guarantee letter of RMB8,262,510.69;
- (3) security deposit for travel service quality of Sichuan Winshare Xingzhi Study Tour Travel Agency Co., Ltd. ("**Xingzhi Study Tour Travel Agency**"), a subsidiary of the Group, of RMB1,100,000.00;
- (4) special fund for housing reform and housing repair of RMB24,877,952.47.

57. Net current assets

Item	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Current assets	12,963,058,326.03	14,008,634,246.70
Less: Current liabilities	7,448,519,628.64	7,874,175,852.28
Net current assets	5,514,538,697.39	6,134,458,394.42

58. Total assets less current liabilities

Item	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Total assets	21,892,348,982.94	21,787,563,374.32
Less: Current liabilities	7,448,519,628.64	7,874,175,852.28
Total assets less current liabilities	14,443,829,354.30	13,913,387,522.04

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VII) CHANGES IN CONSOLIDATION SCOPE

There is no related matter regarding change in the scope of consolidation for the current period.

(VIII) INTERESTS IN OTHER ENTITIES

1. Subsidiaries:

(1) Subsidiaries incorporated by investments

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 shareholding (%)	Proportion of indirect shareholding (%)	Consolidated statements or not
Sichuan Xinhua Winshare Media Co., Ltd. ("Winshare Media")	LLC	Chengdu	Periodicals	3,990,000.00	Sales of books and periodicals, etc.	100.00	-	Y
Winshare Education Technology	LLC	Chengdu	Technical Services	330,000,000.00	Software development and sales of electronic equipment	100.00	-	Y
Winshare Logistics	LLC	Chengdu	Storage and distribution	350,000,000.00	Storage and distribution of goods	100.00	-	Y
Sichuan Winshare Arts Investment and Management Co., Ltd. ("Arts Investment")	LLC	Chengdu	Exhibition of artwork	20,000,000.00	Project investment and management, exhibition of artwork	100.00	-	Y
Winshare Online	LLC	Chengdu	Sales of publications	60,000,000.00	Online sales of various products	92.00	-	Y
Sichuan Watch Panda Magazine Co., Ltd. ("Watch Panda")	LLC	Chengdu	Periodicals	2,000,000.00	Sales of periodicals	-	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 of cultural and art exchange activities, business consulting, conference and exhibition services	100.00	-	Y
Xingzhi Study Tour Travel Agency	LLC	Chengdu	Business services	5,000,000.00	Travel agency and related services, study tour event planning, conference, exhibition and related services	-	100.00	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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VIII) INTERESTS IN OTHER ENTITIES *(Continued)*

1. Subsidiaries: *(Continued)*

(1) Subsidiaries incorporated by investments *(Continued)*

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 shareholding (%)	Proportion of indirect shareholding (%)	Consolidated statements or not
Sichuan Winshare Xuankehui Cultural Development Co., Ltd. ("Stackway")	LLC	Chengdu	Wholesale and retail	50,000,000.00	Book wholesale and retail	100.00	-	Y
Chengdu Cangqiong Online Technology Co., Ltd.	LLC	Chengdu	Technical Services	30,000.00	Computer system services; manufacturing, 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
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

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 shareholding (%)	Proportion of indirect shareholding (%)	Consolidated statements or not
Xinhua Online	LLC	Chengdu	Sales of publications	50,000,000.00	Internet publishing, wholesale and retail of goods	100.00	-	Y
Beijing Shuchuan	LLC	Beijing	Sales of publications	2,000,000.00	Sales of publications	-	100.00	Y
Sichuan Culture Communication	LLC	Chengdu	Advertising agency and leasing	20,520,000.00	Advertising agency and leasing	-	100.00	Y

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VIII) INTERESTS IN OTHER ENTITIES *(Continued)*

1. Subsidiaries: *(Continued)*

(3) Subsidiaries acquired in business combination not involving enterprises under common control

Name of subsidiary	Type of the subsidiary	Principal place of business and place of incorporation	Nature of business	Registered capital <i>RMB</i>	Business scope	Proportion of direct shareholding (%)	Proportion of indirect shareholding (%)	Consolidated statements or not
Winshare Sports Cultural Development Co., Ltd. ("Winshare Sports")	LLC	Chengdu	Venue rental	100,000,000.00	Venue management services, advertising, self-owned housing rental	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 and distribution of books	100.00	-	Y
Youth and Children's Publishing House	LLC	Chengdu	Publication	110,000,000.00	Publication of books and periodicals	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 periodicals	-	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	45,000,000.00	Publication of books	100.00	-	Y
Tiandi Publishing House	LLC	Chengdu	Publication	230,634,700.00	Publication of books	100.00	-	Y
Sichuan Times English Cultural Communication Co., Ltd.	LLC	Chengdu	Publication	600,000.00	Publication of domestic books, newspapers and journals	-	51.00	Y

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VIII) INTERESTS IN OTHER ENTITIES *(Continued)*

1. Subsidiaries: *(Continued)*

(3) Subsidiaries acquired in business combination not involving enterprises under common control *(Continued)*

Name of subsidiary	Type of the subsidiary	Principal place of business and place of incorporation	Nature of business	Registered capital <i>RMB</i>	Business scope	Proportion of direct shareholding (%)	Proportion of indirect shareholding (%)	Consolidated statements or not
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	Wholesale and retail	30,000,000.00	Wholesale and retail of goods	100.00	-	Y
Digital Publishing	LLC	Chengdu	Publication	39,800,000.00	Publication of audio and video product, Internet publishing	100.00	-	Y
Sichuan Reader's Journal Press Co., Ltd. (" Reader's Journal Press ")	LLC	Chengdu	Publication	1,500,000.00	Reader's Journal Press-related publishing, advertising, wholesale and retail of goods, software and information technology services	-	100.00	Y
Sichuan Pictorial Co., Ltd. (" Pictorial ")	LLC	Chengdu	Publication	1,500,000.00	Publication of periodicals	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	49.00	51.00	Y
Liangshan Yuntu Xunjie Logistics Co., Ltd.	LLC	Liangshanzhou	Storage and distribution	10,000,000.00	Storage and distribution of goods	-	100.00	Y

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VIII) INTERESTS IN OTHER ENTITIES *(Continued)*

2. Key financial information of the Group's significant non-wholly owned subsidiaries is as follows:

Name of subsidiary	Proportion of ownership interests held by non-controlling shareholders (%)	Proportion of voting power held by non-controlling shareholders (%)	Gains or losses attributable to non-controlling shareholders		Non-controlling interests	
			For the period from 1 January to 30 June 2024 (Unaudited)	For the period from 1 January to 30 June 2023 (Unaudited)	30 June 2024 (Unaudited)	31 December 2023
			RMB	RMB	RMB	RMB
Liangshanzhou Xinhua Bookstore	49.00	49.00	36,460,231.33	31,574,877.69	381,097,260.25	344,637,028.92
Winshare Online	8.00	8.00	336,385.40	516,020.92	(6,737,403.01)	(7,073,788.41)

The following tables set out the main financial information of the above subsidiaries, which represents the amounts before inter-segment elimination of the Group, but the same has been adjusted by the fair value on the consolidation date and the unified accounting policies:

a. *Liangshanzhou Xinhua Bookstore*

	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Current assets	491,536,459.52	483,547,224.52
Non-current assets	393,028,849.35	373,818,841.89
Current liabilities	44,985,899.45	61,284,530.68
Non-current liabilities	61,829,898.71	92,740,660.38

	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB
Operating income	218,733,504.55	201,830,829.20
Net profit	74,408,635.37	64,438,525.90
Total comprehensive income	74,408,635.37	64,438,525.90
Net cash flow from operating activities	(5,175,326.07)	50,214,005.24

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VIII) INTERESTS IN OTHER ENTITIES *(Continued)*

2. Key financial information of the Group's significant non-wholly owned subsidiaries is as follows: *(Continued)*

b. Winshare Online

	30 June 2024 (Unaudited) <i>RMB</i>	31 December 2023 <i>RMB</i>
Current assets	2,565,750,381.86	2,695,463,155.74
Non-current assets	727,193,560.56	515,811,726.83
Current liabilities	3,376,482,480.03	3,299,068,237.65
Non-current liabilities	679,000.00	629,000.00
	For the period from 1 January to 30 June 2024 (Unaudited) <i>RMB</i>	For the period from 1 January to 30 June 2023 (Unaudited) <i>RMB</i>
Operating income	1,585,195,171.68	1,451,072,216.65
Net profit	4,204,817.47	2,064,083.68
Total comprehensive income	4,204,817.47	2,064,083.68
Net cash flow from operating activities	(105,374,666.79)	(1,033,333.08)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(VIII) INTERESTS IN OTHER ENTITIES *(Continued)*

3. Interests in joint ventures or associates

(1) Summarized financial information of joint ventures and associates

	30 June 2024/ For the period from 1 January to 30 June 2024 (Unaudited) RMB	31 December 2023/ For the period from 1 January to 30 June 2023 (Unaudited) RMB
Joint ventures		
Total carrying amount of investments	311,257,209.48	303,728,104.50
Sum of net profit calculated according to proportion of investment	7,529,104.98	12,021,811.94
Sum of total comprehensive income calculated according to proportion of investment	7,529,104.98	12,021,811.94
Associates		
Total carrying amount of investments	457,691,971.94	467,752,914.22
Sum of net profit calculated according to proportion of investment	1,739,729.04	4,144,161.16
Sum of total comprehensive income calculated according to proportion of investment	1,739,729.04	4,144,161.16

(IX) GOVERNMENT GRANTS

1. Liability items involving government grants

Liability item	1 January 2024 RMB	Amount of new grants for the current period RMB	Amount included in other income for the current period RMB	30 June 2024 (Unaudited) RMB	Related to an asset/related to income
Other current liabilities	95,381,814.64	-	12,665,630.38	82,716,184.26	Related to income
Deferred income	16,081,896.46	-	2,334,770.39	13,747,126.07	Related to an asset
Deferred income	4,001,967.34	22,533,700.00	13,274,802.80	13,260,864.54	Related to income
Total	115,465,678.44	22,533,700.00	28,275,203.57	109,724,174.87	

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(IX) GOVERNMENT GRANTS *(Continued)*

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

Grant item	For the period from 1 January to 30 June 2024 (Unaudited) <i>RMB</i>	For the period from 1 January to 30 June 2023 (Unaudited) <i>RMB</i>
Related to an asset	2,334,770.39	6,114,431.96
Related to income	25,940,433.18	10,190,472.71
100% reimbursement of value-added tax	345,661.34	37,540,988.38
Others	1,426,667.45	3,199,576.76
Total	30,047,532.36	57,045,469.81

(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 adopted by the Group 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 reasonable and possible changes in risk variables on current profit and loss or on the owners' equity. As a 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 on the assumption that change of each variable is independent.

1. Risk management objectives, policies and procedures, and changes in the current period

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. 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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(X) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

(Continued)

1. Risk management objectives, policies and procedures, and changes in the current period

(Continued)

1.1 Market risk

1.1.1 Currency risk

The Group mainly operates in the PRC, and the sales and purchases of the Group are mainly denominated and settled in RMB. At each 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	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Cash and bank balances		
USD	139,444.39	154,720.94
EUR	526.28	539.85
HKD	69,304.08	48,398.47

1.1.2 Interest rate risk

Fixed-rate interest-bearing financial instruments expose the Group to fair value interest rate risk and cash flow interest rate risk. The Group determines the proportion of fixed-rate instruments based on market conditions and maintains an appropriate fixed-rate instrument portfolio through regular review and monitoring.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(X) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

(Continued)

1. Risk management objectives, policies and procedures, and changes in the current period

(Continued)

1.1 Market risk *(Continued)*

1.1.2 Interest rate risk *(Continued)*

The interest-bearing financial instruments held by the Group as at 30 June are as follows:

Fixed-rate financial instruments:

Item	January to June 2024		2023	
	Effective interest rate	Amount (Unaudited) RMB	Effective interest rate	Amount
Financial assets				
– Cash and bank balances	0.2%	2,284,011,984.98	0.2%	4,722,523,825.52
– Cash and bank balances	2.00%-3.55%	5,960,168,896.49	2.00%-3.55%	4,395,140,000.00
– Other current assets	2.00%-3.55%	121,027,111.11	3.35%-4.015%	451,473,138.89
– Other non-current assets	2.60%-3.55%	1,726,291,315.14	2.90%-3.55%	756,272,309.80
– Non-current assets due within one year	3.45%-5.00%	70,711,649.03	3.65%-5.00%	69,763,811.83
– Long-term receivables	3.45%-5.00%	14,757,359.64	3.65%-5.00%	34,562,954.24
Financial liabilities				
– Short-term borrowings	3.45%	10,000,000.00	3.45%	10,000,000.00
– Non-current liabilities due within one year	3.45%-4.90%	81,921,966.82	3.45%-4.90%	94,775,135.71
– Lease liabilities	3.45%-4.90%	226,330,439.55	3.45%-4.90%	230,930,029.86

1.1.3 Other price risk

The Group measured the investment in listed shares of Wan Xin Media, HGZN and Bank of Chengdu at fair value, which was exposed to the stock price risk as the fair value is determined based on the quoted prices from the active market (Note (VI) 12). The directors of the Company regularly monitor the share prices of Wan Xin Media, HGZN and Bank of Chengdu. For the current period, 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 RMB2,492,800, loss before tax of RMB373,634.78 and income before tax of RMB314,400,000, respectively.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(X) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

(Continued)

1. Risk management objectives, policies and procedures, and changes in the current period

(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 in other comprehensive income and shareholders' equity during the period are as follows:

Item	Price fluctuation	Effects on other comprehensive income and shareholders' equity	
		30 June 2024/ For the period from 1 January to 30 June 2024 (Unaudited) RMB	31 December 2023/ For the period from 1 January to 30 June 2023 (Unaudited) RMB
Other equity instrument investments			
Wan Xin Media	Stock prices rise 5%	43,187,760.00	58,518,480.00
HGZN	Stock prices rise 5%	7,728.06	35,750.67
Bank of Chengdu	Stock prices rise 5%	60,760,000.00	48,840,000.00
Other equity instrument investments			
Wan Xin Media	Stock prices fall 5%	(43,187,760.00)	(58,518,480.00)
HGZN	Stock prices fall 5%	(7,728.06)	(35,750.67)
Bank of Chengdu	Stock prices fall 5%	(60,760,000.00)	(48,840,000.00)

1.2 Credit risk

As at 30 June 2024, the Group's maximum exposure to credit risk which will cause a financial loss to the Group is due to failure to discharge an obligation by the counterparties, including: the carrying amounts of financial assets such as cash and bank balances, accounts receivable, notes receivable, financing receivables, other receivables, other current assets (time deposits), non-current assets due within one year, long-term receivables and other non-current assets (time deposits), etc.

In order to minimize the credit risk, the management of the Group has established policies to ensure that sales are only limited to customers with a good credit history and has continually examined the credit risk exposures. In accordance with the relevant regulations and requirements, subsidiaries of the Group have set up a team responsible for determination of credit limits, credit approvals as well as execution of other monitoring procedures to ensure the overdue debts are able to collect by necessary actions. Therefore, the management of the Group considers that the Group's credit risk is significantly reduced.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(X) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

(Continued)

1. Risk management objectives, policies and procedures, and changes in the current period

(Continued)

1.2 Credit risk *(Continued)*

Details such as the Group's specific method of assessing credit risk since initial recognition, evidence for determination of credit impairment of financial assets, method of assessing expected credit loss on the basis of categorization, and accounting policies on direct write-down of financial assets are set out in Note (III) 11.2, 13 and 15.

As the Group's cash and bank balances, other current assets (time deposits) and other non-current assets (time deposits) are deposited with banks with high credit ratings, and the Group's financing receivables are bank acceptance bills due from banks with high credit ratings, the management considers the credit risk on these financial assets is limited.

The following table shows the exposure to credit risk of the Group's financial assets:

Item	Future 12-month/ full lifetime ECL	Carrying amount 30 June 2024 (Unaudited) RMB
Financial assets measured at amortized cost:		
Cash and bank balances	Future 12-month ECL	8,244,180,881.47
Contract assets	Full lifetime ECL (not credit-impaired)	6,362,152.42
	Full lifetime ECL (credit-impaired)	-
Accounts receivable	Full lifetime ECL (not credit-impaired)	1,638,466,626.42
	Full lifetime ECL (credit-impaired)	982,287,310.34
Notes receivable	Full lifetime ECL (not credit-impaired)	2,448,019.88
	Full lifetime ECL (credit-impaired)	-
Other receivables	Future 12-month ECL	259,414,179.23
	Full lifetime ECL (not credit-impaired)	-
	Full lifetime ECL (credit-impaired)	14,975,873.05
Long-term receivables (including those expected to be recovered within one year)	Full lifetime ECL (not credit-impaired)	30,224,856.64
	Full lifetime ECL (credit-impaired)	60,516,113.55
Other current assets (time deposits)	Future 12-month ECL	121,027,111.11
Other non-current assets (time deposits and bank certificates of large amount deposit)	Future 12-month ECL	1,726,291,315.14
Financial assets at FVTOCI:		
Financing receivables	Full lifetime ECL (not credit-impaired)	4,014,552.03

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(X) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

(Continued)

1. Risk management objectives and policies *(Continued)*

1.2 Credit risk *(Continued)*

Accounts receivable

Credit loss provision for accounts receivable:

	Full lifetime expected credit loss (not credit- impaired) <i>RMB</i>	Full lifetime expected credit loss (credit- impaired) <i>RMB</i>	Total <i>RMB</i>
Balance as at 1 January 2024	138,908,677.61	685,999,240.76	824,907,918.37
Provision for the current period	21,606,081.36	4,327,283.23	25,933,364.59
Reversal for the current period	–	(1,472,401.19)	(1,472,401.19)
Write-off for the current period	–	(54,994.93)	(54,994.93)
Other changes – transfer from long-term receivables	–	27,468,567.24	27,468,567.24
Balance as at 30 June 2024 (Unaudited)	160,514,758.97	716,267,695.11	876,782,454.08

Other receivables

Credit loss provision for other receivables:

	Stage 1 Future 12-month expected credit losses <i>RMB</i>	Stage 2 Full lifetime expected credit losses (not credit-impaired) <i>RMB</i>	Stage 3 Full lifetime expected credit losses (credit- impaired) <i>RMB</i>	Total <i>RMB</i>
Balance as at 1 January 2024	277,943.01	–	15,786,394.88	16,064,337.89
Provision for the current period	–	–	2,632,176.63	2,632,176.63
Reversal for the current period	(28,689.74)	–	(6,634,761.25)	(6,663,450.99)
Write-off for the current period	–	–	(1,000.00)	(1,000.00)
Balance as at 30 June 2024 (Unaudited)	249,253.27	–	11,782,810.26	12,032,063.53

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(X) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

(Continued)

1. Risk management objectives and policies *(Continued)*

1.2 Credit risk *(Continued)*

Long-term receivables (including those expected to be recovered within one year)

The Group's balances of long-term receivables (including those expected to be recovered within one year) are receivables from governmental institutions and schools. The management performs risk assessment on each customer and makes allowance for credit losses. Credit loss provision for long-term receivables is as follows:

	Full lifetime expected credit losses (not credit- impaired) <i>RMB</i>	Full lifetime expected credit losses (credit- impaired) (Note) <i>RMB</i>	Total <i>RMB</i>
Balance as at 1 January 2024	–	7,134,409.23	7,134,409.23
Provision for the current period	–	41,858,318.26	41,858,318.26
Reversal for the current period	–	(16,252,198.73)	(16,252,198.73)
Other changes – transfer to accounts receivable	–	(27,468,567.24)	(27,468,567.24)
Balance as at 30 June 2024 (Unaudited)	–	5,271,961.52	5,271,961.52

Note: For the long-term receivables of education informatization and equipment business, the Group adopts the method of provision for credit losses on individual assets. If the customer defaults the principal at the point in time of contract payment, it indicates that the long-term receivables have been credit-impaired.

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 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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(X) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

(Continued)

1. Risk management objectives and policies *(Continued)*

1.3 Liquidity risk *(Continued)*

The following is the maturity analysis for financial liabilities and lease liabilities held by the Group which is based on undiscounted remaining contractual obligations:

30 June 2024 (Unaudited)

Item	Within 1 year	1 to 2 years	2 to 5 years	More	Total	Carrying amount
	RMB	RMB	RMB	than 5 years RMB		
Short-term borrowings	10,084,333.33	-	-	-	10,084,333.33	10,000,000.00
Notes payable	23,680,278.64	-	-	-	23,680,278.64	23,680,278.64
Accounts payable	5,433,440,532.14	-	-	-	5,433,440,532.14	5,433,440,532.14
Other payables	299,698,068.87	-	-	-	299,698,068.87	299,698,068.87
Dividends payable	176,774,840.00	-	-	-	176,774,840.00	176,774,840.00
Lease liabilities	92,829,089.46	78,338,259.79	127,258,173.15	42,034,189.99	340,459,712.39	308,252,406.37
Total	6,036,507,142.44	78,338,259.79	127,258,173.15	42,034,189.99	6,284,137,765.37	6,251,846,126.02

31 December 2023

Item	Within 1 year	1 to 2 years	2 to 5 years	More	Total	Carrying amount
	RMB	RMB	RMB	than 5 years RMB		
Short-term borrowings	10,254,260.27	-	-	-	10,254,260.27	10,000,000.00
Notes payable	36,299,683.81	-	-	-	36,299,683.81	36,299,683.81
Accounts payable	5,470,058,096.76	-	-	-	5,470,058,096.76	5,470,058,096.76
Other payables	342,084,724.54	-	-	-	342,084,724.54	342,084,724.54
Dividends payable	222,091,380.00	-	-	-	222,091,380.00	222,091,380.00
Lease liabilities	107,901,044.74	81,066,940.83	134,339,293.12	43,611,638.88	366,918,917.57	325,705,165.57
Total	6,188,689,190.12	81,066,940.83	134,339,293.12	43,611,638.88	6,447,707,062.95	6,406,239,050.68

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(X) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

(Continued)

2. Transfer of financial assets

(1) By transfer method

Transfer method	Nature of financial assets transferred	Amount of financial assets transferred RMB	Derecognition	Judgment basis of derecognition
Note endorsement	Financing receivables	4,694,846.23	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	4,694,846.23	–

As at 30 June 2024, the amount of bank acceptance bills that the Group had endorsed but not yet due was RMB4,694,846.23 (31 December 2023: RMB26,986,856.89), which was the accounts payable to the suppliers. The Group believes that substantially all the risks and rewards of the endorsed bank acceptance bills have been transferred to the suppliers. Therefore, these endorsed bank acceptance bills were derecognized. In the event that the accepting bank fails to accept the notes 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 of these bank acceptance bills is of sound reputation and the risk of non-payment by the accepting bank on due date is remote.

As at 30 June 2024, if the accepting bank fails to accept the notes due, the maximum loss which may be incurred by the Group is equivalent to the same amount payable by the Group to the suppliers for such endorsed notes.

As at 30 June 2024, all financing receivables endorsed to suppliers will be due within twelve months from the balance sheet date.

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2024

(XI) DISCLOSURE OF FAIR VALUE

1. Fair value

1.1 Financial assets measured at fair value on a recurring basis

The Group's investment of equity securities in listed company, unlisted private equity and partnership, bank wealth management products and financing receivables are measured at fair value at the balance sheet date. The fair value measurements for such financial assets are detailed as follows:

Financial assets	Fair value		Fair value hierarchy	Valuation method and inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value
	30 June 2024 (Unaudited) RMB	31 December 2023 RMB				
Held-for-trading financial assets – shares of A share listed companies	78,709.63	5,220.00	Level 1	Quoted prices in active markets	N/A	N/A
Other equity instrument investments – shares of A share listed company – Wan Xin Media	863,755,200.00	866,248,000.00	Level 1	Quoted prices in active markets	N/A	N/A
Other equity instrument investments – shares of A share listed company – HGZN	154,561.15	528,195.93	Level 1	Quoted prices in active markets	N/A	N/A
Other equity instrument investments – shares of A share listed company – Bank of Chengdu	1,215,200,000.00	900,800,000.00	Level 1	Quoted prices in active markets	N/A	N/A
Other equity instrument investments – others	375,393.81	375,393.81	Level 3	Discounted cash flow	<ul style="list-style-type: none"> Expected cash flow Discount rate in line with expected risk level 	<ul style="list-style-type: none"> The higher the expected cash flow, the higher the fair value; The lower the discount rate, the higher the fair value.
Financing receivables – bank acceptance bills	4,014,552.03	4,445,475.96	Level 3	Discounted cash flow	<ul style="list-style-type: none"> Expected cash flow Discount rate in line with expected risk level 	<ul style="list-style-type: none"> The higher the expected cash flow, the higher the fair value; The lower the discount rate, the higher the fair value.

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2024

(XI) DISCLOSURE OF FAIR VALUE (Continued)**1. Fair value (Continued)****1.1 Financial assets measured at fair value on a recurring basis (Continued)**

Financial assets	Fair value		Fair value hierarchy	Valuation method and inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value
	30 June 2024 (Unaudited) RMB	31 December 2023 RMB				
Other non-current financial assets – CITIC Buyout Investment Fund (Shenzhen) Partnership (Limited Partnership)	59,122,369.62	73,747,350.68	Level 3	Market approach	<ul style="list-style-type: none"> Value ratio, liquidity discount 	<ul style="list-style-type: none"> The higher the value ratio, the higher the fair value; The lower the liquidity discount, the higher the fair value.
Other non-current financial assets – Winshare Hengxin	26,729,865.46	44,208,480.95	Level 3	Market approach	<ul style="list-style-type: none"> Value ratio, liquidity discount 	<ul style="list-style-type: none"> The higher the value ratio, the higher the fair value; The lower the liquidity discount, the higher the fair value.
Other non-current financial assets – Qingdao Goldstone	109,797.80	293,410.55	Level 3	Market approach	<ul style="list-style-type: none"> Value ratio, liquidity discount 	<ul style="list-style-type: none"> The higher the value ratio, the higher the fair value; The lower the liquidity discount, the higher the fair value.
Other non-current financial assets – Ningbo Meishan Free Trade Port Winshare Dingsheng Equity Investment Partnership (Limited Partnership)	74,562,964.94	77,426,838.97	Level 3	Market approach	<ul style="list-style-type: none"> Value ratio, liquidity discount 	<ul style="list-style-type: none"> The higher the value ratio, the higher the fair value; The lower the liquidity discount, the higher the fair value.
Other non-current financial assets – Xinhua Internet	3,000,000.00	3,000,000.00	Level 3	Discounted cash flow	<ul style="list-style-type: none"> Expected cash flow Discount rate in line with expected risk level 	<ul style="list-style-type: none"> The higher the expected cash flow, the higher the fair value; The lower the discount rate, the higher the fair value.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

1. Fair value *(Continued)*

1.1 Financial assets measured at fair value on a recurring basis *(Continued)*

Financial assets	Fair value		Fair value hierarchy	Valuation method and inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value
	30 June 2024 (Unaudited) RMB	31 December 2023 RMB				
Other non-current financial assets – Sichuan Culture Investment Jinwen Equity Investment Fund Partnership (Limited Partnership)	39,918,161.43	39,939,517.81	Level 3	Market approach	<ul style="list-style-type: none"> Value ratio, liquidity discount 	<ul style="list-style-type: none"> The higher the expected cash flow, the higher the fair value; The lower the discount rate, the higher the fair value.
Other non-current financial assets – Goldstone Growth Equity Investment (Hangzhou) Partnership (Limited Partnership)	29,980,321.02	29,927,440.57	Level 3	Market approach	<ul style="list-style-type: none"> Value ratio, liquidity discount 	<ul style="list-style-type: none"> The higher the expected cash flow, the higher the fair value; The lower the discount rate, the higher the fair value.
Other non-current financial assets – CICC Qichen	119,813,102.95	122,853,320.14	Level 3	Market approach	<ul style="list-style-type: none"> Value ratio, liquidity discount 	<ul style="list-style-type: none"> The higher the expected cash flow, the higher the fair value; The lower the discount rate, the higher the fair value.
Other non-current financial assets – Sinopec Marketing Co., Ltd.	57,686,589.45	57,686,589.45	Level 3	Market approach	<ul style="list-style-type: none"> Value ratio, liquidity discount 	<ul style="list-style-type: none"> The higher the expected cash flow, the higher the fair value; The lower the discount rate, the higher the fair value.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(XI) DISCLOSURE OF FAIR VALUE (CONTINUED)

1. Fair value *(Continued)*

1.1 Financial assets measured at fair value on a recurring basis *(Continued)*

1.1.1 Reconciliation of Level 3 fair value measurements

	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Opening balance of financial assets measured at Level 3 fair value	453,903,818.79	476,522,083.62
Included in gains or losses on fair value change in the current period/year	(36,711,347.40)	(57,015,964.91)
Purchases in the current period/year	9,056,398.26	331,783,107.42
Disposals in the current period/year	(10,935,751.14)	(297,385,407.34)
Closing balance of financial assets measured at Level 3 fair value	415,313,118.51	453,903,818.79

1.2 Financial assets and financial liabilities not measured at fair value on a recurring basis

The management of the Group considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost in the financial statements approximate their fair values.

(XII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent company of the Company

Name of the parent company	Type of the entity	Place of incorporation	Legal representative	Nature of business	Registered capital RMB	Proportion of ownership interest held by the parent (%)	Proportion of the Company's voting power held by the parent (%)	Ultimate controlling party of the Company	Unified social credit code
Sichuan Xinhua Publishing and Distribution Group	LLC	Chengdu	Zhou Qing	Goods wholesale and retail, house lease, real estate, project investment	59,382.20	50.49 (Note)	50.49 (Note)	SASAC of Sichuan	915100007089237087

Note: As at 30 June 2024, Sichuan Xinhua Publishing and Distribution Group holds 532,192,283 promoter's shares of the Company, accounting for 43.13% of the total share capital of the Company, and holds 90,780,000 H shares of the Company, accounting for 7.36% of the total share capital of the Company, resulting in an aggregate shareholding of 50.49% of the total share capital of the Company.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(XII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

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 ventures or associates of the Company.

Information of other joint ventures or associates which have had balances through related party transactions with the Group for the Period or for last year is as follows:

Name of joint ventures or associates	Relationship with the Company
The Commercial Press	Associate
Shanghai Jingjie	Associate
Winshare Equity Investment Fund	Associate
Ren Min Eastern	Associate
Ming Bo Education	Associate
Xinhua Yingxuan	Associate
Tianxi Zhongda	Associate
Winshare BLOGIS	Associate
Hainan Phoenix	Associate
Winshare Yinshi	Associate
Education Forum	Associate
Hainan Publishing House	Joint venture

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(XII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

4. Other related party relationships

Name of other related parties	Relationship between other related parties and the Company
Sichuan Xinhua International Hotel Co., Ltd. ("Xinhua International Hotel")	Controlling shareholder's subsidiary
Sichuan Guanghan Sanxingdui Qushanyuan Cultural Ltd. ("Sanxingdui Qushanyuan Cultural")	Controlling shareholder's subsidiary
Sichuan Xinhua Cultural Property Service Co., Ltd. ("Xinhua Cultural")	Controlling shareholder's subsidiary
Sichuan Xinhua Haiyi Cultural Development Co., Ltd. ("Xinhua Haiyi")	Controlling shareholder's subsidiary
Sichuan Xinhua Haiyi Hotel Co., Ltd. ("Haiyi Hotel")	Controlling shareholder's subsidiary
Sichuan Xinhua Fanyue Culture Media Co., Ltd. ("Xinhua Fanyue")	Controlling shareholder's subsidiary
Sichuan Xinhua Wanyun Technology Co., Ltd. ("Xinhua Wanyun")	Controlling shareholder's subsidiary
Sichuan Minzu Publishing House Co., Ltd. ("Sichuan Minzu Publishing House")	Controlling shareholder's subsidiary
Chengdu Xinhua Chuangzhi Cultural Industry Investment Co., Ltd. ("Xinhua Chuangzhi")	Controlling shareholder's subsidiary
Sichuan Xinhua Lezhi Cultural Technology Co., Ltd. ("Xinhua Lezhi")	Controlling shareholder's subsidiary
Sichuan Cultural Investment Group	Shareholder which exerts significant influence on the Company
Sichuan Cultural Investment Hengxi Property Management Co., Ltd. ("Hengxi Property")	Subsidiary of shareholder which exerts significant influence on the Company
Sichuan Cultural Investment Tianguang Yueying Hotel Co., Ltd. ("Tianguang Yueying Hotel")	Subsidiary of shareholder which exerts significant influence on the Company
Sichuan Cultural Investment Huiwen Asset Management Co., Ltd. ("Cultural Investment Huiwen")	Subsidiary of shareholder which exerts significant influence on the Company
Bank of Chengdu	Other enterprise over which the senior management of the Company has significant influence
Chengdu Qijia Advertising Media Co., Ltd. ("Qijia Advertising")	Other enterprise over which the senior management of the Company has significant influence
Sichuan Development Asset Management Investment Management Co., Ltd. ("Sichuan Development Asset Management")	Controlling shareholder's subsidiary
Ke Jiming	Non-executive director of the Company

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(XII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions

(1) Sales and purchase of goods, provision and receipt of services

Purchase of goods/receipt of services

Related party	Type of related party transaction	Details of related party transaction	Pricing and decision-making procedures of related party transactions	1 January to 30 June 2024 (Unaudited) RMB	Transaction limit approved	Transaction limit exceeded?	1 January to 30 June 2023 (Unaudited) RMB
Xinhua International Hotel	Receipt of services	Receipt of hotel and conference services	Price negotiated by both parties	19,170.75	N/A	N	8,899.00
Sanxingdui Qushanyuan Cultural	Receipt of services	Receipt of hotel and conference services	Price negotiated by both parties	14,669.00	N/A	N	29,941.00
Xinhua Cultural	Receipt of services	Receipt of property management and other services	Price negotiated by both parties	19,622,955.43	50,500,000.00	N	18,633,360.89
Ming Bo Education	Purchase of goods	Purchase of software and hardware	Price negotiated by both parties	4,136,223.12	N/A	N	1,372,878.00
Ming Bo Education	Receipt of services	Receipt of research and development services	Price negotiated by both parties	650,000.00	N/A	N	-
Ke Jiming	Purchase of goods	Purchase of copyright	Price negotiated by both parties	29,400.00	N/A	N	-
The Commercial Press	Purchase of goods	Purchase of books	Price negotiated by both parties	11,441,835.41	N/A	N	8,764,851.00
Ren Min Eastern	Purchase of goods	Purchase of books	Price negotiated by both parties	3,665,783.62	N/A	N	3,343,554.00
Hainan Publishing House	Purchase of goods	Purchase of books	Price negotiated by both parties	2,688,437.91	N/A	N	4,424,456.97
Xinhua Haiyi	Receipt of services	Receipt of hotel and conference services	Price negotiated by both parties	-	N/A	N	3,113.21
Haiyi Hotel	Receipt of services	Receipt of hotel and conference services	Price negotiated by both parties	229,217.54	N/A	N	22,621.23
Winshare BLOGIS	Purchase of goods	Purchase of goods	Price negotiated by both parties	38,282.30	N/A	N	-
Winshare BLOGIS	Receipt of services	Receipt of logistics services	Price negotiated by both parties	168,726.13	N/A	N	70,790.25
Sichuan Minzu Publishing House	Purchase of goods	Purchase of books	Price negotiated by both parties	23,669,707.41	115,000,000.00	N	26,796,582.73
Tianxi Zhongda	Purchase of goods	Purchase of books	Price negotiated by both parties	19,889,863.34	N/A	N	11,489,963.36
Tianxi Zhongda	Receipt of services	Receipt of copyright	Price negotiated by both parties	143,811.41	N/A	N	-
Qijia Advertising	Receipt of services	Receipt of advertising services	Price negotiated by both parties	5,694.34	N/A	N	-
Tianguang Yueying Hotel	Receipt of services	Receipt of hotel and conference service	Price negotiated by both parties	-	N/A	N	4,811.32
Total				86,413,777.71			74,965,822.96

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(XII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

(1) Sales and purchase of goods, provision and receipt of services *(Continued)*

Sales of goods/provision of services

Related party	Type of related party transaction	Details of related party transaction	Pricing and decision-making procedures of related party transactions	1 January to 30 June 2024 (Unaudited) RMB	Transaction limit approved	Transaction limit exceeded	1 January to 30 June 2023 (Unaudited) RMB
Sichuan Xinhua Publishing and Distribution Group	Sales of goods	Sales of books and provision of services	Price negotiated by both parties	20,684.22	N/A	N	817,870.17
Sichuan Xinhua Publishing and Distribution Group	Provision of services	Provision of advertising design and production services	Price negotiated by both parties	80,049.24	N/A	N	-
Hainan Phoenix	Sales of goods	Sales of books	Price negotiated by both parties	454,687.63	N/A	N	-
Sichuan Minzu Publishing House	Sales of goods	Sales of paper	Price negotiated by both parties	6,933,893.74	39,000,000.00	N	8,804,805.99
Sichuan Minzu Publishing House	Provision of services	Provision of services	Price negotiated by both parties	333,994.14	N/A	N	-
Tianxi Zhongda	Sales of goods	Provision of copyright	Price negotiated by both parties	-	N/A	N	480,692.36
Winshare BLOGIS	Provision of services	Provision of storage services	Price negotiated by both parties	-	N/A	N	187,536.98
Haiyi Hotel	Provision of services	Provision of services	Price negotiated by both parties	16,582.30	N/A	N	-
Total				7,839,891.27			10,290,905.50

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(XII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

(2) Leases with related parties

The Group as 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 the period from 1 January to 30 June 2024 (Unaudited) RMB	Lease income recognized in the period from 1 January to 30 June 2023 (Unaudited) RMB
The Company	Sichuan Xinhua Publishing and Distribution Group	Buildings	2022.1.1	2026.12.31	Contractual price negotiated by both parties	622,000.00	639,787.89
The Company	Sichuan Xinhua Publishing and Distribution Group	Buildings	2020.11.1	2026.12.31	Contractual price negotiated by both parties	629,523.81	651,243.43
The Company	Xinhua Yingxuan	Buildings	2021.3.1	2022.12.31	Contractual price negotiated by both parties	-	-
Total						1,251,523.81	1,291,031.32

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2024

(XII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)
(2) Leases with related parties (Continued)

The Group as lessee:

Name of lessor	Name of lessee assets	Type of leased	Commencement date of leases	Expiration date of leases	Basis of determining the rent	Short-term leases using simplified method		Rents paid		Interest expense of lease liabilities born		Increase/(decrease) in right-of-use assets	
						For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB
Sichuan Xinhua Publishing and Distribution Group (Note 1)	The Company	Buildings	2022.1.1	2027.12.31	Contractual price negotiated by both parties	-	-	-	-	2,886,381.65	3,979,950.86	3,353,071.51	-
Winshare Venture Capital Investment Fund (Note 2)	The Group	Buildings	2020.6.1	2023.5.31	Contractual price negotiated by both parties	-	-	-	204,339.60	-	7,236.65	-	-
Winshare Venture Capital Investment Fund (Note 2)	The Group	Buildings	2023.6.1	2026.6.30	Contractual price negotiated by both parties	-	-	408,679.20	204,339.60	30,451.65	1,447.33	-	2,394,417.39
Xinhua Chuangzhi (Note 3)	The Company	Buildings	2020.9.1	2025.8.31	Contractual price negotiated by both parties	-	-	117,160.47	117,160.47	3,146.05	5,712.83	-	-
Cultural Investment Huiven (Note 4)	The Group	Buildings	2023.1.1	2023.12.31	Contractual price negotiated by both parties	-	479,834.86	-	479,834.86	-	-	-	-
Cultural Investment Huiven (Note 4)	The Group	Buildings	2024.1.1	2024.12.31	Contractual price negotiated by both parties	479,834.86	-	479,834.86	-	-	-	-	-
Total						479,834.86	479,834.86	1,005,674.53	1,005,674.53	2,929,979.35	3,994,347.67	3,353,071.51	2,394,417.39

Note 1: In 2024, the Company changed its lease contract with Sichuan Xinhua Publishing and Distribution Group. The unrecognized financing costs were reduced by RMB3,213,648.70 due to the reduction in leased area this year, and the discount rate was reduced from 4.20% to 3.45%, resulting in an increase of RMB3,353,071.51 in the cost of right-of-use assets. Depreciation of right-of-use assets amounting to RMB16,565,443.50 was recognized. According to the contract, the rent shall be paid in one lump sum in the third quarter of each year.

Note 2: In 2024, the Group rented buildings from Winshare Venture Capital Investment Fund. In the first half of 2024, a rent payment of RMB408,679.20 was incurred, and depreciation of right-of-use assets amounting to RMB388,283.88 was recognized in the first half of 2024.

Note 3: In 2024, the Company rented buildings from Xinhua Chuangzhi. In the first half of the year, a rent payment of RMB117,160.47 was incurred, and depreciation of right-of-use assets amounting to RMB51,604.32 was recognized.

Note 4: In 2024, the Group rented buildings from Cultural Investment Huiven. In the first half of 2024, a rent payment amounting to RMB479,834.86 was incurred.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(XII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

(3) Compensation for key management personnel

Item	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB
Compensation for key management personnel	7,673,514.77	7,591,670.21

Key management personnel are those personnel having the authority and responsibility for planning, directing and controlling the activities of the entity, including director, supervisor and other personnel who perform similar strategic functions. Compensation for key management personnel includes basic salaries, bonuses and various subsidies.

6. Accounts receivable and payable from/to related parties and other unsettled items

Item	Related party	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Accounts receivable	Shanghai Jinjie	195,984.00	195,984.00
	Sichuan Minzu Publishing House	15,048,068.98	16,762,795.76
	Hainan Phoenix	288,074.74	126,120.19
	Sichuan Xinhua Publishing and Distribution Group	4,990.00	247,581.10
Total		15,537,117.72	17,332,481.05
Dividends receivable	Education Forum	72,000.00	72,000.00
	Hainan Phoenix	16,700,671.32	-
	Bank of Chengdu	71,744,000.00	-
Total		88,516,671.32	72,000.00
Other receivables	Shanghai Jinjie	26,478.80	26,478.80
	Sichuan Minzu Publishing House	85,403.85	-
	Cultural Investment Huiwen	90,000.00	90,000.00
Total		201,882.65	116,478.80

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(XII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

6. Accounts receivable and payable from/to related parties and other unsettled items *(Continued)*

Item	Related party	30 June 2024	31 December 2023
		(Unaudited) RMB	RMB
Accounts payable	The Commercial Press	6,514,480.05	11,650,537.85
	Ming Bo Education	411,513.77	1,344,962.31
	Hanan Publishing House	86,125.67	86,125.67
	Winshare BLOGIS (Note)	5,162,687.62	22,841,009.71
	Sichuan Minzu Publishing House	56,468,740.58	50,886,967.27
	Tianxi Zhongda	53,028,729.73	42,330,144.90
	Sichuan Xinhua Cultural Property	4,800.00	–
Total		121,677,077.42	129,139,747.71
Other payables	Ming Bo Education	4,735,848.83	7,452,829.98
	Winshare BLOGIS	3,000.00	3,000.00
	Haiyi Hotel	16,000.00	–
	Digital World	1,280,000.00	–
	Sichuan Xinhua Publishing and Distribution Group	17,460.32	–
	Total		6,052,309.15
Dividends payable	Sichuan Xinhua Publishing and Distribution Group	–	95,794,610.94
Contract liabilities	Xinhua Lezhi	18,594.38	19,900.00
Non-current liabilities due within one year	Sichuan Xinhua Publishing and Distribution Group	34,571,778.14	32,671,011.02
	Xinhua Chuangzhi	75,378.72	112,206.37
	Winshare Equity Investment Fund	777,449.11	763,410.47
Total		35,424,605.97	33,546,627.86

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(XII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

6. Accounts receivable and payable from/to related parties and other unsettled items *(Continued)*

Item	Related party	30 June 2024	31 December 2023
		(Unaudited) RMB	RMB
Lease liabilities	Sichuan Xinhua Publishing and Distribution Group	111,157,326.43	107,514,638.60
	Xinhua Chuangzhi	–	77,186.77
	Winshare Equity Investment Fund	601,966.00	994,232.19
Total		111,759,292.43	108,586,057.56

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

7. Transactions with Bank of Chengdu and closing balance of the Period

According to the Administrative Measures for Information Disclosure of Listed Companies, as Mr. Ma Xiaofeng, a senior executive of the Company, also serves as a director of Bank of Chengdu, Bank of Chengdu is a related party of the Company. The Group's transactions with Bank of Chengdu within the Reporting Period and the closing balance are detailed as follows:

(1) Dividend income

Item	For the period from 1 January to 30 June 2024 (Unaudited) Amount Proportion (%) RMB		For the period from 1 January to 30 June 2023 (Unaudited) Amount Proportion (%) RMB	
	Amount	Proportion (%)	Amount	Proportion (%)
Investment income	71,744,000.00	58.45	62,720,000.00	62.17

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(XII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

7. Transactions with Bank of Chengdu and closing balance of the Period *(Continued)*

(2) Interest income

Item	For the period from 1 January to 30 June 2024 (Unaudited)		For the period from 1 January to 30 June 2023 (Unaudited)	
	Amount RMB	Proportion (%)	Amount RMB	Proportion (%)
Finance expenses	9,505,508.14	9.97	8,828,763.02	10.65

The shown proportion is the proportion of the amount of the transaction to total amount of similar transactions in the current period.

(3) Handling charges

Item	For the period from 1 January to 30 June 2024 (Unaudited)		For the period from 1 January to 30 June 2023 (Unaudited)	
	Amount RMB	Proportion (%)	Amount RMB	Proportion (%)
Finance expenses	1,100.12	0.02	2,343.55	0.08

(4) Bank balances

Item	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Bank balances	973,405,346.59	544,921,042.92

(5) Short-term borrowings

Item	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Short-term borrowing balances	10,000,000.00	10,000,000.00

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(XII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

7. Transactions with Bank of Chengdu and closing balance of the Period *(Continued)*

(6) Interest expenses

Item	For the period from 1 January to 30 June 2024 (Unaudited)		For the period from 1 January to 30 June 2023 (Unaudited)	
	Amount RMB	Proportion (%)	Amount RMB	Proportion (%)
Interest expenses	175,374.99	100.00	324,211.22	100.00

(XIII) CONTINGENCIES

At the balance sheet date, the Group had no significant contingencies of which disclosure was required.

(XIV) COMMITMENTS

Capital and other commitments

	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Commitment for acquisition and construction of long-term assets that are contracted but not yet recognized in the financial statements	92,893,927.44	115,090,044.69
Subscribed capital contribution commitments to partnership	100,000,000.00	100,000,000.00
Total	192,893,927.44	215,090,044.69

(XV) EVENTS AFTER THE BALANCE SHEET DATE

At the board meeting held on 27 August 2024, the resolution regarding the interim profit distribution for 2024 was passed where the undistributed profit for the 2024 interim period was distributed at the price of RMB0.19 (tax inclusive) and the proposed dividend amounted to RMB234,429,790.00 (tax inclusive). The resolution shall take effect upon obtaining approval at the general meeting. Cash dividends proposed to be distributed after the balance sheet date are not recognized as liabilities as at the balance sheet date.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(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 undistributed 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 associated with various type of capital. The Group optimizes the overall capital structure through issuing additional shares or borrowing or repayment of borrowings based on the choice of the management.

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, namely 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 like books, journals, audio-visual products and digital products; provision of printing services and supply of printing materials;

Distribution segment: Distribution of textbooks to schools, teachers and students and supply of education informatization and equipment service for secondary and primary schools; retailing, distribution and online sales of publications.

Other segment of the Group covers provision of capital operations, logistic service, etc. However, these operating businesses do not separately satisfy the definition of reporting segment. The relevant financial information of such operating businesses is consolidated and presented as "others" in the following table.

Segment reporting 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 and measurement criteria in the preparation of the financial statements.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(XVI) OTHER SIGNIFICANT EVENTS *(Continued)*

2. Segment reporting *(Continued)*

(1) Segment reporting information

For the period from 1 January to 30 June 2024 (Unaudited)

	Publication segment <i>RMB</i>	Distribution segment <i>RMB</i>	Others <i>RMB</i>	Unallocated items <i>RMB</i>	Inter-segment eliminations <i>RMB</i>	Total <i>RMB</i>
Principal operating income	1,211,622,731.49	5,152,376,843.81	182,953,577.12	-	(838,669,696.92)	5,708,283,455.50
Operating costs of main business	806,024,438.97	3,488,471,079.40	159,623,102.23	-	(899,345,010.63)	3,554,773,609.97
Total assets	7,177,142,074.53	15,052,884,594.13	1,138,945,662.81	2,246,233,862.05	(3,722,857,210.58)	21,892,348,982.94
Total liabilities	1,511,869,813.37	9,087,581,966.02	518,534,019.60	437,169,352.75	(3,600,615,422.56)	7,954,539,729.18

For the period from 1 January to 30 June 2023 (Unaudited)

	Publication segment <i>RMB</i>	Distribution segment <i>RMB</i>	Others <i>RMB</i>	Unallocated items <i>RMB</i>	Inter-segment eliminations <i>RMB</i>	Total <i>RMB</i>
Principal operating income	1,237,977,090.37	4,822,991,719.60	178,641,664.62	-	(886,997,350.88)	5,352,613,123.71
Operating costs of main business	854,081,000.45	3,238,189,136.22	157,089,043.65	-	(935,895,103.38)	3,313,464,076.94
Total assets	8,654,121,389.51	13,522,409,109.54	1,247,865,178.37	2,147,169,600.00	(4,688,287,935.18)	20,883,277,342.24
Total liabilities	3,441,662,724.30	8,032,285,175.46	518,983,548.49	157,654,625.59	(4,572,385,546.09)	7,578,200,527.75

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

(XVI) OTHER SIGNIFICANT EVENTS *(Continued)*

2. Segment reporting *(Continued)*

(2) *External revenue by geographical area of source and non-current assets by geographical location*

More than 99% of the Group's income is sourced from the PRC customers and most of the Group's assets are located in the PRC. Therefore, the regional data are not disclosed.

(3) *Concentration on major customers*

The Group's revenue from its single largest customer for the current period is RMB488,936,362.74 (Same Period of Last Year: RMB484,287,425.11), which is attributable to the distribution segment. The Group has no external customer from which the sales amount accounts for 10% or more of the total revenue for the current period and the Same Period of Last Year.

Inter-segment transfers are measured on the basis of prices negotiated between different segment entities. Segment revenue and segment expenses are determined on the basis of actual revenue and expenses of each segment. Segment assets and liabilities are allocated according to the attributable assets employed by a segment in its operating activities and the attributable liabilities resulting from the operating activities of a segment.

(XVII) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Accounts receivable

(1) *Disclosure of accounts receivable by aging*

Aging	Carrying balance as at 30 June 2024 (Unaudited) RMB	Carrying balance as at 31 December 2023 RMB
Within 1 year	694,694,133.99	678,333,241.80
More than 1 year but not exceeding 2 years	168,860,124.73	304,986,560.99
More than 2 years but not exceeding 3 years	265,235,088.54	51,419,250.75
More than 3 years	102,367,503.00	57,203,821.14
Subtotal	1,231,156,850.26	1,091,942,874.68
Less: Provision for credit loss	418,421,474.98	392,666,534.17
Total	812,735,375.28	699,276,340.51

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

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

1. Accounts receivable *(Continued)*

(2) Disclosure by provision method of credit loss

Category	30 June 2024 (Unaudited)			31 December 2023						
	Carrying amount	Credit loss provision	Carrying value	Carrying amount	Credit loss provision	Carrying value				
	Provision		RMB	Provision		RMB				
	Percentage	percentage		Percentage	percentage					
Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)			
	RMB		RMB		RMB		RMB			
Provision for credit loss on an individual basis	189,044,480.36	15.36	91,751,936.09	48.53	97,292,544.27	190,365,989.90	17.43	82,051,283.12	43.10	108,314,706.78
Provision for credit loss on a collective basis	1,042,112,369.90	84.64	326,669,538.89	31.35	715,442,831.01	901,576,884.78	82.57	310,615,251.05	34.45	590,961,633.73
Total	1,231,156,850.26	100.00	418,421,474.98		812,735,375.28	1,091,942,874.68	100.00	392,666,534.17		699,276,340.51

Provision for credit loss on an individual basis

Name of entity	30 June 2024 (Unaudited)			Reason for provision
	Carrying balance	Provision for credit loss	Provision percentage (%)	
	RMB	RMB		
Customer E	49,562,910.56	23,710,293.77	47.84	Poor solvency
Customer D	35,479,050.50	15,207,693.84	42.86	Decreasing recovery speed
Customer K	28,577,613.18	2,735,145.84	9.57	Decreasing recovery speed
Customer L	19,086,493.00	19,086,493.00	100.00	Poor solvency
Others	56,338,413.12	31,012,309.64	55.05	Decreasing recovery speed, etc.
Total	189,044,480.36	91,751,936.09	48.53	

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

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

1. Accounts receivable *(Continued)*

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

Provision for credit loss on a collective basis

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

Aging	30 June 2024 (Unaudited)			Carrying value RMB
	Carrying balance RMB	Provision for credit loss RMB	Provision percentage (%)	
Within 1 year	673,459,831.99	63,987,218.08	9.50	609,472,613.91
More than 1 year but not exceeding 2 years	141,128,731.23	35,158,514.13	24.91	105,970,217.10
More than 2 years but not exceeding 3 years	143,266,711.24	143,266,711.24	100.00	-
More than 3 years	84,257,095.44	84,257,095.44	100.00	-
Total	1,042,112,369.90	326,669,538.89	31.35	715,442,831.01

(3) Credit loss provision made or reversed in 2024

The credit loss provision for the current period was RMB16,054,287.84, and the amount transferred from credit loss provision for long-term receivables (including those expected to be recovered within one year) was RMB9,700,652.97. The total credit loss provision made during the current period was RMB25,754,940.81.

(4) Accounts receivable actually written off in 2024

No accounts receivable was actually written off in the current period.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

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

1. Accounts receivable *(Continued)*

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

Name of entity	Relationship with the Company	Balance as at 30 June 2024 (Unaudited) <i>RMB</i>	As a percentage of the total accounts receivable (%)	Balance of credit loss provision as at 30 June 2024 (Unaudited) <i>RMB</i>
Customer F	Subsidiary	252,642,124.35	20.52	–
Customer G	Third party	104,680,972.75	8.50	104,680,972.75
Customer E	Third party	50,122,884.67	4.07	23,710,293.77
Customer D	Third party	35,479,050.50	2.88	15,207,693.84
Customer K	Third party	28,741,751.18	2.33	2,735,145.84
Total		471,666,783.45	38.30	146,334,106.20

2. Other receivables

2.1 *Presentation of items*

Item	30 June 2024 (Unaudited) <i>RMB</i>	31 December 2023 <i>RMB</i>
Dividends receivable	126,459,871.32	–
Other receivables	576,923,855.67	616,621,299.28
Total	703,383,726.99	616,621,299.28

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

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

2. Other receivables *(Continued)*

2.3 Dividends receivable

Item	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Bank of Chengdu	71,744,000.00	—
Hainan Phoenix	16,700,671.32	—
Wan Xin Media	38,015,200.00	—
Total	126,459,871.32	—

2.3 Other receivables

(1) Other receivables by aging

Aging	Carrying balance as at 30 June 2024 (Unaudited) RMB	Carrying balance as at 31 December 2023 RMB
Within 1 year	450,308,837.57	496,176,138.31
More than 1 year but not exceeding 2 years	35,927,993.02	49,559,071.69
More than 2 years but not exceeding 3 years	35,724,236.14	25,514,564.88
More than 3 years	79,983,546.64	66,574,239.67
Subtotal	601,944,613.37	637,824,014.55
Less: Provision for credit loss	25,020,757.70	21,202,715.27
Total	576,923,855.67	616,621,299.28

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

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

2. Other receivables *(Continued)*

2.3 Other receivables *(Continued)*

(2) Disclosure by provision method of credit loss

Category	30 June 2024 (Unaudited)				31 December 2023					
	Carrying amount		Credit loss provision		Carrying amount		Credit loss provision		Carrying value	
	Percentage		Provision percentage		Percentage		Provision percentage			
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)	RMB	
	RMB		RMB		RMB		RMB		RMB	
Provision for credit loss on an individual basis	55,750,834.18	9.26	-	-	55,750,834.18	54,525,606.46	8.55	-	-	54,525,606.46
Provision for credit loss on a collective basis	546,193,779.19	90.74	25,020,757.70	4.58	521,173,021.49	583,298,408.09	91.45	21,202,715.27	3.63	562,095,692.82
Total	601,944,613.37	100.00	25,020,757.70		576,923,855.67	637,824,014.55	100.00	21,202,715.27		616,621,299.28

Provision for credit loss on an individual basis

Name of entity	30 June 2024 (Unaudited)			
	Carrying balance	Provision for credit loss	Provision percentage	Reason for provision
	RMB	RMB	(%)	
Deposit/security deposit/petty cash	55,750,834.18	-	-	N/A

Provision for credit loss on a collective basis

Aging	30 June 2024 (Unaudited)			
	Carrying balance	Provision for credit loss	Provision percentage	Carrying value
	RMB	RMB	(%)	RMB
Within 1 year	448,333,958.24	244,184.68	0.05	448,089,773.56
More than 1 year but not exceeding 2 years	35,454,123.57	21,308.12	0.06	35,432,815.45
More than 2 years but not exceeding 3 years	20,557,091.20	35,759.94	0.17	20,521,331.26
More than 3 years	41,848,606.18	24,719,504.96	59.07	17,129,101.22
Total	546,193,779.19	25,020,757.70	4.58	521,173,021.49

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

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

2. Other receivables *(Continued)*

2.3 Other receivables *(Continued)*

(3) Credit loss provision made for the current period

The amount of credit loss provision was RMB3,818,042.43 for the current period.

(4) Other receivables actually written for the current period

There were no other receivables actually written off for the current period.

(5) Other receivables by their nature

Nature of other receivables	30 June 2024	31 December 2023
	(Unaudited)	
	RMB	RMB
Receivables from related parties	500,000,289.80	544,445,112.45
Deposit and security deposit	55,221,889.22	53,862,005.72
Petty cash	528,944.96	663,600.74
Others	46,193,489.39	38,853,295.64
Total	601,944,613.37	637,824,014.55

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

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

2. Other receivables *(Continued)*

2.3 Other receivables *(Continued)*

(6) Top five entities with the largest balances of other receivables at the end of the Period/year

Name of entity	Nature	30 June 2024 (Unaudited) RMB	Aging	As a percentage of the total other receivables (%)	Balance of credit loss provision as at 30 June 2024 (Unaudited) RMB
Printing Materials	Borrowings	179,507,480.82	Within 1 year, 1-2 years	29.82	-
Winshare Investment	Borrowings	115,399,109.61	Within 1 year, 1-2 years, 2-3 years	19.17	-
Winshare Education Technology	Borrowings	88,365,897.28	Within 1 year, 1-2 years	14.68	-
Reader's Journal Press	Borrowings	40,660,621.74	Within 1 year, 1-2 years	6.75	-
Higher Education Press Co., Ltd.	Deposit/security deposit	30,000,000.00	2-3 years, more than 3 years	4.98	-
Total		453,933,109.45		75.40	-

3. Long-term equity investment

(1) Long-term equity investment

Item	30 June 2024 (Unaudited) RMB	31 December 2023 RMB
Book balance of long-term equity investments	4,530,270,435.76	4,517,379,301.67
Less: Provision for impairment of long- term equity investments	2,072,032.00	2,072,032.00
Carrying amount of long-term equity investments	4,528,198,403.76	4,515,307,269.67

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

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

3. Long-term equity investment *(Continued)*

(2) Classification of long-term equity investments

Item	30 June 2024	31 December 2023
	(Unaudited) RMB	RMB
Investment in subsidiaries	3,824,294,179.16	3,804,886,716.17
Investment in joint ventures or associates	703,904,224.60	710,420,553.50
Total	4,528,198,403.76	4,515,307,269.67

(3) Investment in subsidiaries

Investee	1 January 2024 RMB	Change for the current period			30 June 2024 (Unaudited) RMB	Balance of
		Addition in investment RMB	Reduction in investment RMB	Provision for impairment RMB		provision for impairment as at 30 June 2024 (Unaudited) RMB
Xinhua Online	40,000,000.00	-	-	-	40,000,000.00	(2,072,032.00)
Winshare Media	3,990,000.00	-	-	-	3,990,000.00	-
Winshare Sports	124,915,135.82	-	-	-	124,915,135.82	-
Winshare Education						
Technology	333,840,776.30	-	-	-	333,840,776.30	-
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	-
Watch Panda	2,000,000.00	-	2,000,000.00	-	-	-
Publication Printing	598,185,830.79	-	-	-	598,185,830.79	-
Printing Materials	40,944,463.95	-	-	-	40,944,463.95	-
People's Publishing House	42,189,167.92	-	-	-	42,189,167.92	-
Education Publishing House	211,321,291.49	-	-	-	211,321,291.49	-
Youth and Children's						
Publishing House	361,878,541.53	-	-	-	361,878,541.53	-
Digital Publishing	10,505,427.63	24,900,000.00	-	-	35,405,427.63	-
Literature & Art Publishing						
House	60,731,819.65	-	-	-	60,731,819.65	-

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

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

3. Long-term equity investment *(Continued)*

(3) Investment in subsidiaries

Investee	1 January 2024 RMB	Change for the current period			30 June 2024 (Unaudited) RMB	Balance of provision for impairment as at 30 June 2024 (Unaudited) RMB
		Addition in investment RMB	Reduction in investment RMB	Provision for impairment RMB		
Fine Arts Publishing House	17,559,756.46	-	-	-	17,559,756.46	-
Science & Technology Publishing House	24,294,897.94	-	-	-	24,294,897.94	-
Lexicographical Publishing House	27,809,021.68	-	-	-	27,809,021.68	-
Bashu Publishing House	45,244,860.20	-	-	-	45,244,860.20	-
Tiandi Publishing House	239,379,050.03	-	-	-	239,379,050.03	-
Reader's Journal Press	866,830.73	-	866,830.73	-	-	-
Pictorial	7,521,475.38	28,084,300.00	-	-	35,605,775.38	-
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	-
Winshare International	50,000,000.00	-	-	-	50,000,000.00	-
Winshare Quan Media	10,000,000.00	-	-	-	10,000,000.00	-
Sichuan Culture Communication	30,710,006.28	-	30,710,006.28	-	-	-
Stackway	50,000,000.00	-	-	-	50,000,000.00	-
Liangshanzhou Xinhua Bookstore	423,846,006.00	-	-	-	423,846,006.00	-
Liangshan Winshare Education Technology	18,856,166.11	-	-	-	18,856,166.11	-
Total	3,804,886,716.17	52,984,300.00	33,576,837.01	-	3,824,294,179.16	(2,072,032.00)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

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

3. Long-term equity investment *(Continued)*

(4) Investment in joint ventures or associates

Investee	1 January 2024	Changes for the Period								Balance of		
		Increase in investment	Decrease in investment	Investment income recognized under equity method	Adjustment of other comprehensive income	Changes in other equity	Distribution of cash dividends or profits declared	Provision for impairment loss	Others	30 June 2024	30 June 2024	
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	
I. Joint Venture												
Hainan Publishing House	298,746,253.56	-	-	7,137,337.37	-	-	-	-	-	-	305,883,590.93	-
Subtotal	298,746,253.56	-	-	7,137,337.37	-	-	-	-	-	-	305,883,590.93	-
II. Associates												
The Commercial Press	4,662,316.69	-	-	82,467.74	-	-	-	-	-	-	4,744,784.43	-
Ren Min Eastern	7,959,776.74	-	-	(293,953.89)	-	-	-	-	-	-	7,665,822.85	-
Ming Bo Education	9,469,749.55	-	-	(978,698.86)	-	-	-	-	-	-	8,491,050.69	-
Preschool Education	6,264,056.63	-	-	(135,632.53)	-	-	-	-	-	-	6,128,424.10	-
Xinhua Yingxuan	-	-	-	-	-	-	-	-	-	-	-	-
Winshare Yinshi	538,292.30	-	-	23,083.77	-	-	-	-	-	-	561,376.07	-
Hainan Phoenix	336,629,133.67	-	-	4,093,508.41	-	-	(16,700,671.32)	-	-	-	324,021,970.76	-
Cuiya Education	-	-	-	-	-	-	-	-	-	-	-	-
Winshare BLOGIS (Note)	46,150,974.36	-	-	256,230.41	-	-	-	-	-	-	46,407,204.77	-
Subtotal	411,674,299.94	-	-	3,047,005.05	-	-	(16,700,671.32)	-	-	-	398,020,633.67	-
Total	710,420,553.50	-	-	10,184,342.42	-	-	(16,700,671.32)	-	-	-	703,904,224.60	-

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

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

4. Operating income and operating costs

(1) Operating income and operating costs

Item	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB
Principal operating income	3,454,382,779.34	3,327,308,641.61
Including: Textbooks and supplementary materials	2,152,804,143.05	2,021,955,812.71
Other operating income (Note 1)	85,725,042.52	81,416,908.12
Total income	3,540,107,821.86	3,408,725,549.73
Principal operating costs	2,075,105,884.18	1,956,424,223.14
Other operating costs	1,526,703.99	1,274,092.24
Total costs	2,076,632,588.17	1,957,698,315.38

Note 1: Included in other operating income was commissions from concessionaire sales of RMB12,408,459.96. Among which, gross revenue from concessionaire sales was RMB86,962,848.65 and gross cost from concessionaire sales was RMB74,554,388.69 (for the period from 1 January to 30 June 2023: commissions from concessionaire sales of RMB13,539,350.53; among which, gross revenue from concessionaire sales was RMB93,052,436.99 and gross cost from concessionaire sales was RMB79,513,086.46).

(2) Details of performance obligation

In addition to the education informatization 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 informatization 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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2024

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

5. Investment income

Item	For the period from 1 January to 30 June 2024 (Unaudited) RMB	For the period from 1 January to 30 June 2023 (Unaudited) RMB
Income from long-term equity investments	4,691,805.41	11,106,802.91
Including: Investment loss recognized at cost	(5,492,537.01)	–
Investment income recognized using equity method	10,184,342.42	11,106,802.91
Dividend income generated from holding other equity instrument investments	109,759,200.00	85,778,400.00
Investment income from disposal of held-for-trading financial assets	193,481.05	46,767.90
Total	114,644,486.46	96,931,970.81

Supplementary Information

1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS FOR THE PERIOD

Item	For the period from 1 January to 30 June 2024 RMB
Gain/loss on disposal of non-current assets, including write-offs for which asset impairment provisions have been made	1,128,329.57
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)	17,036,240.64
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	(36,516,152.93)
Other non-operating income and expenses other than the aforesaid items	(13,131,353.68)
Less: Income tax effects	(3,210,406.84)
Effects attributable to non-controlling interests (after tax)	(117,305.14)
Total	(28,155,224.42)

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.

Profit 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 company	5.28	0.58	0.58
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	5.49	0.60	0.60

The Company has no dilutive potential ordinary shares.

winshare 文軒

新華文軒出版傳媒股份有限公司

XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.*

成都市錦江區三色路238號新華之星A座
郵編：610000

Xinhua Star Tower A, 238 Sanshe Road, Jinjiang District, Chengdu, the PRC
Postal code: 610000

Website 網址: www.winshare.com.cn