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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)
(Stock Code: 811)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the “**Board**”) of directors (the “**Director(s)**”) of Xinhua Winshare Publishing and Media Co., Ltd.* (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 (the “**Year**” or “**Reporting Period**”).

CONSOLIDATED BALANCE SHEET 31 DECEMBER 2023

		<i>RMB</i>	
ITEM	<i>Notes</i>	31 December 2023	31 December 2022
Current Assets:			
Cash and bank balances	5	9,117,663,825.52	7,801,800,506.62
Held-for-trading financial assets		5,220.00	–
Notes receivable		3,758,159.19	2,906,232.79
Accounts receivable	6	1,477,171,063.02	1,697,878,791.47
Financing receivables		4,445,475.96	8,499,815.79
Prepayments		55,483,678.87	78,587,315.95
Other receivables		121,733,914.08	129,770,862.20
Including: Dividends receivable		72,000.00	72,000.00
Inventories	7	2,641,169,798.03	2,572,840,225.77
Contract assets		8,817,641.75	9,567,253.11
Non-current assets due within one year		69,763,811.83	117,238,899.64
Other current assets	8	508,621,658.45	331,074,537.47
Total Current Assets		14,008,634,246.70	12,750,164,440.81

RMB

ITEM	Notes	31 December 2023	31 December 2022
Non-current Assets:			
Long-term receivables	9	34,562,954.24	100,428,300.51
Long-term equity investments	10	771,481,018.72	748,393,704.39
Other equity instrument investments	11	1,767,951,589.74	1,874,674,472.69
Other non-current financial assets	12	449,082,949.02	467,646,874.02
Investment properties		94,146,451.73	95,997,370.92
Fixed assets	13	2,380,738,171.45	2,453,982,246.63
Construction in progress		39,549,969.11	47,219,096.45
Right-of-use assets		299,090,003.20	378,694,230.48
Intangible assets		369,853,435.66	391,318,045.86
Development cost		1,045,459.68	1,428,449.38
Goodwill	14	622,652,907.24	622,652,907.24
Long-term prepaid expenses		32,940,683.68	44,357,505.30
Deferred tax assets	15	50,401,253.62	23,891,140.32
Other non-current assets	16	865,432,280.53	650,538,774.36
Total Non-current Assets		7,778,929,127.62	7,901,223,118.55
TOTAL ASSETS		21,787,563,374.32	20,651,387,559.36
Current Liabilities:			
Short-term borrowings		10,000,000.00	18,000,000.00
Notes payable		36,299,683.81	29,776,305.93
Accounts payable	17	5,470,058,096.76	5,424,399,662.93
Advance receipts		519,377.31	1,167,160.30
Contract liabilities	18	607,861,828.48	584,100,139.24
Employee benefits payable		795,130,708.68	704,546,289.83
Taxes payable		70,497,049.35	70,623,802.58
Other payables	19	564,176,104.54	404,374,959.26
Including: Interests payable		–	2,000.00
Dividends payable		222,091,380.00	–
Non-current liabilities due within one year		94,775,135.71	91,632,641.94
Other current liabilities		224,857,867.64	213,833,204.22
Total Current Liabilities		7,874,175,852.28	7,542,454,166.23

RMB

ITEM	Notes	31 December 2023	31 December 2022
Non-current Liabilities:			
Lease liabilities		230,930,029.86	314,531,302.76
Long-term employee benefits payable		30,581,649.90	33,142,176.77
Deferred income		20,083,863.80	25,359,348.84
Deferred tax liabilities	16	217,635,807.37	73,867,204.70
Total Non-current Liabilities		499,231,350.93	446,900,033.07
TOTAL LIABILITIES		8,373,407,203.21	7,989,354,199.30
Shareholders' Equity:			
Share capital	20	1,233,841,000.00	1,233,841,000.00
Capital reserve		2,523,663,464.41	2,572,524,766.32
Other comprehensive income	27	1,137,699,551.17	1,445,418,214.18
Surplus reserve		1,294,713,238.91	1,154,424,514.15
Retained profits	21	6,881,030,888.86	6,083,770,928.98
Total Shareholder's Equity Attributable to Equity Holders of the Parent		13,070,948,143.35	12,489,979,423.63
Non-controlling Interests		343,208,027.76	172,053,936.43
TOTAL SHAREHOLDERS' EQUITY		13,414,156,171.11	12,662,033,360.06
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		21,787,563,374.32	20,651,387,559.36

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

		<i>RMB</i>	
ITEM	<i>Notes</i>	Amount recognized in the current year	Amount recognized in the prior year
I. Operating income	22	11,868,490,425.19	10,930,302,487.30
Less: Operating costs	22	7,353,177,164.40	6,913,161,426.93
Taxes and levies		33,658,727.68	43,002,435.74
Selling expenses		1,402,613,434.32	1,211,489,002.19
Administrative expenses		1,618,076,543.08	1,401,957,853.09
Research and development expenditure		19,979,888.16	14,166,706.34
Finance expenses		(229,255,367.79)	(143,435,687.28)
Including: Interest expenses		17,875,456.73	20,978,186.49
Interest income		262,917,080.23	172,924,385.99
Add: Other income		87,366,135.02	90,597,972.16
Investment income	23	58,616,191.88	111,855,962.13
Including: Income from investments in associates and joint ventures		23,887,314.33	13,417,994.42
Gain (loss) from changes in fair values	24	(57,013,180.91)	(135,138,551.26)
Gain (loss) on credit impairment		(104,498,605.94)	(137,642,170.56)
Gain (loss) on asset impairment		(52,453,238.17)	(45,392,337.19)
Gain on disposal of assets		2,176,929.50	40,434,507.58
II. Operating profit		1,604,434,266.72	1,414,676,133.15
Add: Non-operating income		5,512,274.85	4,842,647.91
Less: Non-operating expenses		46,774,480.41	39,719,129.77
III. Total profit		1,563,172,061.16	1,379,799,651.29
Less: Income tax expenses	26	(65,178,244.15)	(11,435,476.92)

RMB

ITEM	Notes	Amount recognized in the current year	Amount recognized in the prior year
IV. Net profit		1,628,350,305.31	1,391,235,128.21
(I) Categorized by the nature of continuing operations:			
1. Net profit from continuing operations		1,628,350,305.31	1,391,235,128.21
(II) Categorized by ownership:			
1. Net profit attributable to shareholders of the parent		1,579,146,004.64	1,396,673,063.27
2. Profit or loss attributable to non-controlling interests		49,204,300.67	(5,437,935.06)
V. Other comprehensive income, net of tax	27	(307,718,663.01)	266,575,456.61
Other comprehensive income attributable to shareholders of the parent, net of tax	27	(307,718,663.01)	266,575,456.61
(I) Other comprehensive income not reclassified to profit or loss	27	(307,718,663.01)	266,575,456.61
1. Changes in other equity instrument investment at fair value	27	(307,718,663.01)	266,575,456.61
VI. Total comprehensive income		1,320,631,642.30	1,657,810,584.82
Total comprehensive income attributable to shareholders of the parent		1,271,427,341.63	1,663,248,519.88
Total comprehensive income attributable to non-controlling interests		49,204,300.67	(5,437,935.06)
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	28	1.28	1.13
(II) Diluted earnings per share (RMB/share)		N/A	N/A

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

ITEM	Amount recognized in the current year	<i>RMB</i> Amount recognized in the prior year
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	12,832,555,129.18	11,272,472,750.54
Receipts of tax refunds	39,783,480.66	105,668,809.76
Other cash receipts relating to operating activities	314,280,677.37	276,431,311.37
Sub-total of cash inflows from operating activities	13,186,619,287.21	11,654,572,871.67
Cash payments for goods purchased and services received	7,770,340,955.90	7,000,959,591.85
Cash payments to and on behalf of employees	1,715,047,781.20	1,476,143,204.24
Payments of various types of taxes	153,273,617.16	148,513,015.48
Other cash payments relating to operating activities	1,194,928,721.63	1,004,575,935.48
Sub-total of cash outflows from operating activities	10,833,591,075.89	9,630,191,747.05
Net Cash Flow from Operating Activities	2,353,028,211.32	2,024,381,124.62
II. Cash Flows from Investing Activities:		
Cash receipts from disposals and recovery of investments	180,126,653.55	312,087,592.64
Cash receipts from investment income	96,524,886.21	100,937,967.71
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	6,095,019.42	41,600,265.10
Other cash receipts relating to investing activities	262,076,126.01	658,062,499.89
Sub-total of cash inflows from investing activities	544,822,685.19	1,112,688,325.34
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	180,491,129.51	216,709,664.40
Cash payments to acquire investments	223,412,133.02	191,804,476.98
Net cash paid for acquisition of subsidiaries and other business units	–	71,730,019.83
Other cash payments relating to investing activities	601,870,238.65	400,000,000.00
Sub-total of cash outflows from investing activities	1,005,773,501.18	880,244,161.21
Net Cash Flow from (used in) Investing Activities	(460,950,815.99)	232,444,164.13

ITEM	<i>RMB</i>	
	Amount recognized in the current year	Amount recognized in the prior year
III. Cash Flows from Financing Activities:		
Cash received from borrowings	10,000,000.00	18,000,000.00
Sub-total of cash inflows from financing activities	10,000,000.00	18,000,000.00
Cash payments for repayment of debts	18,000,000.00	–
Cash payments for distribution of dividends and profits and settlement of interest expenses	420,820,187.60	395,414,968.27
Including: Payments for distribution of dividends and profits to non-controlling shareholders of subsidiaries	569,355.87	567,435.06
Other cash payments relating to financing activities	146,999,012.22	115,095,378.01
Sub-total of cash outflows from financing activities	585,819,199.82	510,510,346.28
Net Cash Flow used in Financing Activities	(575,819,199.82)	(492,510,346.28)
IV. Net Increase in Cash and Cash Equivalents	1,316,258,195.51	1,764,314,942.47
Add: Opening balance of Cash and Cash Equivalents	7,762,084,629.28	5,997,769,686.81
V. Closing Balance of Cash and Cash Equivalents	9,078,342,824.79	7,762,084,629.28

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1. BASIC INFORMATION ABOUT THE COMPANY

The Company was registered at Administration for Market Regulation of Sichuan Province on 11 June 2005 with the share capital of RMB733,370,000.00.

On 30 May 2007, the Company publicly offered 401,761,000 shares of overseas listed foreign shares (“**H Shares**”) (including overallotment) in Hong Kong and was listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Upon completion of issuance, the share capital of the Company was changed to RMB1,135,131,000.00.

As approved by Reply on Approval of IPO of Xinhua Winshare Publishing and Media Co., Ltd. (Zheng Jian Xu Ke [2016] No.1544) issued by China Securities Regulatory Commission, the Company publicly offered 98,710,000 shares of RMB ordinary share (“**A Shares**”) to the public on 8 August 2016 and was listed on the Shanghai Stock Exchange. Upon the completion of IPO, the share capital of the Company changed into RMB1,233,841,000.00.

According to the resolution of the 11th meeting of the fifth session of the Board of the Company on 29 August 2023, Mr. Zhou Qing was elected as the Chairman of the Company. In accordance with the articles of association of the Company (“**Articles of Association**”), the legal representative of the Company has been changed from Mr. Luo Yong to Mr. Zhou Qing, which completed the change of business registration on 30 August 2023. The registered address of the Company is located at Unit 1, Block 1, No. 238, Sanse Road, Jinjiang District, Chengdu, China and the headquarters is located at Xinhua Star Tower A, No. 238, Sanse Road, Jinjiang District, Chengdu, Sichuan.

The Group is actually and mainly engaged in: sales of books, newspapers, journals, electronic publications; wholesale of audio-visual products (for exclusive purpose of chain store); manufacture of electronic publications and audio-visual products; production of audio tapes, video tapes; logistics; printing of publications, printed matters of package and decoration and other printed matters; plate-leased printing and supply of textbooks; investments in publications and assets management; leasing of properties; business services; wholesale and retail of goods; import and export business; education ancillary services; and catering business.

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

The Group has adopted the Accounting Standards for Business Enterprises (“**ASBE**”) and relevant regulations issued by the Ministry of Finance (“**MoF**”). In addition, the Group has disclosed relevant financial information in accordance with Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting (Revised in 2023), Hong Kong Companies Ordinance and Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”).

Going concern

The Group assessed its ability to continue as a going concern for the 12 months commencing from 31 December 2023, and found no events or circumstances that may cast significant doubts upon it. Hence the financial statements have been prepared on going concern basis.

3. TAX INCENTIVES AND OFFICIAL APPROVALS

Enterprise income tax

In accordance with the Notice on Several Tax Policies for the Transformation of Operating Cultural Institutions into Enterprises for Continuous Implementation of Cultural System Reform (Cai Shui [2019] No. 16) issued by the MoF, State Taxation Administration and Publicity Department of the Communist Party of China (“**Publicity Department**”), the Company and its subsidiaries, Beijing Shuchuan Xinhua Bookstore Book Distribution Co., Ltd. (“**Beijing Shuchuan**”), Sichuan Xinhua Online Network Co., Ltd. (“**Xinhua Online**”), Sichuan Winshare Cultural Communication Co., Ltd. (“**Sichuan Cultural Communication**”) and the Company’s thirteen publishing units enjoyed enterprise income tax exemption for five years from 1 January 2019. In accordance with the Announcement on Tax Policies for the Transformation of Operating Cultural Institutions into Enterprises for Continuous Implementation of Cultural System Reform (Cai Shui [2023] No. 71) issued by the MoF, State Taxation Administration and Publicity Department, the Company and its subsidiaries, Beijing Shuchuan, Xinhua Online, Sichuan Cultural Communication and the Company’s thirteen publishing units no longer enjoy enterprise income tax exemption from 1 January 2024.

In accordance with the Notice on Several Tax Policies for the Transformation of Operating Cultural Institutions into Enterprises for Continuous Implementation of Cultural System Reform (Cai Shui [2019] No. 16) 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 Taxation Administration 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 Announcement on Tax Policies for the Transformation of Operating Cultural Institutions into Enterprises for Continuous Implementation of Cultural System Reform (Cai Shui [2023] No. 71) issued by the MoF, State Taxation Administration and Publicity Department, Liangshanzhou Xinhua Bookstore, a subsidiary of the Company, will not be entitled to enterprise income tax exemption from 1 January 2026.

The Company’s subsidiaries, Sichuan Winshare Education Technology Co., Ltd. and Sichuan Winshare Online E-commerce Co., Ltd. (“**Winshare Online**”), which are eligible for the preferential policy of the encouraged industries in Western China included in the Notice on Renewing the Enterprise Income Tax Policy for Great Western Development (Notice of the MoF [2020] No. 23) issued by the MoF, the State Taxation Administration, and the National Development and Reform Commission, 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 MoF and the State Taxation Administration No. 10 of 2021) issued by the MoF and the State Taxation Administration, 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 were 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 were entitled to preferential policy of 50% reimbursement of value-added tax during publishing phase; and the book wholesale and retail business was entitled to exemption from value-added tax. Pursuant to Notice on Persistently Promoting Cultural Value-added Tax Preferential Policies (Announcement of MoF and the State Taxation Administration No. 60 of 2023) issued by the MoF and the State Taxation Administration, 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 Taxation Administration 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 Taxation Administration and the Sichuan Provincial Department of Finance No. 1 of 2023), for the period from 1 January 2023 to 30 June 2023, the Company and its subsidiaries which belong to transportation, warehousing and postal services, wholesale and retail, accommodation, catering, tourism, cultural, sports and entertainment industries were exempt from property tax and urban land use tax.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Accounting Standards for Business Enterprises Interpretation No.16

On 30 November 2022, the MoF issued the ASBE Interpretation No. 16 (“**Interpretation No. 16**”). Interpretation No. 16 clarifies the accounting treatment that the deferred income tax related to assets and liabilities arising from a single transaction does not apply the initial recognition exemption. Interpretation No. 16 revises the scope of the initial recognition exemption of deferred income tax in the Accounting Standards for Business Enterprises No. 18 – Income Tax, and clarifies that the provisions of the Accounting Standards for Business Enterprises No. 18 – Income Tax on the initial recognition exemption of deferred tax liabilities and deferred income tax assets shall not be applied to a single transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) and that the assets and liabilities initially recognized result in equal amount of taxable temporary difference and deductible temporary difference at the time of transaction. The provisions have been effective since 1 January 2023. The Group is of the view that the adoption of such provisions has no material effect on the Group’s and the Company’s financial statements.

5. CASH AND BANK BALANCES

RMB

Item	Balance at the end of the current year			Balance at the end of the prior year		
	Amounts of the original currencies	Exchange rate	Amount in RMB	Amounts of the original currencies	Exchange rate	Amount in RMB
Cash on hand:						
RMB	179,253.14	1.0000	179,253.14	187,653.59	1.0000	187,653.59
Bank balances:						
RMB (Note 1)	9,069,239,592.57	1.0000	9,069,239,592.57	7,759,845,394.77	1.0000	7,759,845,394.77
USD	21,844.91	7.0827	154,720.94	32,732.41	6.9646	227,968.14
EUR	68.69	7.8592	539.85	68.69	7.4229	509.88
HKD	53,408.16	0.9062	48,398.47	54,067.69	0.8933	48,298.67
Other currency funds:						
RMB (Note 2)	48,041,320.55	1.0000	48,041,320.55	41,490,681.57	1.0000	41,490,681.57
Total			9,117,663,825.52			7,801,800,506.62

Note 1: At the end of the current year, the bank balances include 3-month above term deposits amounting to RMB4,395,140,000.00 (31 December 2022: RMB3,135,000,000.00) with an interest rate ranging from 1.80% to 3.85%. During the current year, the management held the term deposit with the intention of flexible arrangement of funds and withdrew funds at any time depending on the capital needs.

Note 2: At the end of the current year, other cash and bank balances include the balances with Alipay App account, WeChat App account, E-commerce platform online store account and securities account of RMB8,720,319.82 (31 December 2022: RMB1,774,804.23), and restricted currency funds of RMB39,321,000.73. At the end of the current year, of the Group’s cash and bank balances with restricted ownership, there were (1) security deposit placed in bank for the issuance of bank acceptance bills of RMB3,315,689.99; (2) security deposit placed in bank for the issuance of guarantee letter of RMB8,144,480.49; (3) security deposit for service quality of Sichuan Winshare Xingzhi Study Tour Travel Agency Co., Ltd., a subsidiary of the Company, of RMB1,100,000.00; (4) special fund for housing reform and housing repair of RMB24,980,759.94; and (5) bank deposits frozen as a result of the litigation of Sichuan Xinhua Winshare Logistics Co., Ltd. (“**Winshare Logistics**”), a subsidiary of the Company, of RMB1,780,070.31.

6. ACCOUNTS RECEIVABLE

(1) Disclosure by aging

	<i>RMB</i>	
Aging	Carrying balance at the end of the current year	Carrying balance at the end of the prior year
Within 1 year	1,336,648,791.16	1,744,811,568.82
More than 1 year but not exceeding 2 years	528,023,489.09	335,133,131.90
More than 2 years but not exceeding 3 years	155,276,886.22	163,725,649.39
More than 3 years	282,129,814.92	188,284,332.45
Subtotal	2,302,078,981.39	2,431,954,682.56
Less: Provision for credit loss	824,907,918.37	734,075,891.09
Total	1,477,171,063.02	1,697,878,791.47

11

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

(2) Disclosure by provision method of credit loss

	<i>RMB</i>			
Category	Balance at the end of the current year		Balance at the end of the prior year	
	Carrying amount	Percentage (%)	Carrying amount	Percentage (%)
	Amount	(%)	Amount	(%)
Provision for credit loss on an individual basis	495,450,049.19	21.52	464,422,467.47	19.10
Provision for credit loss on a collective basis	1,806,628,932.20	78.48	1,967,532,215.09	80.90
	<u>2,302,078,981.39</u>	<u>100.00</u>	<u>2,431,954,682.56</u>	<u>100.00</u>
Total	2,302,078,981.39	100.00	2,431,954,682.56	100.00
			Credit loss provision	Provision percentage
			Amount	(%)
			824,907,918.37	47.81
			1,477,171,063.02	32.55
			258,583,759.84	45.44
			1,218,587,303.18	26.58
			<u>1,477,171,063.02</u>	<u>1,444,469,987.80</u>
			<u>824,907,918.37</u>	<u>1,697,878,791.47</u>

Provision for credit loss on an individual basis

Name of entity	Balance at the end of the current year		Reason for provision
	Carrying balance	Provision for credit loss	
Customer A	124,143,585.66	124,143,585.66	100.00
Customer D	79,838,326.40	12,003,769.00	15.04
Customer E	54,032,910.56	33,195,146.41	61.44
Others	237,435,226.57	67,523,788.28	28.44
Total	495,450,049.19	236,866,289.35	

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	Balance at the end of the current year		Carrying value
	Carrying balance	Provision for credit loss	
Within 1 year	1,235,005,263.84	138,908,677.61	11.25
More than 1 year but not exceeding 2 years	303,618,197.92	181,127,480.97	59.66
More than 2 years but not exceeding 3 years	71,033,654.04	71,033,654.04	100.00
More than 3 years	196,971,816.40	196,971,816.40	100.00
Total	1,806,628,932.20	588,041,629.02	1,218,587,303.18

RMB

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

The amount of provision for credit loss in the current year was RMB118,885,687.59, the amount of provision for credit impairment reversed was RMB24,146,325.40, the amount of credit loss provision transferred to long-term receivables was RMB25,852,625.55, and the decrease due to changes in the scope of consolidation of the Company was RMB28,741,148.41.

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

The accounts receivable written off during the Reporting Period amounted to RMB1,018,812.05.

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

Name of entity	Relationship with the Company	Balance at the end of the current year	As a percentage of the total accounts receivable (%)	Closing balance of credit loss provision of the current year
Customer A	Third party	124,360,653.10	5.40	124,360,653.10
Customer B	Third party	83,999,029.12	3.65	2,519,970.87
Customer D	Third party	82,023,725.40	3.56	14,189,168.00
Customer E	Third party	54,032,910.56	2.35	33,195,146.41
Customer I	Third party	41,127,788.21	1.79	7,001,333.42
Total		385,544,106.39	16.75	181,266,271.80

The total transaction volume between the above-mentioned customers A, D, E and I and the Group in 2023 accounted for less than 0.1% of the Group's operating income.

7. INVENTORIES

(1) Categories of inventories

Item	Balance at the end of the current year			Balance at the end of the prior year			RMB
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount	
Goods on hand	2,699,626,136.87	253,610,441.20	2,446,015,695.67	2,602,469,892.90	237,987,252.92	2,364,482,639.98	
Work-in-progress	135,593,328.09	-	135,593,328.09	156,205,462.21	-	156,205,462.21	
Raw materials	60,861,877.62	1,301,103.35	59,560,774.27	55,489,519.64	3,337,396.06	52,152,123.58	
Total	2,896,081,342.58	254,911,544.55	2,641,169,798.03	2,814,164,874.75	241,324,648.98	2,572,840,225.77	

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

(2) Provision for impairment of inventories

Categories of inventories	1 January 2023	Provision for the current year	Write-off for the current year	Decrease in the current year		31 December 2023	RMB
				Reversal for the current year	Other decrease		
Goods on hand	237,987,252.92	48,941,147.20	26,986,182.11	3,078,183.39	3,253,593.42	253,610,441.20	
Raw materials	3,337,396.06	-	2,036,292.71	-	-	1,301,103.35	
Total	241,324,648.98	48,941,147.20	29,022,474.82	3,078,183.39	3,253,593.42	254,911,544.55	

Note: A provision for impairment of inventories amounting to RMB48,941,147.20 (2022: RMB40,325,544.21) was made in the current year. The provision for impairment of inventories written off due to retirement of inventories during the current year amounted to RMB3,078,183.39 (2022: RMB36,656,699.62). A reversal of provision for impairment of inventories amounting to RMB29,022,474.82 (2022: RMB23,044,768.90) was made since the goods where provision for impairment of inventories was made were sold. The provision totalled RMB32,100,658.21 (2022: RMB59,701,468.52).

Provision for impairment of inventories on group basis

RMB

Group name	Balance at the end of the current year			Balance at the end of the prior year		
	Carrying amount	Provision for impairment	Proportion of provision for impairment (%)	Carrying amount	Provision for impairment	Proportion of provision for impairment (%)
General books	2,083,005,450.42	158,652,774.47	7.62	1,940,881,662.52	177,775,534.43	9.16
Textbooks	376,367,792.88	67,966,690.40	18.06	443,325,910.47	40,131,756.51	9.05
Paper	35,679,978.46	3,046,054.48	8.54	50,582,128.63	3,078,181.38	6.09
Others	204,572,915.11	23,944,921.85	11.70	167,680,191.28	17,001,780.60	10.14
Work in progress	135,593,328.09	-	-	156,205,462.21	-	-
Raw materials	60,861,877.62	1,301,103.35	2.14	55,489,519.64	3,337,396.06	6.01
Total	2,896,081,342.58	254,911,544.55		2,814,164,874.75	241,324,648.98	

8. OTHER CURRENT ASSETS

(1) Details of other current assets

Item	<i>RMB</i>	
	Balance at the end of the current year	Balance at the end of the prior year
Refund costs receivable (<i>Note 1</i>)	49,026,417.13	62,335,648.40
VAT input tax to be deducted (<i>Note 2</i>)	8,122,102.43	11,802,113.73
Term deposits (<i>Note 3</i>)	451,473,138.89	256,936,775.34
Total	508,621,658.45	331,074,537.47

Note 1: As at the end of the current year, the refund costs receivable was RMB49,026,417.13 (31 December 2022: RMB62,335,648.40), including the original value of the refund costs receivable of RMB67,766,408.23 (31 December 2022: RMB79,993,090.56), and the provision for asset impairment of RMB18,739,991.10 (31 December 2022: RMB17,657,442.16).

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

Note 3: Term deposits are fixed deposits and accrued interests that are held for more than three months and due within one year and the Group does not intend to withdraw in advance, the corresponding rate of which is 3.35%-4.015% (31 December 2022: 3.50%-4.07%).

(2) Details of impairment provision

Item	<i>RMB</i>			
	1 January 2023	Provision for the current year	Reversal for the current year	31 December 2023
Refund costs receivable	17,657,442.16	4,163,174.12	3,080,625.18	18,739,991.10

9. LONG-TERM RECEIVABLES

(1) Details of long-term receivables

Item	Balance at the end of the current year		Balance at the end of the prior year		Range of discount rate		
	Book balance	Credit loss provision	Carrying amount	Book balance		Credit loss provision	Carrying amount
Goods sold by installments (Note)	111,461,175.30	7,134,409.23	104,326,766.07	240,145,806.13	22,478,605.98	217,667,200.15	3.65%-5%
Less: Long-term receivables included in non-current assets due within one year	74,921,437.10	5,157,625.27	69,763,811.83	129,848,864.96	12,609,965.32	117,238,899.64	
Net	<u>36,539,738.20</u>	<u>1,976,783.96</u>	<u>34,562,954.24</u>	<u>110,296,941.17</u>	<u>9,868,640.66</u>	<u>100,428,300.51</u>	

RMB

Note: Receivables of goods sold by installments are the Group's receivables of sales of education informatized business, which shall be collected by installments in accordance with the contract. The agreed period in the contract is 2-5 years and the Group has discounted the installments at a discount rate of 3.65%-5% (31 December 2022: 4.3%-5%).

(2) Details of credit loss provision

During the current period, the amount of credit loss provision was RMB12,751,622.32, the amount of reversal of credit loss provision was RMB2,243,193.52, and the amount of transfer to credit loss provision for accounts receivable was RMB25,852,625.55.

10. LONG-TERM EQUITY INVESTMENTS

(1) Summary of long-term equity investments:

	<i>RMB</i>	
Item	Balance at the end of the current year	Balance at the end of the prior year
Book balance of long-term equity investments	778,128,364.29	755,041,049.96
Less: Provision for impairment of long-term equity investments	6,647,345.57	6,647,345.57
Carrying amount of long-term equity investments	<u>771,481,018.72</u>	<u>748,393,704.39</u>

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

Investee	Changes for the current year							Closing balance of provision for impairment		
	1 January 2023	Addition in investment	Reduction in investment	Investment profit or loss 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
I. Joint Ventures										
Hainan Publishing House Co., Ltd.	265,857,961.16	-	-	32,888,292.40	-	-	-	-	-	298,746,253.56
Sichuan Fudou Technology Co., Ltd. ("Fudou Technology")	-	-	-	-	-	-	-	-	-	-
Sanya Xuancai Venture Capital Investment Fund Management Co., Ltd. (Note 1) ("Sanya Xuancai")	11,679,854.64	-	-	(5,498,003.70)	-	-	(1,200,000.00)	-	-	4,981,850.94
Subtotal	277,537,815.80	-	-	27,390,288.70	-	-	(1,200,000.00)	-	-	303,728,104.50
II. Associates										
Sichuan Winshare BLOGIS Supply Chain Co., Ltd. (Note 2) ("Winshare BLOGIS")	46,498,469.39	-	-	552,504.97	-	-	(900,000.00)	-	-	46,150,974.36
The Commercial Press (Chengdu) Co., Ltd.	4,199,405.80	-	-	462,910.89	-	-	-	-	-	4,662,316.69
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	10,022,317.16	-	-	(862,540.42)	-	-	(1,200,000.00)	-	-	7,959,776.74
Guizhou Xinhua Winshare Book Audio-Visual Product Chainstore Co., Ltd. ("Guizhou Winshare")	-	-	-	-	-	-	-	-	-	-
Ming Bo Education Technology Holdings Co., Ltd.	15,373,341.73	-	-	(5,903,592.18)	-	-	-	-	-	9,469,749.55
Shanghai Jingjie Information Technology Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Sichuan Centennial Preschool Educational Management Co., Ltd.	6,855,485.40	-	-	(591,428.77)	-	-	-	-	-	6,264,056.63
Chengdu Winshare Venture Capital Investment Fund Management Co., Ltd.	34,374,989.84	-	-	(9,033,758.47)	-	-	(2,400,000.00)	-	-	22,941,231.37

Changes for the current year

Investee	Changes for the current year							Closing balance of provision for impairment			
	1 January 2023	Addition in investment	Reduction in investment	Investment profit or loss recognized under equity method	Adjustment of other comprehensive income	Changes in other equity	Distribution of cash dividends or profits declared		Provision for impairment loss	Others	31 December 2023
Sichuan Education and Science Forum Magazine Press Co., Ltd.	1,257,860.07	-	-	228,672.79	-	-	-	-	-	1,486,532.86	-
Fuzhou Winshare Technology Partnership (Limited Partnership) ("Fuzhou Winshare") (Note 3)	4,689,459.42	-	-	(19,226.34)	-	-	-	-	-	4,670,233.08	-
Sichuan Jiayang Sihuo Film Co., Ltd. Xinhua Yingxuan (Beijing) Screen Culture Co., Ltd. ("Xinhua Yingxuan")	125,852.12	-	-	(260.55)	-	-	-	-	-	125,591.57	-
Tianjin Tianxi Zhongda Cultural Development Co., Ltd. ("Tianxi Zhongda") (Note 4)	21,084,082.56	-	-	717,095.12	-	-	-	-	-	21,801,177.68	-
Winshare Yinshi (Beijing) Cultural Communication Co., Ltd. ("Winshare Yinshi") (Note 5)	390,421.32	-	-	147,870.98	-	-	-	-	-	538,292.30	-
Hainan Phoenix Xinhua Publishing and Distribution Co., Ltd. ("Hainan Phoenix") (Note 6)	325,984,203.78	-	-	10,644,929.89	-	-	-	-	-	336,629,133.67	-
Sichuan Cuiya Education Technology Co., Ltd. ("Cuiya Education") (Note 7)	-	-	-	-	-	-	-	-	-	-	-
Sichuan Digital World Culture Technology Co., Ltd. ("Digital World") (Note 8)	-	4,900,000.00	-	153,847.72	-	-	-	-	-	5,053,847.72	-
Subtotal	470,855,888.59	4,900,000.00	-	(3,502,974.37)	-	-	(4,500,000.00)	-	-	467,752,914.22	(6,647,345.57)
Total	748,393,704.39	4,900,000.00	-	23,887,314.33	-	-	(5,700,000.00)	-	-	771,481,018.72	(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, Winshare Logistics, a subsidiary of the Company, entered into an investment agreement with BLOGIS Holdings Limited and Chengdu Longchuang Investment Management Center (Limited Partnership) to jointly establish Winshare BLOGIS with a shareholding proportion of 45%, 40% and 15%, respectively. On 20 April 2023, Winshare Logistics transferred 45% of the equity interests in Winshare BLOGIS it held to the Company at RMB46,234,600.00. According to the latest articles of association of Winshare BLOGIS, the resolutions of Winshare BLOGIS on the events such as annual financial budget plan, final accounting plan, profit distribution and making up losses plans etc. must be approved by the shareholders representing more than 50% of the voting power. Therefore, Winshare BLOGIS is an associate of the Group.
- Note 3:* As a limited partner, Winshare Investment, a subsidiary of the Company, contributed 56.34% of the total subscribed capital to Fuzhou Winshare. According to the partnership agreement of Fuzhou Winshare, the investment decision-making committee is responsible for the decision of fund projects. Winshare Investment holds 25% of the voting rights in the investment decision-making committee, by which it can exert significant influence on Fuzhou Winshare. Therefore, Fuzhou Winshare is an associate of the Group.
- Note 4:* In July 2019, Sichuan Tiandi Publishing House Co., Ltd., 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, Chengdu Lianxiang Future Technology Partnership (Limited Partnership), Sichuan Cable Radio and Television Network Co., Ltd. and Sichuan Rennixue Education Technology Co., Ltd., jointly establishing Cuiya Education, with a shareholding proportion of 18%, 34%, 18%, 15%, 11% and 4% respectively. According to the articles of association of Cuiya Education, the Company has appointed one director to Cuiya Education. The chairman of the board of directors shall be recommended by the Company and elected and removed by more than half of the directors of the board of directors. As the Company is able to exercise significant influence over Cuiya Education, Cuiya Education is an associate of the Group.

Note 8: On 12 March 2023, Digital Publishing, a subsidiary of the Company, and Sichuan New Media Group Co., Ltd. jointly established Digital World, with the shareholding ratios of the two parties being 49% and 51%, respectively. According to the articles of association of Digital World, the Group 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:

RMB

Item	Balance at the end of the current year		Balance at the end of the prior year	
	Unrecognized investment losses for the current year	Accumulated unrecognized investment losses	Unrecognized investment losses for the prior year	Accumulated unrecognized investment losses
Guizhou Winshare	–	5,557,990.70	–	5,557,990.70
Fudou Technology	520,055.33	4,107,755.57	698,000.00	3,587,700.24
Cuiya Education	(95,946.05)	2,737.51	98,683.56	98,683.56
Xinhua Yingxuan	15,322,580.56	16,119,001.26	796,420.70	796,420.70
Total	15,746,689.84	25,787,485.04	1,593,104.26	10,040,795.20

11. OTHER EQUITY INSTRUMENT INVESTMENTS

(1) Details of other equity instruments investments

RMB

Item	Balance at the beginning of the current year	Increase in investment	Decrease in investment	Changes in the current year			Balance at the end of the current year	Dividend income recognized in the current year	Accumulated gain included in other comprehensive income	Accumulated loss included in other comprehensive income	Reason for FTOCI designation
				Gain included in other comprehensive income for the current year	Loss included in other comprehensive income for the current year	Others					
Anhui Xinhua Media Co., Ltd. ("Wan Xin Media")	649,374,400.00	-	-	216,873,600.00	-	-	866,248,000.00	23,058,400.00	679,832,672.00	-	The investment is not held for the purpose of selling it in the near term for short-term gains.
Jiangsu Hageong Intelligent Robot Co., Ltd. ("HGZN")	924,678.88	-	-	-	396,482.95	-	528,195.93	-	-	255,360.91	
Bank of Chengdu Co., Ltd. ("Bank of Chengdu")	1,224,000,000.00	-	-	-	323,200,000.00	-	900,800,000.00	61,434,400.00	660,800,000.00	-	
Others	375,393.81	-	-	-	-	-	375,393.81	3,852.00	-	1,646,699.35	
Total	1,874,674,472.69	-	-	216,873,600.00	323,596,482.95	-	1,767,951,589.74	84,496,652.00	1,340,632,672.00	1,902,060.26	

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

12. OTHER NON-CURRENT FINANCIAL ASSETS

	<i>RMB</i>	
Item	Balance at the end of the current year	Balance at the end of the prior year
Citic Buyout Investment Fund (Shenzhen) Partnership (Limited Partnership) ("CITIC Buyout") (Note 1)	73,747,350.58	134,475,241.07
Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership (Limited Partnership) ("Winshare Hengxin") (Note 2)	44,208,480.95	141,943,260.43
Qingdao Goldstone Zhixin Investment Center (Limited Partnership) ("Qingdao Goldstone") (Note 3)	293,410.55	91,159,133.59
Ningbo Meishan Free Trade Port Winshare Dingsheng Equity Investment Partnership (Limited Partnership) ("Winshare Dingsheng") (Note 4)	77,426,838.97	97,069,238.93
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) ("Culture Investment Jinwen") (Note 6)	39,939,517.81	–
Goldstone Growth Equity Investment (Hangzhou) Partnership (Limited Partnership) ("Goldstone Growth") (Note 7)	29,927,440.57	–
Zhongjin Qichen Phase II (Wuxi) Emerging Industry Equity Investment Fund Partnership (Limited Partnership) ("Zhongjin Qichen Phase II") (Note 8)	122,853,320.14	–
Sinopec Marketing Co., Ltd. ("Sinopec Marketing Company") (Note 9)	57,686,589.45	–
Total	449,082,949.02	467,646,874.02

Note 1: Losses from changes in fair values for the current year were RMB28,850,254.10, and the recovery of the exit money due to liquidation of investment project totaled RMB31,877,636.39.

Note 2: Gains from changes in fair values for the current year were RMB29,952,477.91, and the recovery of the exit money due to liquidation of investment project totaled RMB127,687,257.39.

Note 3: Losses from changes in fair values for the current year were RMB33,179,133.59. Dividends of RMB4,200,922.26 were received from Qingdao Goldstone for the current year, which were included in investment income. During the current year, Qingdao Goldstone distributed the equity interests in Sinopec Marketing Company it held in proportion to the shareholding of each partner, among which Winshare Investment was distributed a fair value of RMB57,686,589.45 of equity interests in Sinopec Marketing Company, which were included in other non-current financial assets.

Note 4: Losses from changes in fair values for the current year were RMB27,659,333.65, new investment cost amounted to RMB28,420,265.77 and the recovery of the exit money due to liquidation of investment project amounted to RMB20,403,332.08.

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

Note 6: On 1 August 2023, the Company entered into a partnership agreement to invest RMB40,000,000.00 in Culture Investment Jinwen, holding 19.90% subscription ratio of its limited partner interest. Losses from changes in fair value for the current year were RMB60,482.19.

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, invested RMB30,000,000.00 in Goldstone Growth, holding 3.05% subscription ratio of its limited partner shares. Losses from changes in fair value for the current year were RMB72,559.43.

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, invested in Zhongjin Qichen Phase II at an amount of RMB120,000,000.00, holding 8.73% subscription ratio of its limited partner share. In the current year, the gain from changes in fair value was RMB2,853,320.14, and transaction costs of RMB2,004,413.57 had been included in investment losses.

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 RMB2,127,311.95 were received from Sinopec Marketing Company for the current year, which were included in investment income.

13. FIXED ASSETS

(1) Fixed assets

Item	<i>RMB</i>				Total
	Buildings	Machinery and equipment	Electronic equipment and others	Transportation vehicles	
Cost as at 31 December 2023	3,022,488,079.44	352,318,764.52	225,112,096.92	128,254,795.27	3,728,173,736.15
Accumulated depreciated as at 31 December 2023	831,690,505.10	276,075,320.84	164,093,317.56	75,560,424.68	1,347,419,568.18
Provision for impairment of fixed assets as at 31 December 2023	15,996.52	-	-	-	15,996.52
Carrying amount as at 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

(2) As at the end of the Reporting Period, fixed assets of which certificates of title have not been obtained amounted to RMB165,343,317.37 in aggregate, and fixed assets of which certificates of title have not been obtained had no significant impact on the Group's operations.

(3) As at the end of the current year, there were no temporary idle fixed assets included in the Group's major operational fixed assets.

14. GOODWILL

(1) Original amount of goodwill

Name of the investee or item resulting in goodwill	<i>RMB</i>			Balance at the end of the Year
	Balance at the beginning of the Year	Increase in the current year Incurred by business combination	Decrease in the current year Changes in scope of consolidation	
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	3,851,606.53	-	3,306,977.07	544,629.46
Total	626,504,513.77	-	3,306,977.07	623,197,536.70

(2) Provision for impairment of goodwill*RMB*

Name of the investee or item resulting in goodwill	Balance at the beginning of the Year	Increase in the current year Incurred by business combination	Decrease in the current year Changes in scope of consolidation	Balance at the end of the Year
Acquisitions of fifteen publishing companies	-	-	-	-
Acquisition of Liangshanzhou Xinhua Bookstore	-	-	-	-
Others	3,851,606.53	-	3,306,977.07	544,629.46
Total	3,851,606.53	-	3,306,977.07	544,629.46

(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

(4) Detailed determination method of recoverable amount

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

RMB

Item	Carrying value (Note)	Recoverable amount	Impairment amount	Forecast period	Key parameters of forecast period (growth rate, profit margin, etc.)	Basis for the determination of parameters of forecast period	Key parameters of stable period (growth rate, profit margin, discount rate, etc.)	Basis for the determination of key parameters of stable period
Three of the fifteen publishing companies	3,098,497,870.58	5,948,120,060.48	-	5 years	Growth rate: 1%-3% Profit margin: 34.48%-35.17%	Determined based on the performance achieved in the previous five years of the historic years (2019 to 2023)	Growth rate: 1% Profit margin: 34.48% Discount rate: 11%-12%	The growth rate and profit margin are consistent with the last forecast year; the discount rate is formulated based on the specific risks of the publishing business.
Liangshanzhou Xinhua Bookstore	942,716,024.57	1,368,399,828.20	-	5 years	Growth rate: 1%-2% Profit margin: 21.53%-28.73%	Determined based on the performance achieved in the previous five years of the historic years (2019 to 2023)	Growth rate: 1% Profit margin: 21.53% Discount rate: 11%-12%	The growth rate and profit margin are consistent with the last forecast year; the discount rate is formulated based on the specific risks of the textbooks and supplementary materials distribution and general books sale business.
Total	4,041,213,895.15	7,316,519,888.68	-	-	-	-	-	-

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

15. DEFERRED TAX ASSETS/DEFERRED TAX LIABILITIES

(1) Deferred tax assets not yet offset

RMB

Item	Balance at the end of the current year		Balance at the end of the prior year	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment losses of assets	808,139,056.44	124,465,419.71	142,485,080.31	23,891,140.32
Employee benefits payable	60,774,016.72	9,116,102.51	-	-
Difference between tax base and accounting base in deferred income	32,457,656.43	4,868,648.46	-	-
Difference between tax base and accounting base in expected returns of goods	117,788,324.69	17,668,248.70	-	-
Difference between tax base and accounting base in lease liabilities	308,430,484.50	46,264,572.68	-	-
Total	1,327,589,538.78	202,382,992.06	142,485,080.31	23,891,140.32

Note: In accordance with the Announcement on Tax Policies for the Transformation of Operating Cultural Institutions into Enterprises for Continuous Implementation of Cultural System Reform (Cai Shui [2023] No. 71) issued by the MoF, State Taxation Administration and Publicity Department, the Company and its subsidiaries, Beijing Shuchuan, Xinhua Online, Sichuan Cultural Communication and the Company's thirteen publishing units no longer enjoy enterprise income tax exemption from 1 January 2024. Liangshanzhou Xinhua Bookstore, a subsidiary of the Company, will no longer enjoy enterprise income tax exemption from 1 January 2026. The Company and some of its subsidiaries are eligible for the enterprise income tax preferential policy of the encouraged industries in Western China included in the Notice on Renewing the Enterprise Income Tax Policy for Great Western Development (Notice of the MoF [2020] No. 23) issued by the MoF, the State Taxation Administration, and the National Development and Reform Commission, pursuant to which the management of the Group recognized deferred tax assets and deferred tax liabilities respectively for the temporary differences of the above-mentioned companies according to their future applicable tax rate of 15%.

(2) Deferred tax liabilities not yet offset

RMB

Item	Balance at the end of the current year		Balance at the end of the prior year	
	Deductible temporary differences	Deferred tax liabilities	Deductible temporary differences	Deferred tax liabilities
Differences between carrying amount and fair value in the acquisition of subsidiary	64,981,412.98	16,245,353.24	69,439,455.12	17,359,863.78
Changes in the fair value of other equity instrument investments (Note 2)	1,340,861,600.62	201,152,132.96	625,411.57	156,352.90
Changes in the fair value of other non-current financial assets	54,442,851.30	9,122,802.48	17,738,703.46	4,434,675.87
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 (Note 2)	283,367,159.00	42,505,073.85	-	-
Investment in associates accounted for using the equity method (Note 2)	220,314,312.23	33,047,146.83	-	-
Refund costs receivable (Note 2)	104,169,454.67	15,625,418.19	-	-
Others	210,752.30	10,816.01	300,396.00	7,509.90
Total	2,275,982,752.10	369,617,545.81	295,739,175.15	73,867,204.70

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.

Note 2: For details, please refer to the Note of Note 15. (1).

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

RMB

Item	Offsetting amount of deferred tax assets and liabilities at the end of the current year	Balance of deferred tax assets or liabilities, net of offsetting amount, at the end of the current year	Offsetting amount of deferred tax assets and liabilities at the beginning of the current year	Balance of deferred tax assets or liabilities, net of offsetting amount, at the beginning of the current year
Deferred tax assets	151,981,738.44	50,401,253.62	–	23,891,140.32
Deferred tax liabilities	151,981,738.44	217,635,807.37	–	73,867,204.70

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

RMB

Item	Balance at the end of the current year	Balance at the end of the prior year
Deductible temporary differences	667,962,551.16	273,279,465.66
Deductible taxable losses	135,859,733.81	234,388,946.48
Total	803,822,284.97	507,668,412.14

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

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

RMB

Year	Balance at the end of the current year	Balance at the end of the prior year
2023	–	21,833,237.80
2024	25,586,383.06	33,165,325.07
2025	16,809,175.90	28,046,752.32
2026	21,407,684.45	81,552,210.33
2027	34,581,267.42	69,791,420.96
2028	37,475,222.98	–
Total	135,859,733.81	234,388,946.48

16. OTHER NON-CURRENT ASSETS

RMB

Item	Balance at the end of the current year	Balance at the end of the prior year
Prepaid land funds	35,355,838.00	47,145,880.00
VAT input tax to be deducted (<i>Note 1</i>)	8,670,076.79	3,156,359.29
Prepaid purchase price for property	41,875,311.40	7,796,319.82
Term deposits (<i>Note 2</i>)	756,272,309.80	576,631,252.56
Quality guarantee money	13,497,664.54	15,808,962.69
Prepaid price for equipment	9,761,080.00	—
Total	865,432,280.53	650,538,774.36

Note 1: The VAT input tax to be deducted is the VAT input tax that the Group expects to deduct in the following year.

Note 2: Term deposits are fixed deposits and interests that the Group cannot withdraw in advance or does not intend to withdraw in advance within one year, with corresponding interest rates ranging 2.90% to 3.55% (31 December 2022: 3.55% to 4.015%).

17. ACCOUNTS PAYABLE

Details of aging analysis of accounts payable are as follows:

RMB

Item	Balance at the end of the current year	Balance at the end of the prior year
Within 1 year	4,146,690,498.29	4,125,975,181.60
More than 1 year but not exceeding 2 years	719,572,866.87	827,377,961.30
More than 2 years but not exceeding 3 years	260,061,257.71	266,457,368.57
More than 3 years	343,733,473.89	204,589,151.46
Total	5,470,058,096.76	5,424,399,662.93

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

18. CONTRACT LIABILITIES

(1) Presentation of contract liabilities

	<i>RMB</i>	
Item	Balance at the end of the current year	Balance at the end of the prior year
Advanced receipts for sold goods	607,247,731.49	580,902,310.97
Membership card points	614,096.99	3,197,828.27
Total	607,861,828.48	584,100,139.24

The Group had no important contract liabilities aged over 1 year.

- (2) During the current year, the Group recognized revenue of RMB580,902,310.97 arising from advanced receipts for sold goods which was within the carrying amount of contract liabilities at the beginning of the year. It is expected that carrying amount of advanced receipts for sold goods at the end of 2023 will be recognized as revenue in 2024.

(3) Analysis on related contract liabilities

The Group's receipts in advance for goods sold are mainly advanced receipts from books sold to customers such as students and presale of book purchase cards in retail stores, and these transaction funds are recognized as contract liabilities upon receipt. For advanced receipts from book sales, revenue is recognized upon transfer of control of related goods to customers.

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

19. OTHER PAYABLES

(1) Total other payables

	<i>RMB</i>	
Item	Balance at the end of the current year	Balance at the end of the prior year
Interest payables	–	2,000.00
Dividend payables	222,091,380.00	–
Other payables	342,084,724.54	404,372,959.26
Total	564,176,104.54	404,374,959.26

(2) Dividend payables

	<i>RMB</i>	
Item	Balance at the end of the current year	Balance at the end of the prior year
Dividend payables – Chengdu Hua Sheng (Group) Industry Co., Ltd.	9,600,480.00	–
Dividend payables – Sichuan Xinhua Publishing and Distribution Group	95,794,610.94	–
Dividend payables – Other A Shareholders	37,147,611.06	–
Dividend payables – Other H Shareholders	79,548,678.00	–
Total	222,091,380.00	–

(3) Other payables by nature

	<i>RMB</i>	
Item	Balance at the end of the current year	Balance at the end of the prior year
Amounts due to related parties	7,455,829.98	13,443,862.08
Security deposit/deposit/quality warranty/ performance security	90,104,757.33	85,885,293.56
Construction and infrastructure construction expenses	39,583,858.78	74,841,393.92
Amounts due to/from other entities	6,844,834.63	7,107,764.78
Others	198,095,443.82	223,094,644.92
Total	342,084,724.54	404,372,959.26

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

20. SHARE CAPITAL

RMB

Item	1 January 2023	Changes for the current year				Subtotal	31 December 2023
		Issue of new shares	Bonus issue	Capitalization of surplus reserve	Others		
Total number of shares	<u>1,233,841,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,233,841,000.00</u>

RMB

Item	1 January 2022	Changes for the current year				Subtotal	31 December 2022
		Issue of new shares	Bonus issue	Capitalization of surplus reserve	Others		
Total number of shares	<u>1,233,841,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,233,841,000.00</u>

21. RETAINED PROFITS

RMB

Item	Current year	Prior year	Proportion of appropriation or distribution
Retained profits at the beginning of the Year	6,083,770,928.98	5,227,141,020.57	
Add: Net profit attributable to shareholders of the parent for the current year	1,579,146,004.64	1,396,673,063.27	
Less: Appropriation to statutory surplus reserve	140,288,724.76	145,214,034.86	(1)
Distribution of dividends on ordinary shares	641,597,320.00	394,829,120.00	(2)
Retained profits at the end of the Year	6,881,030,888.86	6,083,770,928.98	(3)

(1) Appropriation to statutory surplus reserve

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

(2) Cash dividends approved at shareholders' meeting

On 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) (prior year: RMB0.32 (tax-inclusive)) and the total cash dividends of RMB419,505,940.00 (tax-inclusive) (prior year: RMB394,829,120.00 (tax-inclusive)) were distributed. 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) (prior year: nil) and the total cash dividends of RMB222,091,380.00 (tax-inclusive) (prior year: nil) were distributed.

The total cash dividends declared by the Company during the current year amounted to RMB641,597,320.00.

(3) Appropriation to surplus reserve by subsidiaries

At the end of the current year, the balance of the Group's retained profits includes the surplus reserve of RMB182,108,211.63 (31 December 2022: RMB179,944,011.83) appropriated to subsidiaries.

22. OPERATING INCOME AND OPERATING COSTS

(1) Classification

	<i>RMB</i>	
Item	Amount recognized in the current year	Amount recognized in the prior year
Principal operating income (<i>Note 1</i>)	11,689,548,656.46	10,778,208,745.73
Other operating income (<i>Note 2</i>)	178,941,768.73	152,093,741.57
Total operating income	11,868,490,425.19	10,930,302,487.30
Operating costs of main business	7,335,035,882.02	6,900,379,983.70
Other operating costs	18,141,282.38	12,781,443.23
Total operating costs	7,353,177,164.40	6,913,161,426.93

Note 1: Included in principal operating income was revenue from textbooks and supplementary materials relevant student books sold of RMB2,104,331,436.48 (2022: RMB1,919,895,234.87).

Note 2: Included in other operating income was commissions from concessionaire sales of RMB30,784,987.39. Among which, gross revenue from concessionaire sales was RMB219,302,094.76 and gross cost from concessionaire sales was RMB188,517,107.37 (2022: commissions from concessionaire sales of RMB31,323,601.52. Among which, gross revenue from concessionaire sales was RMB213,005,646.03 and gross cost from concessionaire sales was RMB181,682,044.51).

(2) Income incurred by contracts is as follows:

RMB

Sub-channel	Operating income of the main business		Operating costs of the main business	
	Amount recognized in the current year	Amount recognized in the prior year	Amount recognized in the current year	Amount recognized in the prior year
I. Publication segment				
Textbooks and supplementary materials	1,556,271,062.60	1,419,178,942.98	897,538,938.66	809,485,273.83
General books	1,008,286,358.42	977,127,708.90	753,499,264.25	685,338,570.98
Printing and supplies	350,284,808.10	285,455,544.69	311,644,684.79	246,331,625.58
Newspapers and journals	52,413,052.22	50,914,736.31	27,700,888.19	28,204,867.69
Others	20,202,146.52	13,816,683.56	8,860,439.42	6,719,845.09
Subtotal	2,987,457,427.86	2,746,493,616.44	1,999,244,215.31	1,776,080,183.17
II. Distribution segment				
Textbooks and supplementary materials	4,612,499,335.07	4,140,298,981.82	2,843,675,739.34	2,675,108,076.60
General books	5,522,469,769.30	5,171,954,555.37	4,005,050,825.24	3,804,806,875.23
Education informatized and others	352,000,531.99	335,684,793.05	276,714,387.10	272,258,898.72
Subtotal	10,486,969,636.36	9,647,938,330.24	7,125,440,951.68	6,752,173,850.55
III. Others	433,181,626.51	423,107,254.81	379,833,831.95	384,464,476.38
Less: Inter-segment elimination	2,218,060,034.27	2,039,330,455.76	2,169,483,116.92	2,012,338,526.40
Total	11,689,548,656.46	10,778,208,745.73	7,335,035,882.02	6,900,379,983.70

Note: In order to meet the diversified learning and reading needs of customers, the Group provides customers with more targeted services and products by further sorting out product classification and adjusting the above disclosure standards.

Details of publication segment and distribution segment and other details are set out in Note 25.

(3) Details of performance obligation

Item	Time of obligation performance	Important payment term	Nature of goods transferred as committed by the Company	Main responsible person?	Amounts borne by the Company that are expected to be returned to customers	Types of quality assurance provided by the Company and related obligation
Sales of books and printing supplies	At the time of delivery	Nil	Self-owned, stenciling-rent or outsourcing	Yes	-	Providing guarantee-type quality assurance does not form a separate performance obligation
Education informatized and equipment business	At the time of delivery	2-5 years by installments	Self-developed or outsourcing	Yes	-	Providing guarantee-type quality assurance does not form a separate performance obligation

In addition to the education informatized and equipment business, the Group's 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 informatized and equipment business, the Group, as the main responsible person, performs the performance business at the time of delivery. The contracts stipulate that payments shall be collected in installments over 2-5 years. The contracts do not contain important amounts expected to be returned to customers, and providing guarantee-type quality assurance does not form a separate performance obligation.

23. INVESTMENT INCOME

Item	<i>RMB</i>	
	Amount recognized in the current year	Amount recognized in the prior year
Income from long-term equity investments under equity method	23,887,314.33	13,417,994.42
Investment income obtained during the holding of other non-current financial assets	4,323,820.64	2,043,923.69
Dividend income obtained during the holding of other equity instrument investments	84,496,652.00	71,588,800.00
Investment income from disposal of held-for-trading financial assets	68,996.44	24,805,244.02
Investment loss from disposal of long-term equity investments (<i>Note</i>)	(54,160,591.53)	-
Total	58,616,191.88	111,855,962.13

Note: It refers to the investment loss as a result of the Group's losing control over Sichuan Xinhua Shang Paper Co., Ltd. ("**Xinhua Shang**") and Xinhua Winshare Commercial Chain (Beijing) Co., Ltd. ("**Beijing Winshare Commercial**"), which resulted in the Group no longer including them in the scope of consolidation for its financial statements. For details, please refer to Note 29.

24. GAIN (LOSS) FROM FAIR VALUE CHANGE

RMB

Source of gains from fair value change	Amount recognized in the current year	Amount recognized in the prior year
Financial assets at FVTPL	(57,013,180.91)	(135,138,551.26)
Including: Other non-current financial assets	(57,015,964.91)	(135,132,509.90)
Held-for-trading financial assets	<u>2,784.00</u>	<u>(6,041.36)</u>
Total	<u>(57,013,180.91)</u>	<u>(135,138,551.26)</u>

25. SEGMENT REPORTING

Based on the Group's internal organization structure, management requirements and internal reporting system, the operations of the Group are classified into two reporting segments, which are publication segment and distribution segment. The reporting segments are determined based on the Group's business type. The Group's management periodically evaluates the operating results of these reporting segments to make decisions about resources to be allocated to the segments and assess their performance.

Major products and services delivered or provided by each of the reporting segments of the Group are:

Publication segment: Publishing of publications including books, journals, audio-visual products and digital products; provision of printing services and supply of printing materials; and

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

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

Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management. The accounting policies and measurement criteria are consistent with the accounting policies and measurement criteria adopted in the preparation of the financial statements.

(1) Segment reporting information***Current year****RMB*

	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
Principal operating income	2,987,457,427.86	10,486,969,636.36	433,181,626.51	-	(2,218,060,034.27)	11,689,548,656.46
Operating costs of main business	1,999,244,215.31	7,125,440,951.68	379,833,831.95	-	(2,169,483,116.92)	7,335,035,882.02
Total assets	<u>8,599,795,205.59</u>	<u>14,771,031,767.39</u>	<u>1,198,050,642.51</u>	<u>1,816,904,624.17</u>	<u>(4,598,218,865.34)</u>	<u>21,787,563,374.32</u>
Total liabilities	<u>3,506,818,267.08</u>	<u>8,318,972,628.12</u>	<u>505,786,859.34</u>	<u>441,797,316.49</u>	<u>(4,399,967,867.82)</u>	<u>8,373,407,203.21</u>

Prior year*RMB*

	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
Principal operating income	2,746,493,616.44	9,647,938,330.24	423,107,254.81	-	(2,039,330,455.76)	10,778,208,745.73
Operating costs of main business	1,776,080,183.17	6,752,173,850.55	384,464,476.38	-	(2,012,338,526.40)	6,900,379,983.70
Total assets	<u>8,629,052,879.94</u>	<u>13,723,098,181.01</u>	<u>1,304,566,912.07</u>	<u>1,873,374,400.00</u>	<u>(4,878,704,813.66)</u>	<u>20,651,387,559.36</u>
Total liabilities	<u>3,508,441,413.79</u>	<u>8,642,954,709.34</u>	<u>546,180,394.82</u>	<u>2,070,128.40</u>	<u>(4,710,292,447.05)</u>	<u>7,989,354,199.30</u>

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

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

(3) Concentration on major customers

The Group's revenue from its single largest customer for the current year is RMB1,065,063,854.18 (prior year: RMB1,059,549,897.17), which is attributable to the distribution segment. Apart from the aforesaid single largest customer, the Group has no external customer from which the revenue accounts for 10% or more of the total revenue in the current year and prior year.

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

26. INCOME TAX EXPENSES

	<i>RMB</i>	
Item	Amount recognized in the current year	Amount recognized in the prior year
Current tax calculated according to tax laws and relevant requirements	19,419,803.82	9,322,112.88
Tax filing differences	(860,757.28)	966,761.32
Deferred income tax expenses	(83,737,290.69)	(21,724,351.12)
Total	<u>(65,178,244.15)</u>	<u>(11,435,476.92)</u>

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

			<i>RMB</i>
Item	Amount recognized in the current year	Amount recognized in the prior year	
Accounting profit	1,563,172,061.16	1,379,799,651.29	
Income tax expenses calculated at 25%	390,793,015.29	344,949,912.82	
Tax concessions	(457,515,429.89)	(411,024,306.45)	
Effect of non-deductible expenses	25,205,652.66	22,786,375.98	
Effect of non-assessable income	(21,655,990.99)	(18,140,200.00)	
Effect of utilization of deductible losses for which no deferred income tax asset was recognized in the prior period	(2,439,038.06)	(3,339,660.84)	
Effect of utilization of deductible temporary differences for which no deferred income tax asset was recognized in the prior period	(8,000,173.29)	(2,865,720.15)	
Effect of deductible temporary differences or deductible losses for which no deferred income tax asset was recognized during the current year	123,110,830.17	55,231,360.40	
Tax filing differences	(860,757.28)	966,761.32	
Tax effect of tax rate adjustment on the balance of deferred tax assets at the beginning of the period	(113,816,352.76)	—	
Total	(65,178,244.15)	(11,435,476.92)	

27. OTHER COMPREHENSIVE INCOME

								<i>RMB</i>
								Changes for the current year
Item	1 January 2023	Amount before income tax for the current year	Less: Income tax expenses	Post-tax amount attributable to the owner of the parent	Post-tax amount attributable to the non- controlling shareholders	Less: Other comprehensive income that is transferred to retained earnings	31 December 2023	
Other comprehensive income that cannot be reclassified into profit or loss	1,445,418,214.18	(106,722,882.95)	200,995,780.06	(307,718,663.01)	—	—	1,137,699,551.17	
Including: Changes in fair value of other equity instrument investments	1,445,418,214.18	(106,722,882.95)	200,995,780.06	(307,718,663.01)	—	—	1,137,699,551.17	

								<i>RMB</i>
								Changes for the current year
Item	1 January 2022	Amount before income tax for the current year	Less: Income tax expense	Post-tax amount attributable to the owner of the parent	Post-tax amount attributable to the non- controlling shareholders	Less: Other comprehensive income that is transferred to retained earnings	31 December 2022	
Other comprehensive income that cannot be reclassified into profit or loss	1,178,842,757.57	266,603,008.82	27,552.21	266,575,456.61	—	—	1,445,418,214.18	
Including: Changes in fair value of other equity instrument investments	1,178,842,757.57	266,603,008.82	27,552.21	266,575,456.61	—	—	1,445,418,214.18	

28. CALCULATION PROCESS OF EARNINGS PER SHARE

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

	<i>RMB</i>	
	Amount recognized in the current year	
	Amount recognized in the prior year	
Net profit for the current period attributable to ordinary shareholders	1,579,146,004.64	1,396,673,063.27
Including: Net profit from continuing operations	1,579,146,004.64	1,396,673,063.27

For the purpose of calculating basic earnings per share, the denominator is the weighted average number of outstanding ordinary shares and its calculation process is as follows:

	<i>Number of shares</i>	
	Current year	Prior year
Number of ordinary shares outstanding at the beginning of year	1,233,841,000	1,233,841,000
Number of ordinary shares outstanding at the end of year	1,233,841,000	1,233,841,000

Earnings per share:

	<i>RMB</i>	
	Current year	Prior year
Net profit for the current period attributable to ordinary shareholders divided by number of ordinary shares outstanding at the end of year	1.28	1.13
Net profit for the current period attributable to ordinary shareholders and attributable to continuing operation divided by number of ordinary shares outstanding at the end of year	1.28	1.13

The Company has no dilutive potential ordinary shares.

29. CHANGES IN SCOPE OF CONSOLIDATION

Other reasons for changes in the scope of consolidation

RMB

Name of company	Disposal method of equity interests	Date of loss of control	Net assets as at date of loss of control	Accumulated loss as at date of loss of control	Net loss from the beginning of the current year to date of loss of control
Xinhua Shang	Loss of control upon performance of duties by the bankruptcy administrator	15 December 2023	(18,309,393.18)	(36,131,324.43)	(99,693.98)
Beijing Winshare Commercial	Loss of control upon performance of duties by the bankruptcy administrator	21 December 2023	(150,199,269.30)	(279,499,269.30)	(13,360,794.87)

- (1) The bankruptcy liquidation application of Xinhua Shang, a subsidiary of the Group, has been accepted by the relevant court. Upon the performance of duties by the bankruptcy administrator from 15 December 2023, the Group has lost control over Xinhua Shang and no longer includes it in the scope of consolidation of the Group. Investment loss amounted to RMB5,063,591.68 was incurred as a result of the loss of control over Xinhua Shang.
- (2) The bankruptcy liquidation application of Beijing Winshare Commercial, a subsidiary of the Group, has been accepted by the relevant court. Upon the performance of duties by the bankruptcy administrator from 21 December 2023, the Group has lost control over Beijing Winshare Commercial and no longer includes it in the scope of consolidation of the Group. Investment loss amounted to RMB49,096,999.85 was incurred as a result of the loss of control over Beijing Winshare Commercial.

30. EVENTS AFTER THE BALANCE SHEET DATE

At the board meeting held on 27 March 2024, the resolution regarding the profit distribution for 2023 was passed where the undistributed profit at the end of 2023 was distributed at the price of RMB0.40 (tax inclusive) and the proposed dividend amounted to RMB493,536,400.00 (tax inclusive). The resolution shall take effect upon obtaining approval at the annual general meeting for 2023 to be held in May 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

(I) BUSINESS REVIEW

Industry Overview

2023 was the first year to comprehensively implement the spirit of the 20th National Congress of the Communist Party of China, a critical year for the implementation of the 14th Five-Year Plan and a crucial year for laying the foundation for comprehensively building a modernized socialist country. The National Propaganda, Ideology and Culture Work Conference was held in Beijing, which formally proposed and systematically elaborated on Xi Jinping's cultural thoughts, clarifying the historical mission of continuing to promote cultural prosperity, build a cultural power, and build the modern civilization of the Chinese nation at a new historical starting point, thus pointing out the direction of further improving the propaganda, ideology and culture work. The Government Work Report once again proposed "in-depth promotion of national reading", and included "public libraries" in the report for the first time, which effectively facilitated the development of national reading. The General Office of Publicity Department of the Central Committee of the Communist Party of China and the General Office of the Ministry of Culture and Tourism issued the "Notice on Promoting Physical Bookstores to Participate in Public Cultural Services", providing strong policy support for the high-quality development of physical bookstores. A series of policies and measures were introduced by the central and local governments to support cultural enterprises and boost cultural consumption, further enhancing confidence in the development of the industry.

According to the monitoring data published by Beijing OpenBook Co., Ltd., China's book retail market recorded a sales value of RMB91.2 billion in 2023, representing a year-on-year increase of 4.72%. It changed from negative growth in 2022 to positive growth, while actual value decreased by 7.04% year-on-year. From the perspective of different channels in the retail book market, short video e-commerce still showed rapid growth in 2023, with sales value increasing by 70.1% year-on-year, which became the main driving force for the growth of the overall retail market. The sales value for platform e-commerce, vertical and other e-commerce decreased by 3.68% and 10.08%, respectively. Meanwhile, the physical store channel still showed negative growth, with a year-on-year decrease in sales value of 18.24%. In 2023, 180,000 new book titles were on sale, representing a year-on-year increase of 7.3%.

At present, China attaches great importance to and strongly supports the cultural industry, effectively promoting the high-quality development of the publishing industry. The publishing industry is actively exploring new paths to integrate publishing. With the support of emerging technologies, the publishing industry is undergoing profound changes from content aggregation, production, dissemination, to marketing. At the same time, it is constantly integrating with other business formats and developing new business formats, so that new development opportunities emerge for the development of the publishing industry.

Results

In 2023, the Group conscientiously implemented the decisions and arrangements of the Party Central Committee and the Sichuan Provincial Committee on the development of the cultural industry, persisted in promoting high-quality development, and strove to become the first class in the country, thereby achieving both social benefits and economic benefits.

During the Year, the Group realized operating income of RMB11,868 million, representing a year-on-year increase of 8.58%, which was mainly attributable to the growth of sales in sectors such as textbooks and supplementary materials distribution and online sales of general books of the Group, as well as the growth in sales revenue brought by the merger and acquisition of Liangshanzhou Xinhua Bookstore. Net profit amounted to RMB1,628 million, representing a year-on-year increase of 17.04%, which was mainly attributable to the increase in gross profit brought by sales growth, changes in preferential tax policies for restructuring enterprises, and the fact that differences in carrying value and tax basis arising from different accounting standards and tax laws for items such as impairment provision, deferred income and financial assets of the Company and its subsidiaries had led to increases in net profit upon recognition of deferred income tax expenses.

Revenue

During the Year, the Group's revenue amounted to RMB11,868 million, representing an increase of 8.58% as compared to RMB10,930 million in the same period last year, which was mainly attributable to the growth of sales in sectors such as textbooks and supplementary materials distribution and online sales of general books of the Group, as well as the growth in sales revenue brought by the merger and acquisition of Liangshanzhou Xinhua Bookstore.

Operating costs

During the Year, the operating costs of the Group amounted to RMB7,353 million, representing an increase of 6.36% as compared to RMB6,913 million in the same period last year. Among which, the principal operating costs amounted to RMB7,335 million, representing a year-on-year increase of 6.30%.

Gross profit margin

During the Year, the consolidated gross profit margin of the Group was 38.04%, increased by 1.29 percentage points from 36.75% in the same period last year. Among which, the gross profit margin of principal businesses was 37.25%, increased by 1.27 percentage points from 35.98% in the same period last year.

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

RMB

Principal business by industry						
Industry	Operating income	Operating costs	Gross profit margin (%)	Change of operating income as compared with prior year (%)	Change of operating costs as compared with prior year (%)	Change of gross profit margin as compared with prior year (ppt)
Publication	2,987,457,427.86	1,999,244,215.31	33.08	8.77	12.56	(2.25)
Distribution	10,486,969,636.36	7,125,440,951.68	32.05	8.70	5.53	2.04
Others	433,181,626.51	379,833,831.95	12.32	2.38	(1.20)	3.19
Inter-segment elimination	(2,218,060,034.27)	(2,169,483,116.92)	–	–	–	–
Total	11,689,548,656.46	7,335,035,882.02	37.25	8.46	6.30	1.27
Principal business by product						
Product	Operating income	Operating costs	Gross profit margin (%)	Change of operating income as compared with prior year (%)	Change of operating costs as compared with prior year (%)	Change of gross profit margin as compared with prior year (ppt)
I. Publication	2,987,457,427.86	1,999,244,215.31	33.08	8.77	12.56	(2.25)
Textbooks and supplementary materials	1,556,271,062.60	897,538,938.66	42.33	9.66	10.88	(0.63)
General books	1,008,286,358.42	753,499,264.25	25.27	3.19	9.95	(4.59)
Printing and supplies	350,284,808.10	311,644,684.79	11.03	22.71	26.51	(2.68)
Newspapers and journals	52,413,052.22	27,700,888.19	47.15	2.94	(1.79)	2.55
Others	20,202,146.52	8,860,439.42	56.14	46.22	31.85	4.78
II. Distribution	10,486,969,636.36	7,125,440,951.68	32.05	8.70	5.53	2.04
Textbooks and supplementary materials	4,612,499,335.07	2,843,675,739.34	38.35	11.40	6.30	2.96
General books	5,522,469,769.30	4,005,050,825.24	27.48	6.78	5.26	1.05
Education informatized and others	352,000,531.99	276,714,387.10	21.39	4.86	1.64	2.50
III. Others	433,181,626.51	379,833,831.95	12.32	2.38	(1.20)	3.19
Including: Logistics services	410,161,640.94	367,925,338.06	10.30	(0.51)	(2.91)	2.22
Inter-segment elimination total	(2,218,060,034.27)	(2,169,483,116.92)				
Total	11,689,548,656.46	7,335,035,882.02	37.25	8.46	6.30	1.27

Principal business by region						
Region	Operating income	Operating costs	Gross profit margin (%)	Change of operating income as compared with prior year (%)	Change of operating costs as compared with prior year (%)	Change of gross profit margin as compared with prior year (ppt)
Within Sichuan Province	8,387,182,401.67	4,417,994,708.36	47.32	9.85	7.00	1.41
Outside Sichuan Province	3,302,366,254.79	2,917,041,173.66	11.67	5.06	5.26	(0.16)

Principal business by sales model						
Sales model	Operating income	Operating costs	Gross profit margin (%)	Change of operating income as compared with prior year (%)	Change of operating costs as compared with prior year (%)	Change of gross profit margin as compared with prior year (ppt)
Offline sales	6,429,090,021.50	3,781,916,546.12	41.17	6.34	3.28	1.74
Online sales	5,260,458,634.96	3,553,119,335.90	32.46	11.16	9.71	0.90
Total	11,689,548,656.46	7,335,035,882.02	37.25	8.46	6.30	1.27

Note: In order to meet the diversified learning and reading needs of customers, the Group provides customers with more targeted services and products by further sorting out product classification. During the period, the above disclosure standards were adjusted according to the new product classification.

ANALYSIS OF OPERATING DATA

1. Overview of Principal Business Segments

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

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

	Sales volume (10,000 copies)			Sales value			Operating income			Operating costs			Gross profit margin (%)		
	Prior year	Current period	Growth rate (%)	Prior year	Current period	Growth rate (%)	Prior year	Current period	Growth rate (%)	Prior year	Current period	Growth rate (%)	Prior year	Current period	Change (ppt)
Publication segment:															
Self-compiled textbooks and supplementary materials	10,542.72	10,085.48	(4.34)	128,210.42	124,301.09	(3.05)	65,311.39	63,588.53	(2.64)	30,998.34	30,859.42	(0.45)	52.54	51.47	(1.07)
Plate-leased textbooks and supplementary materials	15,013.16	17,420.60	16.04	111,155.24	133,906.25	20.47	70,515.49	85,434.45	21.16	44,725.69	53,207.85	18.96	36.57	37.72	1.15
General books	10,598.65	11,355.26	7.14	362,392.11	449,622.26	24.07	97,712.77	100,828.64	3.19	68,533.86	75,349.93	9.95	29.86	25.27	(4.59)
Printing of textbooks and supplementary materials on behalf of others	2,166.23	2,265.96	4.60	9,114.60	9,897.71	8.59	6,091.02	6,604.12	8.42	5,224.50	5,686.62	8.85	14.23	13.89	(0.33)
Distribution segment:															
Textbooks and supplementary materials	37,885.20	37,901.42	0.04	442,396.24	479,859.13	8.47	414,029.90	461,249.93	11.40	267,510.81	284,367.57	6.30	35.39	38.35	2.96
General books	25,046.45	25,725.08	2.71	816,009.92	896,629.19	9.88	517,195.46	552,246.98	6.78	380,480.69	400,505.08	5.26	26.43	27.48	1.05

RMB0,000

2. Operating data of various business segments

Publication segment

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

During the Year, revenue from the sales of the publication segment amounted to RMB2,987 million, representing an increase of 8.77% as compared with RMB2,746 million during the same period of last year, mainly due to the growth in sales of textbooks and supplementary materials, general books and printing supplies.

During the Year, gross profit margin of the publication segment was 33.08%, decreased by 2.25 percentage points from 35.33% for the same period of last year.

Major cost breakdown of the publication segment

RMB0,000

	Publication of textbooks and supplementary materials			Publication of general books		
	Prior year	Current period	Growth rate (%)	Prior year	Current period	Growth rate (%)
Plate-leased textbooks and supplementary materials expenses	9,722.94	10,327.10	6.21	N/A	N/A	N/A
Copyright fee	2,516.23	2,771.85	10.16	630.87	706.49	11.99
Author's remuneration	2,722.08	2,854.94	4.88	19,781.89	20,792.22	5.11
Printing costs	22,355.41	25,368.20	13.48	28,014.13	29,833.46	6.49
Paper costs	41,695.43	46,335.83	11.13	14,854.23	17,645.21	18.79
Documentation fee	756.12	928.77	22.83	4,217.68	5,108.43	21.12
Others	1,180.32	1,167.20	(1.11)	1,035.05	1,264.12	22.13

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

Textbooks and supplementary materials

Sichuan Education Publishing House Co., Ltd., a subsidiary of the Group, obtained the permit for book publication ([Shu] Tu Chu Zheng [Chuan] No. 009) from the National Press and Publication Administration with a validity up to 31 December 2029, and is qualified for the publication of supplementary materials on all subjects of primary and secondary schools. It mainly publishes textbooks and supplementary materials for sales within Sichuan Province.

In the face of multiple challenges and tests such as the further deepening of national education governance, and continuous adjustment of education policies in 2023, the Group focused on the fundamental task of cultivating virtuous talents, studied market changes, advanced reform and innovation, and carried out textbooks and supplementary materials publishing business with the professional strategy of differentiation, specialization and branding. By enhancing the research and development and promotion of new products and optimizing and adjusting some old products, both the quality of book content and market sales were significantly improved.

The Group paid close attention to changes in technological innovation, user needs, usage scenarios and consumption habits, actively and steadily promoted the integrated development of educational publishing, gradually transformed from paper book publishing to all-media publishing, and provided intelligent, characteristic and refined educational service products to improve the quality of educational services. The Group gathered high-quality education resources, content resources and technological resources to deeply integrate traditional paper publishing with digital publishing and offline education with online education in order to achieve multi-carrier presentation and multi-channel sales of publishing resources. The Group made effort to optimize the functions of the existing digital products by constantly expanding the book and audio resource contents of the exclusive channel of “Sichuan Education Learning” on Himalaya platform, and the Sichuan education version of textbooks, supplementary materials and activity resources for the “Sichuan Education Zone” of Winshare Youjiao platform. The Group also expanded the integrated development cooperation model, and focused on promoting content cooperation on hardware product terminals, providing readers with more choices of usage.

During the Year, the sales revenue of textbooks and supplementary materials under the Group’s publication segment amounted to RMB1,556 million, representing an increase of 9.66% as compared to RMB1,419 million in the same period last year, which was mainly attributable to the growth in plate-leased textbooks and supplementary materials, and the effect of the time difference between the sales from the publishing stage to the distribution stage. The cost of sales amounted to RMB898 million, representing an increase of 10.88% as compared to RMB809 million in the same period last year. The gross profit margin was 42.33%, slightly decreased from 42.96% for the same period last year.

General books

In 2023, under the guidance of the publication approach of advancing high-quality development of publishing, the Group adhered to the correct publishing orientation and practiced the concept of high-quality development. During the Year, the Group organized the publication of various themed publications such as *Set Sail: 1921 – Where the Communist Party of China Came from* (《啟航：1921－中國共產黨從哪裡來》) and *My Family's Stories in this "World"* (《我家的「人世間」故事》); and masterpieces such as *Di Kun* (《地坤》), *The Origin of Chinese Civilization* (《中國文明的起源》), *Meizhou Three Su: The Life Stories of Su Xun, Su Shi and Su Che* (《眉州三蘇：蘇洵、蘇軾與蘇轍的人生故事》) and *Panda Huahua* (《熊貓花花》). The Group steadily promoted the publishing projects of “Three Su Culture” (三蘇文化) and “Shu Road Culture” (蜀道文化), the China's Excellent Traditional Culture Inheritance and Innovation Publishing Project (中華優秀傳統文化傳承創新出版工程), the Bashu Excellent Traditional Culture Inheritance and Innovation Publishing Project (巴蜀優秀文化傳承創新出版工程), etc. Some books performed well in the market. For example, *China in Classics* (《典籍裡的中國》) has accumulated net shipments of more than 400,000 copies, with a net shipment value of RMB16 million.

Achieving significant social benefits, *Approaching Sanxingdui* (《走近三星堆》) won the 2022 “Chinese Good Books”, becoming the first three-dimensional book selected in the history of “Chinese Good Books”; *Study on Wu Zetian* (《武則天研究》), *Archaeology on the Qinghai-Tibet Plateau* (《青藏高原考古》) and *The Story Behind Returning to the Wolves* (《重返狼群背後的故事》) won the 8th China Outstanding Publication Book Award, while *Compilation of the Old History of the Five Dynasties* (《輯補舊五代史》) won the 8th China Outstanding Publication Book Nomination Award; six books including *We Come for Faith: The Story of Han Chun and Yang Zao* (《我們為信仰而來：寒春、陽早的故事》) were shortlisted as projects funded by the National Publishing Fund in 2023, seven books including *Liangshan Narrative* (《涼山敘事》) were supplementary selection of the 14th Five-Year Plan national publishing plan, *Chengdu-Kunming Railway* (《大成昆》) was selected as a key publication by the Publicity Department in 2023, *Communist Party of China's Leaders in Crisis Management* (《危機處理中的中共領袖們》) and *West China Experts Talk about Obesity* (《華西專家談肥胖症》) were selected into the “100 Books Favored by Farmers in 2023”, and six books including *Research on Cities in the Middle and Lower Reaches of the Yangtze River during the Wei, Jin, Southern and Northern Dynasties* (《魏晉南北朝時期長江中下游城市研究》) were selected as later stage funding projects by the National Social Science Fund of China.

In 2023, the Group's publication brand building achieved remarkable results. The Group's Mingqin Workshop published 15 new book varieties, with reprints of various best-selling products, achieving a publishing sales value of RMB233 million. Tianxi Culture published over 90 new book varieties, achieving a publishing sales value of RMB150 million, and nurtured a number of key projects each with sales value of over RMB10 million. Yi Juan Workshop published 19 new book varieties, with multiple books awarded at the national level. Whale Song Workshop published over 50 new book varieties.

During the Year, the Group's "Going Out" effort yielded fruitful results, and was among the best in the country. By participating in over 10 foreign exhibitions, the Group displayed almost 3,000 self-published selected book varieties, and held more than 80 external cultural exchange activities. 538 copyrights were exported, representing a year-on-year increase of 10%. The export value of books and journals amounted to RMB5.7 million, representing a year-on-year increase of 5%. All nine of the Group's publishing houses were selected into the top 100 in the 2023 Influence of Overseas Collections of Chinese Books, and the number of selected varieties ranked fourth among national publishing groups. The Group won 47 national and 35 provincial external communication awards throughout the Year, setting a new record high.

During the Year, the sales revenue of general books under the Group's publication segment amounted to RMB1,008 million, representing an increase of 3.19% as compared to RMB977 million in the same period last year. The cost of sales was RMB753 million, representing an increase of 9.95% as compared to RMB685 million in the same period last year; the gross profit margin was 25.27%, decreased by 4.59 percentage points as compared to 29.86% in the same period last year, which was mainly due to factors including the larger comprehensive discount and the change in sales structure during the Year.

Newspapers and journal

The Group has 13 newspaper and journal brands (comprising 2 newspapers and 11 journals, including newspapers and journals run by the publishing houses), covering culture, children, popular science, fashion and other categories. The audience covers all age groups from infants to middle-aged and elderly people. The newspapers and journal publication of the Group adheres to the concept of high-quality development, and the number of both original works and readership continues to grow. In 2023, the total reading volume of "Diyiduzhe – People's Reading Platform" (第一讀者全民閱讀平台) of Reader's Journal Press was nearly 30 million, and the total reading volume of "All media 3D communication platform Watch Panda" (看熊貓全媒體立體傳播平台) was over 20 million. Sichuan Pictorial newly opened on third-party platforms such as Diyiduzhe, Sohu, NetEase, and Baijia, with 2,632 posts and reading volume of over 2 million. More than 120,000 users have followed the official WeChat account of Publishing Commercial Weekly.

During the Year, a total of 23,693,900 copies of newspapers and journals were distributed by the Group. The sales revenue amounted to RMB52,413,100, increased by 2.94% year-on-year. The selling expenses amounted to RMB27,700,900, decreased by 1.79% year-on-year. The gross profit margin was 47.15%, increased by 2.55 percentage points as compared to 44.60% for the same period last year.

(2) Distribution segment

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

During the Year, revenue from the sales of the distribution segment amounted to RMB10,487 million, representing growth of 8.70% as compared with RMB9,648 million during the same period of last year, mainly benefitting from the sales growth of textbooks and supplementary materials distribution and online sales of general books businesses, as well as the growth in sales revenue brought by the merger and acquisition of Liangshanzhou Xinhua Bookstore.

During the Year, gross profit margin of the distribution segment of the Group was 32.05%, increased by 2.04 percentage points from 30.01% during the same period of last year, which was mainly due to the effect of the merger and acquisition of Liangshanzhou Xinhua Bookstore and the change in sales structure.

Textbooks and supplementary materials

The Company is the only enterprise in Sichuan Province possessing the qualifications to engage in the distribution of primary to secondary textbooks. Being the sole source supplier in Sichuan Province regarding the supply of textbooks to primary and secondary school students during their compulsory education, the Company enters into the purchase contract regarding free textbooks for students during compulsory education (義務教育階段學生免費教科書採購合同) with the provincial education office each school year. In 2023, the Company entered into the “government purchase contract regarding free textbooks for students during compulsory education in Sichuan Province from 2023 to 2024” (四川省2023-2024 學年義務教育階段學生免費教科書政府採購合同書).

During the Year, 379 million copies of textbooks and supplementary materials with sales value of RMB4,799 million were sold by the Group, achieving sales revenue of RMB4,612 million, representing an increase of 11.40% as compared to RMB4,140 million in the same period last year. The cost of sales amounted to RMB2,844 million, representing an increase of 6.30% as compared to RMB2,675 million in the same period last year. The gross profit margin was 38.35%, increased by 2.96 percentage points from 35.39% during the same period last year, which was mainly due to the merger and acquisition of Liangshanzhou Xinhua Bookstore in the end of the prior year, adding the distribution gross profit of the region.

General books

In 2023, the Group focused on the main businesses, created new space for cultural consumption, deeply promoted the integrated development of physical stores and cloud stores, actively integrated into the construction of public cultural service system, and made every effort in the distribution service of key themed current political publications. The Group continued to create the pattern of omni-channel and multi-scenario online reading services, improved the refined operation capabilities, and actively explored new business models. Moreover, the Group adjusted sales strategies, optimized product structure, and increased its refined marketing efforts, so that the general book distribution business achieved better results.

During the Year, 257 million copies of general books with sales value of RMB8,966 million were sold by the Group. The sales revenue amounted to RMB5,522 million, representing a year-on-year increase of 6.78%, mainly benefitting from the sales growth of student readings such as knowledge expansion and comprehensive practice. The cost of sales amounted to RMB4,005 million, representing a year-on-year increase of 5.26%. The gross profit margin was 27.48%, slightly increased from 26.43% for the same period last year. In particular, the sales revenue through third-party e-commerce platforms amounted to RMB1,901 million, accounting for 34.43% of the total revenue of general books.

Education informatized and others

The Group provided products and services including subject classroom, innovation education space and smart campus. During the Year, the Group further developed in the two directions of “integrated business” and “application-oriented business” focusing on the needs of different school semesters to provide corresponding products and services under the premise of guaranteed funding and effective projects.

In 2023, sales revenue of education informatized and others business of the Group amounted to RMB149 million, representing a year-on-year decrease of 45.53%, which was mainly due to the significant decline in local financial fund investment as compared with the same period of last year, and the smaller scale of projects. The Group continued to optimize its online service platform, covering a total of 6,190 schools, serving 4,662,300 students; the sales revenue from labor and practical education business amounted to RMB117 million, serving a student flow of 424,800; the sales revenue from teacher training business amounted to RMB43 million, serving a teacher flow of over 130,000.

(II) ANALYSIS OF OPERATING RESULTS AND FINANCIAL PERFORMANCE

Expenses

During the Year, the Group's selling expenses amounted to RMB1,403 million, representing an increase of 15.78% as compared to RMB1,211 million in the same period last year, mainly due to increase in expenses brought by the merger and acquisition of Liangshanzhou Xinhua Bookstore, and increase in promotion expenses, travel expenses, teacher training fees and labor cost brought by the sales growth.

During the Year, the Group's administrative expenses amounted to RMB1,618 million, representing an increase of 15.42% as compared to RMB1,402 million in the same period last year, mainly due to increase in expenses brought by the merger and acquisition of Liangshanzhou Xinhua Bookstore, and increase in labor cost, depreciation amortization, travel expenses and property management fees as compared with the same period last year.

During the Year, the Group's finance expenses amounted to RMB-229 million as compared to RMB-143 million in the same period last year, the change of which was mainly due to the increase in interest income derived from bank deposits during the Year as compared with that in the same period last year.

During the Year, the Group's research and development ("R&D") expenses amounted to RMB19,979,900, representing an increase of 41.03% as compared to RMB14,166,700 in the same period last year, which was mainly due to the increase in amortization of self-developed software during the Year as compared with that in the same period last year.

Gain from changes in fair value

During the Year, the Group's loss from changes in fair value amounted to RMB57 million, representing a decrease of loss of RMB78 million as compared with a loss from changes in fair value of RMB135 million in the same period last year, which was mainly due to the changes in fair value of projects held by funds invested by the Group such as CITIC Buyout, Winshare Hengxin and Winshare Dingsheng as a result of fluctuation in share price during the Year.

Investment income

During the Year, the Group's investment income amounted to RMB59 million, representing a decrease of RMB53 million from RMB112 million in the same period last year, which was mainly due to investment losses arising from the liquidation of two holding subsidiaries during the Year.

Other incomes and non-operating income/expenses

During the Year, the Group's other incomes amounted to RMB87,366,100, the change of which was small as compared with RMB90,598,000 in the same period last year.

During the Year, the Group's non-operating income amounted to RMB5,512,300, the change of which was small as compared to RMB4,842,600 in the same period last year.

During the Year, the Group's non-operating expenses amounted to RMB46,774,500, representing an increase of 17.76% as compared to RMB39,719,100 in the same period last year, which was mainly due to the increase in external donation of the Group during the Year as compared with the same period last year.

Gains on asset disposal

During the Year, the Group's gain on asset disposal amounted to RMB2,176,900, representing a decrease of RMB38,257,600 as compared to RMB40,434,500 in the same period last year, which was mainly due to the compensation for housing demolition received by various wholly-owned subsidiaries of the Group in the same period last year.

Income tax expenses

During the Year, the Group's income tax expenses amounted to RMB-65,178,200, as compared to RMB-11,435,500 in the same period last year, which was mainly due to changes in preferential tax policies for restructuring cultural enterprises, and the fact that differences in carrying value and tax basis arising from different accounting standards and tax laws for items such as impairment provision, deferred income and financial assets of the Company and its subsidiaries had led to recognition of deferred income tax expenses of approximately RMB-96 million, as well as the changes in deferred income tax expenses brought by the changes in fair value of Winshare Hengxin, etc. held by Winshare Investment, a subsidiary of the Company.

Other comprehensive income

During the Year, the Group's net other comprehensive income after tax amounted to a loss of RMB307,718,700, representing a decrease of RMB574,294,100 as compared to an income of RMB266,575,400 in the same period last year, which was mainly due to changes in preferential tax policies for restructuring cultural enterprises, and the fact that differences in carrying value and tax basis arising from different accounting standards and tax laws had led to recognition of deferred tax liabilities of RMB201 million for accumulated changes in fair value of equity interests in Bank of Chengdu and Wan Xin Media held by the Company, as well as the decrease in fair value of RMB106 million bought by fluctuation in their market values during the Year.

Profit

During the Year, the Group achieved a net profit of RMB1,628 million, representing a year-on-year increase of 17.04%. Net profit attributable to the shareholders of the Company amounted to RMB1,579 million, representing a year-on-year increase of 13.06%. Net profit attributable to the shareholders of the Company after non-recurring gain or loss amounted to RMB1,624 million, representing a year-on-year increase of 11.03%, which was mainly attributable to the increase in profit brought by the increase in sales and the increase in interest income of bank deposits.

Earnings per share

Earnings per share is calculated based on the net profit attributable to the shareholders of the Company for the Year divided by the weighted average number of the ordinary shares in issue during the Year. During the Year, earnings per share of the Group amounted to RMB1.28, which increased by 13.27% as compared to RMB1.13 in the same period last year. For details regarding the calculation of earnings per share, please refer to Note 28 to the consolidated financial statements in this results announcement.

R&D COMMITMENTS

Breakdown of R&D commitments

	<i>RMB</i>
R&D expenses for the current year	8,539,559.25
R&D commitments capitalized for the current year	1,778,726.67
Total R&D commitments	10,314,285.92
Total R&D commitments as a percentage of revenue (%)	0.09
Percentage of R&D commitments capitalized (%)	17.25
Total no. of R&D personnel of the Company	82
No. of R&D personnel as a percentage of total no. of personnel of the Company (%)	1.07

The R&D commitments of the Group amounted to RMB10,314,300, representing a decrease of 40.61% as compared to RMB17,367,000 in the same period last year, mainly due to the decrease in the Group's R&D commitments in education informatized business during the Year as compared with the same period last year.

ANALYSIS OF CHANGES IN CASH FLOW

During the Year, cash flow from operating activities of the Group amounted to net inflow of RMB2,353 million, increased by 16.23% as compared to net inflow of RMB2,024 million in the same period last year, which was mainly due to the merger and acquisition of Liangshanzhou Xinhua Bookstore, and the increase in net cash inflow from operating activities brought about by the growth in sales of textbooks.

During the Year, cash flow from investing activities of the Group amounted to net outflow of RMB461 million, as compared to net inflow of RMB232 million in the same period last year, which was mainly due to the increase in net cash outflow caused by fund investment expenditures and allocation of time deposits during the Year as compared with the same period last year.

During the Year, cash flow from financing activities of the Group amounted to net outflow of RMB576 million, slightly increased as compared to net outflow of RMB493 million in the same period last year, which was mainly due to net cash outflow from dividend distribution, lease liabilities and acquisitions of minority interests.

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

RMB

Item	2023	2022	Change (%)	Analysis of major changes
Tax refund received	39,783,480.66	105,668,809.76	(62.35)	Mainly due to the receipt of value-added tax refund by the Company amounted to approximately RMB68 million in the same period last year.
Cash receipts from recovery of investment	180,126,653.55	312,087,592.64	(42.28)	Mainly due to the cash recovered from the transfer of convertible bonds of Bank of Chengdu in the same period last year.
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	6,095,019.42	41,600,265.10	(85.35)	Mainly due to the compensation for housing demolition received by various wholly-owned subsidiaries in the same period last year.
Other cash receipts relating to investing activities	262,076,126.01	658,062,499.89	(60.17)	It mainly represents the change of maturity of time deposits.
Net cash paid for acquisition of subsidiaries and other business units	–	71,730,019.83	(100.00)	It represents the difference between the consideration paid for the acquisition of Liangshanzhou Xinhua Bookstore, a holding subsidiary, in the same period last year and the cash and bank balances held by it.
Other cash payments relating to investing activities	601,870,238.65	400,000,000.00	50.47	Mainly due to the change in time deposits that cannot be withdrawn in advance within one year or with no intention to withdraw in advance.
Cash received from borrowings	10,000,000.00	18,000,000.00	(44.44)	It represents the addition of a one-year discounted loan by Winshare International Cultural Communication Co., Ltd. (“ Winshare International ”), a subsidiary, during the Year, and “Wenchuang Tong (文創通)” loan by three subsidiaries in the same period last year.
Cash payments for repayment of debts	18,000,000.00	–	N/A	It represents “Wenchuang Tong (文創通)” loan due by three subsidiaries during the current year.

ASSETS AND LIABILITIES ANALYSIS

As at 31 December 2023, the position of the Group's major assets and liabilities and their movements are as follows:

RMB

Item	At the end of the current period	Amount as at the end of the current period as a percentage of the total assets (%)	At the end of the prior period	Amount as at the end of the prior period as a percentage of the total assets (%)	Percentage change in the amount from the end of the prior period to the end of the current period (%)	Explanation of situation
Held-for-trading financial assets	5,220.00	0.00	–	–	N/A	It mainly represents the stocks invested by the Company.
Receivables financing	4,445,475.96	0.02	8,499,815.79	0.04	(47.70)	Mainly due to the decrease in the balance of receivables settled by bank acceptance bills in the logistics and commodity sales business at the end of the Year as compared with the beginning of the Year.
Non-current assets due within one year	69,763,811.83	0.32	117,238,899.64	0.57	(40.49)	Mainly due to the decrease in closing balance of receivables as compared to the opening balance as a result of the fact that the receivables of education informatized and equipment business, which adopted collection by installments, were transferred to “accounts receivable” as the agreed payment period approached.
Other current assets	508,621,658.45	2.33	331,074,537.47	1.60	53.63	Mainly due to the change in time deposits due within one year.
Long-term receivables	34,562,954.24	0.16	100,428,300.51	0.49	(65.58)	Mainly due to the decrease in closing balance of receivables as compared to the opening balance as a result of the fact that the receivables of education informatized and equipment business, which adopted collection by installments, were transferred to “non-current assets due within one year” as the agreed payment period approached.

Item	At the end of the current period	Amount as at the end of the current period as a percentage of the total assets (%)	At the end of the prior period	Amount as at the end of the prior period as a percentage of the total assets (%)	Percentage change in the amount from the end of the prior period to the end of the current period (%)	Explanation of situation
Deferred tax assets	50,401,253.62	0.23	23,891,140.32	0.12	110.96	Mainly due to the increase in closing balance as compared to the opening balance as a result of changes in preferential tax policies for restructuring cultural enterprises, and the fact that differences in carrying value and tax basis arising from different accounting standards and tax laws for items such as impairment provision and deferred income of the Company had led to recognition of deferred tax assets.
Other non-current assets	865,432,280.53	3.97	650,538,774.36	3.15	33.03	Mainly due to the change of time deposits with no intention to withdraw in advance.
Short-term borrowings	10,000,000.00	0.05	18,000,000.00	0.09	(44.44)	It represents the addition of a one-year discounted loan by Winshare International, a subsidiary, during the current period.
Receipts in advance	519,377.31	0.00	1,167,160.30	0.01	(55.50)	It represents the change of house rental received in advance.
Other receivables	564,176,104.54	2.59	404,374,959.26	1.96	39.52	Mainly due to the increase in closing balance as compared to the opening balance as a result of the special dividend of RMB222 million approved at the second extraordinary general meeting of the Company being paid in the first quarter of 2024.
Deferred tax liabilities	217,635,807.37	1.00	73,867,204.70	0.36	194.63	Mainly due to the increase in closing balance as compared to the opening balance as a result of changes in preferential tax policies for restructuring cultural enterprises, and the fact that differences in carrying value and tax basis arising from different accounting standards and tax laws for items such as financial assets of the Company had led to recognition of deferred tax liabilities.
Minority interests	343,208,027.76	1.58	172,053,936.43	0.83	99.48	Mainly due the increase in minority interests as compared to the opening balance as a result of the liquidation of two holding subsidiaries during the period and their removal from the scope of consolidation.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the Group had cash and short-term deposits of approximately RMB9,118 million (31 December 2022: RMB7,802 million), and short-term borrowings of RMB10 million (31 December 2022: RMB18 million).

As at 31 December 2023, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 38.43%, representing a decrease of 0.26 percentage points as compared with 38.69% as at 31 December 2022. The Group's overall financial structure remained relatively stable.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2023, the balance of deposits of the Group amounting to RMB12,560,200 (31 December 2022: RMB14,446,500) was pledged as security deposits placed with the bank for the issuance of the bank's acceptance bill and letter of guarantee. Save as disclosed above, the Group did not have any other assets under pledge or guarantee.

FOREIGN EXCHANGE RISK

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

WORKING CAPITAL MANAGEMENT

	31 December 2023	31 December 2022
Current ratio	1.8	1.7
Inventory turnover days	129.4	140.3
Trade receivables turnover days (<i>Note</i>)	52.0	59.2
Trade payables turnover days	272.0	285.9

As at 31 December 2023, the current ratio of the Group was 1.8, up 0.1 as compared with that at the end of last year. During the Year, inventory turnover days were 129.4 days, which decreased by 10.9 days as compared with that of the same period last year. Trade receivables turnover days were 52 days, which decreased by 7.2 days as compared with that of the same period last year. Trade payables turnover days were 272 days, which decreased by 13.9 days as compared with that of the same period last year. The above indicators reflect that the operations of the Group are relatively stable. The turnover days of inventory, trade receivables and trade payables are in line with the industry features of the publication and distribution business.

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

(III) OVERVIEW OF SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

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

In order to expand the Group's investment channels and realize the strategic objectives of capital operation business, Winshare Investment, a subsidiary of the Company, contributed RMB150 million and RMB100 million to subscribe for 8.73% share of Zhongjin Qichen Phase II fund and 3.05% share of Goldstone Growth fund, respectively. The Company contributed RMB40 million to subscribe for 19.90% share of Culture Investment Jinwen and specifically invest in China Economic Information Service Co., Ltd. As of 31 December 2023, the Group has allocated all investment funds.

In order to further enhance the value of the supply chain service system and facilitate the high-quality development of its principal businesses, the Company used its own funds of RMB34,768,400 to acquire 17% equity interests of Winshare Online held by Sichuan Xinhua Publishing and Distribution Group. As of 31 December 2023, Winshare Online has completed the change of business registration.

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 Year, the Company recognized a dividend income of RMB61,434,400 from Bank of Chengdu. As at 31 December 2023, the market capitalization of the shares held by the Company in Bank of Chengdu was RMB901 million.

The Company was interested in 6.27% shares of Wan Xin Media. During the Year, the Company recognized a dividend income of RMB23,058,400 from Wan Xin Media. As at 31 December 2022, the market capitalization of the shares held by the Company in Wan Xin Media was RMB866 million.

Wan Xin Media and Bank of Chengdu are financial investments of the Company which not only generate attractive dividend income to the Group for the period, but also bring higher capital appreciation to the Group in the future. The Company will monitor the price trends of the A share market and these two stocks from time to time. Coupled with the industrial development, the Company will formulate corresponding investment strategies to continuously and steadily contribute to the finance income of the Company.

During the Year, details of the external investments made by the Group are set out in Notes 10, 11 and 12 to the consolidated financial statements in this results announcement.

Information of the major subsidiaries

Name of subsidiary	Nature of business	Shareholding percentage (%)	Registered capital	2023		31 December 2023	
				Operating income	Net profit	Total assets	Net assets
Sichuan Education Publishing House Co., Ltd.	Publication of books	100.00	1,000.00	97,049.84	44,985.87	149,211.94	114,784.45
Sichuan Winshare Online E-commerce Co., Ltd.	Online sales of various products	92.00	6,000.00	327,510.79	254.71	321,127.49	(8,842.23)

RMB0,000

(IV) EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group had a total of 7,691 (31 December 2022: 7,947) employees.

The Group improves and optimizes its employee remuneration policies and remuneration management system continuously, by which it has established a results performance-based incentive mechanism that aligns employees' remuneration to the Group's development. The standard remuneration package of the Group includes basic salary, performance-based bonus and benefits. Pensions, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing welfare funds, corporate annuity, etc. are available to the employees.

Upholding the human resource principle of "people-oriented", the Group attaches great importance to and cares about the growth and development of employees. The Group has built a multi-layer and multi-format training system and constantly optimizes the contents and types of training, providing employees with training and exchange opportunities as much as possible. By carrying out highly targeted and wide-coverage training as well as outbound exchanges and learning, the Group helps employees enhance their professional skills and thinking awareness as well as expand their areas of expertise. Based on the objectives and requirements of personnel training that are in line with the corporate strategies, with discovery and selection as the premise, good selection and utilization as the foundation, and education and nurturing as the basis, the Group continues to deepen talent training planning and system construction, proactively reserves and builds a talent team, and creates a well-structured talent team. The Group also improves the operation and management level of existing cadres to build a compound management team. Based on the requirements of business development and employee development in terms of capabilities and qualities, the Group improves the professional knowledge and skills of employees as well as their comprehensive quality, with a view to driving business development with employee capabilities and qualities.

During the Year, the Group deepened the training results through online training and organic combination of online and offline training. Throughout the Year, training sessions were organized with an attendance exceeding 74,700 employees.

(V) FUTURE PROSPECTS

Growth strategy

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

Operating plans

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. In 2024, the Company will implement the following operating plans:

1. Adhere to producing high-quality products and producing benefits, further promote the refined management of “one community, 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 content resources and author 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, deepen integrated publishing, and continue to build the publishing brand of Winshare.
2. Adhere to seeking progress while maintaining stability, refine and deepen educational service business. Be policy-oriented, 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 school semesters, and provide students with a three-dimensional and high-quality learning experience in the form of “environment + tools + content”; improve the operation and construction of bases and camps, optimize the operation mechanism of labor and practical education business; develop special teacher training courses to improve service quality; promote the upgrading, construction and maintenance of online service platforms, create an online and offline integrated service system, and build a new educational service system against the digital background.
3. Make effort in the promotion and distribution of themed current political publications, and consolidate the main channels for the distribution of themed current political publications; promote the transformation and upgrading of physical bookstores so as to improve quality and efficiency, accelerate the integrated development of physical stores and cloud stores; vigorously expand government and enterprise services, actively integrate into the construction of the public cultural service system; actively build a national reading activity system and continue to enhance the brand influence of activity; further strengthen the construction of Internet channels, deepen platform e-commerce operations, and expand the scale of content e-commerce sales; deeply explore content selection and create marketized and differentiated reading products; continuously enrich the supply chain collaboration platform service methods to serve downstream partners.

4. Promote logistics network construction and equipment optimization and upgrading, improve the efficiency of the intensification of logistics resources, and continuously enhance national supply chain service capabilities.
5. Promote industrial development with capital management. By developing fund groups, further improve investment layout, rationally allocate investment portfolios, diversify investment risks, integrate high-quality resources, and continuously create a balanced investment pattern that combines reasonable investment structure, short-term income and long-term value, so as to obtain capital operating gains.

(VI) POTENTIAL RISKS

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

In recent years, the macroeconomic and market environment was constantly changing, posing a certain impact on the publishing industry. For example, the purchase prices of commodities and raw materials fluctuated to a certain extent, and the continuous rise of new media and other sales channels has led to intensified market competition. Factors such as changes in the overall market's consumption power and reading habits brought certain market risks and operating pressures. The Group will continue to pay attention to market changes, maintain reasonable and stable resource investment, continuously enhance publishing capabilities and marketing capabilities, and improve market competitiveness and risk resistance capabilities.

With the rapid iteration and upgrading of information technology, the publishing and distribution business will further integrate with emerging technologies such as big data, cloud computing, AI and blockchain. New business forms and new models have been emerging, which bring development opportunities and 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, and facilitate in-depth integrated development.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving sound corporate governance, continuously perfecting and optimizing the internal control system of the Company. The Company has adopted and complied with the principles and code provisions set out in the Corporate Governance Code in Appendix 14 (currently Appendix C1) to the Listing Rules during the Year.

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

For the purpose of governing securities transactions by the Directors and the supervisors (the “**Supervisor(s)**”), the Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) as set out in Appendix 10 (currently Appendix C3) to the Listing Rules as a code of conduct for securities transactions by the Directors and Supervisors. Having made specific enquiries to each of the Directors and Supervisors, all Directors and Supervisors confirmed that they have complied with all the terms set out in the Model Code during the Year.

AUDIT COMMITTEE

The Company has established the audit committee (the “**Audit Committee**”) in compliance with Rules 3.21 and 3.22 of the Listing Rules with specific written terms of reference.

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

As at the date of this results announcement, so far as the Board is aware, the information set out herein is the same as those to be set out in the Company's annual report for 2023.

DIVIDEND

The Board has proposed the distribution of dividend for the year ended 31 December 2023 of RMB0.40 (tax inclusive) per share (2022: RMB0.34 (tax inclusive) per share), totaling RMB493,536,400.00 (tax inclusive) (the “**Dividend for 2023**”). Dividends payable to A shareholders will be declared and paid in RMB, whereas dividends payable to the H shareholders will be declared in RMB and payable in Hong Kong dollars, the exchange rate of which would be calculated based on the average exchange rate published by the People’s Bank of China during the week preceding the 2023 annual general meeting (the “**2023 AGM**”).

In accordance with the “Corporate 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% corporate income tax for such non-resident enterprise shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of the dividend as corporate income tax, distribute the dividend to non-resident enterprise shareholders, i.e., any shareholders who hold the Company’s shares in the name of non-individual shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or 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.

The proposed Dividend for 2023 is subject to the approval by the shareholders at the forthcoming 2023 AGM of the Company.

H shareholders whose names appear on the register of members of the Company at 4:30 p.m. on Friday, 19 April 2024 are entitled to attend and vote at the 2023 AGM. H shareholders whose names appear on the register of members of the Company on the dividend entitlement date are entitled to the Dividend for 2023 of the Company (if approved by the shareholders). The Dividend for 2023 above will be paid before 19 July 2024 (if approved by the shareholders).

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

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

2023 AGM

The 2023 AGM will be held at Xinhua International Hotel, No.8 Guzhongshi Street, Chengdu, Sichuan, the PRC (中國四川省成都市古中市街8號四川新華國際酒店) on Tuesday, 21 May 2024. Details of the 2023 AGM will be set out in the notice of the 2023 AGM to be despatched by the Company in due course. Such notice will also be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.winshare.com.cn).

CLOSURES OF REGISTER OF MEMBERS FOR H SHARES

In order to ascertain the shareholders who are entitled to attend the 2023 AGM and to receive the Dividend for 2023 (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 2023 AGM:

Latest time for lodging transfers of H shares	4:30 p.m., Friday, 19 April 2024
Closure of register of members for H shares	from Sunday, 21 April 2024 to Tuesday, 21 May 2024 (both days inclusive)
Date for holding the 2023 AGM	Tuesday, 21 May 2024

To ascertain the H shareholders who are entitled to the proposed Dividend for 2023:

Latest time for lodging transfers of H shares	4:30 p.m., Friday, 24 May 2024
Closure of register of members for H shares	from Saturday, 25 May 2024 to Thursday, 30 May 2024 (both days inclusive)
Dividend entitlement date	Thursday, 30 May 2024

In order for the H shareholders to qualify to attend and vote at the 2023 AGM and to receive the Dividend for 2023 (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.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement of the Company for the Year is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.winshare.com.cn), and the annual report of the Company for 2023 (including the audited financial statements) will be despatched to the shareholders on or before 30 April 2024 and will be published on the Stock Exchange's website and the Company's website.

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

Sichuan, the PRC, 27 March 2024

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. Deng Fumin and Mr. Li Xu as independent non-executive Directors.

* *For identification purposes only*