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

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

CONNECTED TRANSACTION
ACQUISITION OF 17% EQUITY INTEREST
IN THE TARGET COMPANY

INTRODUCTION

The Board is pleased to announce that on 13 December 2023 (after trading hours of the Stock Exchange), the Company (as the purchaser) entered into the Equity Transfer Agreement with Sichuan Xinhua Publishing and Distribution Group (as the seller) in relation to the Acquisition, pursuant to which, Sichuan Xinhua Publishing and Distribution Group has agreed to sell and the Company has agreed to acquire the Target Interest at a consideration of RMB34,768,400.

As at the date of this announcement, the Company and Sichuan Xinhua Publishing and Distribution Group hold 75% and 25% equity interest in the Target Company, respectively. Upon completion of the Acquisition, the Company and Sichuan Xinhua Publishing and Distribution Group will hold 92% and 8% equity interest in the Target Company, respectively. The Target Company will continue to become a non-wholly owned subsidiary of the Company, and its financial statements will continue to be consolidated into the consolidated financial statements of the Group.

EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are as follows:

1. **Date**

   13 December 2023 (after trading hours of the Stock Exchange)

2. **Parties**

   (1) Sichuan Xinhua Publishing and Distribution Group (as the seller); and

   (2) The Company (as the purchaser).

3. Target Interest

According to the Equity Transfer Agreement, Sichuan Xinhua Publishing and Distribution Group has agreed to sell and the Company has agreed to acquire the 17% equity interest in the Target Company held by Sichuan Xinhua Publishing and Distribution Group.

4. Consideration and Payment

The consideration payable by the Company for the Acquisition is RMB34,768,400, which is determined after arm's length negotiation between the Company and Sichuan Xinhua Publishing and Distribution Group based on the appraisal value of the Target Interest. Pursuant to the Appraisal Report issued by Tian Jian Hua Heng, an independent asset appraisal agency, the appraised value of the entire equity interest of shareholders in the Target Company as at the Valuation Benchmark Date is RMB204,520,000 (using the income approach). The consideration for the Acquisition is calculated based on the appraised value of the entire equity interest of shareholders in the Target Company of RMB204,520,000 multiplied by 17%.

The Company shall pay the consideration in respect of the Acquisition in a lump sum within 5 working days from the effective date of the Equity Transfer Agreement. Sichuan Xinhua Publishing and Distribution Group shall, upon receipt of the consideration for the Acquisition, assist in all the procedures for registering the Target Interest in the name of the Company (which is the closing date of the Acquisition) in a timely manner. The consideration for the Acquisition will be paid out of the Group's own funds.

As the consideration for the Target Interest is determined with reference to the results of the appraised value of the shareholders' equity provided by an independent asset appraisal agency, and after having conducted sufficient and appropriate review of the forecasts, assumptions and business plans of the Target Company on which the consideration was determined, and taking into account the factors set out in the section headed "Reasons for and Benefits of Entering into the Equity Transfer Agreement" of this announcement, the Directors (including the independent non-executive Directors) believe that the consideration is fair and reasonable and in the interests of the Company and its shareholders as a whole.

5. Governance Structure

Upon completion of the Acquisition, the Target Company shall not have a board of directors, but shall have one executive director, who shall be recommended by the Company; and shall not have a supervisory committee but shall have one supervisor, who shall be recommended by Sichuan Xinhua Publishing and Distribution Group. The general manager of the Target Company shall be recommended by the Company and appointed by the executive director of the Target Company.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company incorporated in the PRC and is principally engaged in e-commerce businesses such as online sales of paper publications, digital reading, and supply chain services for publication industry.

As at the date of this announcement, the registered capital of the Target Company is RMB60,000,000, which is fully paid up and owned as to 75% and 25% by the Company and Sichuan Xinhua Publishing and Distribution Group, respectively. According to the information provided by Sichuan Xinhua Publishing and Distribution Group and the Target Company, as of 30 September 2023, the total cost of investment in the Target Company by Sichuan Xinhua Publishing and Distribution Group was approximately RMB15,000,000.

The audited net assets and total assets of the Target Company as at 30 September 2023 were RMB-84,956,582.03 and RMB3,370,865,769.84 (net profit (after tax) for the nine months ended 30 September 2023 was RMB6,012,900), respectively. According to the appraisal of Tian Jian Hua Heng, the appraisal value of the total shareholders' equity of the Target Company as at the Valuation Benchmark Date was RMB204,520,000.

The audited net profit before and after tax of the Target Company for the years ended 31 December 2021 and 2022 are set out as follows, respectively:

	For the years ended 31 December	
	2021	**2022**
	RMB0'000	*RMB0'000*
Net profit (before tax)	338.13	334.72
Net profit (after tax)	337.76	31.11

Upon completion of the Acquisition, the Company and Sichuan Xinhua Publishing and Distribution Group will hold 92% and 8% equity interest in the Target Company, respectively, and the Target Company will continue to become a non-wholly owned subsidiary of the Company, and its financial statements will continue to be consolidated into the consolidated financial statements of the Group.

INFORMATION ON THE PARTIES

The Company is principally engaged in the publishing and distribution of publications and related products in the PRC.

Sichuan Xinhua Publishing and Distribution Group is a wholly state-owned company incorporated in the PRC and is principally engaged in the businesses of wholesale and retail of goods, property leasing, real estate, software and hotels. As at the date of this announcement, Sichuan Xinhua Publishing and Distribution Group is a wholly-owned subsidiary of Sichuan Development (the ultimate de facto controller of Sichuan Development is the State-owned Assets Supervision and Administration Commission of the Sichuan Provincial Government), and is the controlling shareholder of the Company, holding approximately 55.40% equity interest in the Company (Sichuan Xinhua Publishing and Distribution Group has entered into an equity transfer agreement with Sichuan Cultural Investment Group, agreeing to dispose of 60,617,242 A Shares of the Company held by it to Sichuan Cultural Investment Group. Upon completion of the disposal, Sichuan Xinhua Publishing and Distribution Group will hold an aggregate of approximately 50.49% equity interest in the Company. As of the date of this announcement, the disposal has been approved by the relevant competent authorities, but the registration for the transfer of equity interests has not been completed. For details, please refer to the voluntary announcement of the Company dated 15 September 2023.) and is therefore a connected person of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT

In recent years, the Group has focused on the development of the mainline business of publishing and distribution under its strategic plan, while the Target Company is principally engaged in e-commerce businesses such as online sales of paper publications, digital reading, and supply chain services for publication industry. After years of development, it has formed a book e-commerce landscape covering all channels and multiple scenarios, and has become one of the most professional e-commerce brands in China's publication market and has collaborated with the Company to establish a supply chain logistics system covering the entire nation and adapting to multi-format businesses. Upon completion of the Acquisition, which can further help the Group optimize its internal resource allocation and continue to create a new development model for book e-commerce, strengthen the Group's internal business synergy, further enhance the value of the supply chain service system, providing strong support for the major business segments of content creative publishing, cultural consumption, and educational services, and facilitating the high-quality development of the mainline business.

The Directors (including the independent non-executive directors) consider that the terms of the Equity Transfer Agreement and the Acquisition were determined after arm's length negotiations between the parties, which are fair and reasonable and entered into on normal commercial terms or better in the ordinary course of the Group's business, and are in the interests of the Company and its shareholders as a whole.

PROFIT FORECAST IN RELATION TO THE VALUATION METHOD OF THE TARGET COMPANY

As mentioned above, the consideration of the Acquisition is determined based on the asset valuation result on the entire equity value of shareholders in the Target Company. According to the Appraisal Report, the market value of the entire equity interest of shareholders in the Target Company on the Valuation Benchmark Date is RMB204,520,000.

Tian Jian Hua Heng considered the asset-based approach and the income approach for the valuation. The asset-based approach assesses the fair market value of assets from the perspective of asset replacement while the income approach is to evaluate the value of the enterprise by discounting expected income, which can reflect the overall growth and profitability of an enterprise. Due to the accumulation of operating losses in historical years, the book net assets are lower, resulting in differences in the calculation results of the two methods. The Target Company has transitioned from the growth stage to the maturity stage with the market size reaching a certain benchmark. Future earnings are forecasted based on the current scale considering reasonable increments, with a certain supporting basis for the forecast of future earnings. Having conducted an investigation into the financial status of the Target Company and analyzed its operating status, combined with the subject of the asset valuation, purpose of the valuation, and applicable value types, upon comparative analysis, Tian Jian Hua Heng is of the view that the valuation conclusion from the income approach can more comprehensively and reasonably reflect the embedded value of the Target Company and therefore, the income approach appraisal results are adopted as the final appraisal conclusion of the Appraisal Report.

Given that the Appraisal Report has adopted the income approach in valuing the entire equity value of shareholders, the calculation on the entire equity value of shareholders in the Target Company as set out in the Appraisal Report shall be regarded as a profit forecast under Rule 14.61 of the Listing Rules. Therefore, this announcement discloses, in compliance with the requirements under Rules 14.60A and 14.62 of the Listing Rules regarding profit forecasts, the principal assumptions (including commercial assumptions) on which the Appraisal Report is based as follows:

(1) Assuming that the Target Company will maintain its current business model as a going concern.

(2) As of the Valuation Benchmark Date, the comprehensive deposit interest rate for the Target Company's monetary capital deposits and other non-current assets is approximately 3%. This evaluation assumes that the future deposit interest rate level will remain unchanged.

(3) Assuming that the production and operation premises required by the Target Company are still acquired by way of lease in the future.

(4) Unless otherwise stated, assuming that the Target Company is in full compliance with all relevant laws and regulations and that the management of the Target Company is responsible for fulfilling the obligations of the asset owners and that the relevant assets are properly and effectively managed.

Appraisal model

The Appraisal Report selects the cash flow discount method, which takes the enterprise free cash flow as the quantitative indicator of the enterprise's expected income, and uses the matching weighted average capital cost model (WACC) to calculate the discount rate.

$E = EV - D$ formula 1
$EV = P + C + NCA$ formula 2

where:

E: value of the total shareholders' equity;

EV: enterprise value;

D: appraisal value of the interest-bearing debt;

P: appraisal value of operating assets;

C: appraisal value of surplus assets;

NCA: appraisal value of non-operating assets;

Among them, the appraisal value of operating assets (P) in formula 2 is the sum of the value for the specific forecast period and the value for the perpetual period, where the value for the specific forecast period is the sum of the Unlevered Free Cash Flow (UFCF) in each specific forecast period, and the value for the perpetual period adopts the perpetual Gordon Growth Model.

DETERMINATION OF THE KEY PARAMETERS IN THE MODEL

1. Unlevered Free Cash Flow (UFCF)

UFCF, also known as the Free Cash Flow of Firm (FCFF), refers to the free cash flow allocation by the Company to all investors (including creditors and equity investors) under normal operations. The formula is as follows:

$$\text{UFCF} = \text{Net profit after tax} + \text{depreciation and amortization} + \text{interest expense} \times (1 - \text{tax rate } T) - \text{capital expenditure} - \text{increase in working capital}$$

2. Determination of Income Period

The perpetual period is adopted as the income period in this valuation, and the first phase therein is the period from 1 October 2023 to 31 December 2028, during which the income is changing based on the operation status and planning of the appraised entity; the second phase starting from 1 January 2029 is the phase of perpetual operation, during which the profitability of the appraised entity will remain stable.

3. Determination of Discount Rate

There are various methods and ways to determine discount rate. Based on the principle of consistency between income amount and discount rate, the income amount is valued using the free cashflow of the entity in this valuation, and thus the weighted average cost of capital (WACC) is selected to determine the discount rate.

(1) Cost of equity capital (K_e)

The cost of equity capital is measured using the modified capital asset pricing model (MCAPM), namely:

(i) **Risk-free return rate (r_f)**. The yield to maturity of long-term treasury bonds of 2.68% for 10 years from the Valuation Benchmark Date was used as the risk-free return rate.

(ii) **Market risk premium (Mrp)**. The market risk premium is the difference between the average market rate of return and the risk-free rate over a period of time. We use the China's securities market index to calculate the market risk premium, and the China's market risk premium (Mrp) as at 30 September 2023 was 7.12%.

(iii) Beta coefficient (β). Based on the industry in which the Target Company operates, the β_L value of the Target Company with financial leverage was calculated as 0.5530 with reference to the weighted adjusted β_U value of comparable listed companies in the industry after taking out their financial leverage.

(iv) Enterprise-specific risks (r_c). Enterprise-specific risk (non-systemic risk) was determined to be 3.5% by considering the uncertainties in the future operations of the Target Company in terms of the risks arising from adjustments in industrial and tax policies, market competition as well as fluctuations in the cost of books, and the changes in the business model.

(2) Pre-tax cost of debt capital (K_d)

The Target Company has no interest-bearing liabilities, and the pre-tax cost of debt capital (K_d) is determined to be 4.20% based on the LPR of 1 to 5 years.

(3) Capital structure ($\frac{D}{E}$)

The Target Company has no interest-bearing liabilities, and the target capital structure is determined to be 0 based on its own capital structure.

(4) Discount rate

The discount rate for this assessment is calculated to be 10.12%.

4. Value for the Perpetual Period (TV)

The calculation of the final value of UFCF adopts the perpetual Gordon Growth Model, which assumes that UFCF grows perpetually at a steady growth rate (g), and based on the principle of prudence, the sustainable growth rate (g) is 0.

5. Calculation of Operating Asset Value (P)

The enterprise value is obtained by discounting the UFCF to the Valuation Benchmark Date using the WACC.

Value for the specific forecast period: RMB100,262,000.

Value for the perpetual period (final value): RMB100,905,100.

Appraisal value of operating assets: P = RMB201,167,100.

6. Determination of the Appraised Value of Interest-bearing Debts

None.

7. **Determination of the Appraised Value of Surplus Assets and Non-operating Assets (Liabilities)**

There are no surplus assets.

Non-operating assets represent the wages receivable of logistics staff paid on behalf of the Company in other receivables, with a carrying amount of RMB3,354,800 and no risk of collection, and the valuation is determined based on the verified carrying amount.

CONFIRMATION

DTT, the auditor of the Company, has reviewed and reported to the Directors of the calculations of the discounted future cash flows on which the Appraisal Report is based, and there are no accounting policies adopted in the preparation of the Appraisal Report. The Directors confirmed that the appraisal value of the entire equity interest of shareholders in the Target Company has been made after due and careful enquiries. The report from DTT and the letter from the Board are set out in Appendix I and Appendix II to this announcement, respectively.

PROFESSIONAL INSTITUTIONS AND CONSENTS

The qualifications of Tian Jian Hua Heng and DTT are as follows:

Name	Qualification
Sichuan Tian Jian Hua Heng Assets Appraisal Co., Ltd.* (四川天健華衡資產評估有限公司)	An independent qualified asset appraisal institution in the PRC
Deloitte Touche Tohmatsu Certified Public Accountants LLP	Chinese certified public accountant

To the best knowledge, information and belief of the Board, having made all reasonable enquiries, Tian Jian Hua Heng and DTT are independent third parties of the Company and its connected persons. As at the date of this announcement, none of Tian Jian Hua Heng and DTT has any direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate other persons to subscribe for securities in any member of the Group. Each of Tian Jian Hua Heng and DTT has given and has not withdrawn its written consent to the publication of this announcement with the inclusion of its opinion and advice and all references to its name in the form and context in which they are included.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Sichuan Xinhua Publishing and Distribution Group is the controlling shareholder of the Company, which holds approximately 55.40% equity interest in the Company. Accordingly, Sichuan Xinhua Publishing and Distribution Group is a connected person of the Company under Chapter 14A of the Listing Rules and the Acquisition constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratios for the Acquisition are higher than 0.1% but all are less than 5%, the Acquisition is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.68 of the Listing Rules and the articles of association of the Company, Mr. Zhou Qing, Mr. Liu Longzhang, Mr. Dai Weidong, Mr. Ke Jiming and Ms. Tan Ao, all being Directors, may be deemed to have a material interest in the Acquisition, therefore, they have abstained from voting on the Board resolution in relation to the approval of the Acquisition. Save for the Directors mentioned above, none of the Directors has a material interest in the Acquisition and is required to abstain from voting.

DEFINITIONS

In this announcement, the following terms shall have the meanings set out below, unless the context otherwise requires:

"Acquisition"	the acquisition of the Target Interest from Sichuan Xinhua Publishing and Distribution Group by the Company pursuant to the terms and conditions of the Equity Transfer Agreement
"Appraisal Report"	the asset appraisal report on the entire equity value of the shareholders of the Target Company dated 1 December 2023, which is issued by Tian Jian Hua Heng (Chuan Hua Heng Ping Bao No. [2023] No. 321)
"Board"	the board of directors of the Company
"Company"	Xinhua Winshare Publishing and Media Co., Ltd.* (新華文軒出版傳媒股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the A Shares and H Shares of which are listed on the Shanghai Stock Exchange and the Stock Exchange, respectively
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"DTT"	Deloitte Touche Tohmatsu Certified Public Accountants LLP, the auditor of the Company
"Equity Transfer Agreement"	the equity transfer agreement dated 13 December 2023 in relation to the Acquisition entered into by the Company and Sichuan Xinhua Publishing and Distribution Group
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

"PRC"	the People's Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region)
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	the shareholder(s) of the Company
"Sichuan Development"	Sichuan Development (Holding) Co., Ltd.* (四川發展(控股)有限責任公司), a company incorporated in the PRC with limited liability, which indirectly controls the Company through Sichuan Xinhua Publishing and Distribution Group
"Sichuan Cultural Investment Group"	Sichuan Cultural Industry Investment Group Co., Ltd., a company incorporated in the PRC with limited liability
"Sichuan Xinhua Publishing and Distribution Group"	Sichuan Xinhua Publishing and Distribution Group Co., Ltd.* (四川新華出版發行集團有限責任公司), a company incorporated in the PRC with limited liability, which is the controlling shareholder of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Sichuan Winshare Online E-commerce Co., Ltd.* (四川文軒在線電子商務有限公司), a company incorporated in the PRC with limited liability
"Target Interest"	the 17% equity interest in the Target Company held by Sichuan Xinhua Publishing and Distribution Group
"Tian Jian Hua Heng"	Sichuan Tian Jian Hua Heng Assets Appraisal Co., Ltd.* (四川天健華衡資產評估有限公司), an independent qualified asset appraisal institution in the PRC
"Valuation Benchmark Date"	30 September 2023
"%"	per cent

By order of the Board
XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.*
Zhou Qing
Chairman

Sichuan, the PRC, 13 December 2023

As at the date of this announcement, the Board comprises (a) Mr. Zhou Qing, Mr. Liu Longzhang and Mr. Li Qiang as executive Directors; (b) Mr. Dai Weidong, Mr. Ke Jiming and Ms. Tan Ao as non-executive Directors; and (c) Mr. Lau Tsz Bun, Mr. Fang Bingxi and Mr. Li Xu as independent non-executive Directors.

* *For identification purposes only*

Set out below is the full text of the report from DTT, the reporting accountants, in relation to profit forecast for the purpose of inclusion in this announcement.

Deloitte. 德勤

INDEPENDENT ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF 17% EQUITY INTEREST IN SICHUAN WINSHARE ONLINE E-COMMERCE CO., LTD.* (四川文軒在線電子商務有限公司)

TO THE DIRECTORS OF XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.*

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by Sichuan Tian Jian Hua Heng Assets Appraisal Co., Ltd.* (四川天健華衡資產評估有限公司) dated 1 December 2023, of the 100% equity interest in Sichuan Winshare Online E-Commerce Co., Ltd.* (四川文軒在線電子商務有限公司) as at 30 September 2023 (the "**Valuation**") is based. Sichuan Winshare Online E-Commerce Co., Ltd.* (四川文軒在線電子商務有限公司) is a limited liability company incorporated in the PRC, which is principally engaged in e-commerce business such as online sales of paper publications, digital reading and supply chain services for the publication industry. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and will be included in an announcement dated 13 December 2023 to be issued by Xinhua Winshare Publishing and Media Co., Ltd (the "**Company**") in connection with the acquisition of 17% equity interest in Sichuan Winshare Online E-Commerce Co., Ltd.* (四川文軒在線電子商務有限公司) (the "**Announcement**").

DIRECTORS' RESPONSIBILITY FOR THE DISCOUNTED FUTURE ESTIMATED CASH FLOWS

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in the Announcement (the "**Assumptions**"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on whether the calculations of the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the Assumptions on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company's management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of Sichuan Winshare Online E-Commerce Co., Ltd.* (四川文軒在線電子商務有限公司).

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

OPINION

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

Deloitte Touche Tohmatsu Certified Public Accountants LLP

Shanghai, China
13 December 2023

Set out below is the full text of the letter from the Board in relation to profit forecast for the purpose of inclusion in this announcement. This letter is prepared in Chinese and translated into English. In case there is any inconsistency, the Chinese version shall prevail.

To: Listing Division
The Stock Exchange of Hong Kong Limited
12th Floor, Two Exchange Square,
8 Connaught Place, Central, Hong Kong

Dear Sir or Madam,

Company: Xinhua Winshare Publishing and Media Co., Ltd.* (新華文軒出版傳媒股份有限公司) (the **"Company"**)

Re: Profit Forecast – Letter of Confirmation as required under Rule 14.62(3) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")

Reference is made to the valuation report (the "**Valuation Report**") dated 1 December 2023 prepared by Sichuan Tian Jian Hua Heng Assets Appraisal Co., Ltd.* (四川天健華衡資產評估有限公司) (the "**Appraiser**") on the value of the entire equity interest of the shareholders of Sichuan Winshare Online E-commerce Co., Ltd.* (四川文軒在線電子商務有限公司) using the income approach.

The board of directors (the **"Board"**) of the Company has reviewed and discussed with the Appraiser the bases and assumptions of the valuation. The Board has also considered the report dated 13 December 2023 issued by Deloitte Touche Tohmatsu Certified Public Accountants LLP, the auditor of the Company, on the arithmetical accuracy of the calculations of the profit forecast contained in the Valuation Report.

Pursuant to the requirements under Rule 14.62(3) of the Listing Rules, the Board confirms that the profit forecast used in the above-mentioned Valuation Report has been made after due and careful enquiry.

On Behalf of the Board
XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.*
Zhou Qing
Chairman

13 December 2023

* *For identification purposes only*