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新華文軒出版傳媒股份有限公司

XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.*

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

DISCLOSEABLE TRANSACTION ACQUISITION OF THE 51% EQUITY INTEREST IN THE TARGET COMPANY

INTRODUCTION

The Board is pleased to announce that, on 14 December 2022 (after trading hours of the Stock Exchange), the Company (as purchaser) entered into the Equity Transfer Agreement with Liangshanzhou Development (as seller) in relation to the Acquisition, pursuant to which, Liangshanzhou Development has agreed to sell and the Company has agreed to acquire the Target Interest at a consideration of RMB423,846,006.

As at the date of this announcement, Liangshanzhou Development holds the 100% equity interest of the Target Company. After the completion of the Acquisition, the Company and Liangshanzhou Development will each hold the 51% and 49% equity interest of the Target Company respectively. The Target Company will become a non-wholly owned subsidiary of the Company and its financial statements will be consolidated into the financial statements of the Group.

EQUITY TRANSFER AGREEMENT

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

1. Date

14 December 2022 (after trading hours of the Stock Exchange)

2. Parties

Purchaser: The Company

Seller: Liangshanzhou Development

3. Target Interest

According to the terms of the Equity Transfer Agreement, Liangshanzhou Development has agreed to sell and the Company has agreed to acquire the 51% equity interest in the Target Company held by Liangshanzhou Development.

4. Consideration and Payment

The consideration payable by the Company for the Acquisition is RMB423,846,006, which is determined after arm's length negotiation between the Company and Liangshanzhou Development based on the appraisal value of the Target Interest. Pursuant to the Appraisal Report issued by Tian Jian Hua Heng, an independent asset appraisal agency, the appraised value of the entire equity interest of shareholders in the Target Company as at the Valuation Benchmark Date is RMB831,070,600 (using the income method). The consideration for the Acquisition is calculated based on the appraised value of the entire equity interest of shareholders in the Target Company of RMB831,070,600 multiplied by 51%.

The Company shall, within five working days after the Company receives the receipt for the equity transfer price issued by Liangshanzhou Development and the transaction certificate issued by the property rights trading institution in connection with the Acquisition, remit the consideration of the Acquisition to a bank account designated by Liangshanzhou Development in a lump sum. Liangshanzhou Development shall complete all the procedures of registering the Target Interest in the name of the Company within ten working days after receiving the consideration for the Acquisition (which is the closing date of the Acquisition). The consideration for the Acquisition will be paid out of the Group's own funds.

As the consideration for the Target Interest is determined with reference to the results of the shareholders' equity appraisal provided by an independent asset appraisal agency, and after the Directors (including the independent non-executive Directors) have conducted sufficient and appropriate review of the forecasts, assumptions and business plans of the Target Company on which the consideration was determined, and taking into account the Acquisition of the Target Company could integrate the main distribution channels for publication of general books in Sichuan Province and consolidate its industry presence in the distribution of teaching materials and supplementary materials in Sichuan Province, the Directors believe that the consideration is fair and reasonable and in the interest of the Company and the shareholders as a whole.

5. Transitional Period Arrangements

The gains or losses incurred by the Target Company during the Transitional Period shall be shared or borne by the Company and Liangshanzhou Development according to their shareholding ratio of 51:49. The accumulated retained profits of the Target Company as at the Valuation Benchmark Date shall also be shared by the Company and Liangshanzhou Development.

6. Other Arrangement

Liangshanzhou Development shall be liable and take up the liabilities of the Target Company arising from events prior to the Completion of the transfer of the Target Interest and historically incurred after Completion (including but not limited to tax payable but yet to be paid, wages, contribution to social insurance and housing fund payable but yet to be paid the employees, termination expense, compensation to employees, penalty or related fees required to be paid for real estates and lands without certificates on the part of the Target Company, involvement of infringement and breach of contract with third parties, administrative penalties arising from violation of administrative regulations, expenditure or compensation arising from litigation/arbitration disputes, etc.). Liangshanzhou Development also undertakes to fully cooperate with the Target Company in disposing of certain real estates and lands before the Completion of the transfer of the Target Interest, and withdrawing from certain investment projects. The taxes and fees involved in the process shall be borne by Liangshanzhou Development.

7. Corporate Governance

Upon the completion of the Acquisition, the board of the Target Company shall consist of 5 directors. The Company and Liangshanzhou Development shall have the right to each nominate 3 and 2 directors respectively, and the chairman shall be a director nominated by the Company; and the supervisory committee of the Target Company shall consist of 3 supervisors. Each of the Company and Liangshanzhou Development has the right to nominate 1 supervisor. The employee representatives have the right to elect 1 supervisor. The chairman of the supervisory committee shall be the supervisor nominated by the Company. The Target Company shall have 1 general manager recommended by Liangshanzhou Development and appointed by the board of the Target Company.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company established in the PRC and is principally engaged in the sales of books, newspaper, periodicals and electronic publication; reproduction and sales of audiovisual products; general freight transportation; property leasing; wholesale and retail of goods; educational ancillary service; and development investment and asset management of the cultural tourism industry in Liangshan Prefecture, Sichuan Province.

The audited net assets and total assets of the Target Company as at 30 June 2022 were RMB494,799,509.70 and RMB652,666,758.43, respectively, of which cash and cash equivalents amounted to RMB245,086,007.72. According to the appraisal of Tian Jian Hua Heng, the appraisal value of the total shareholders' equity of the Target Company at the Valuation Benchmark Date was RMB831,070,600.

The audited net profit before and after tax for the year ended 31 December 2020 and 2021 are set out as follows, respectively:

	For the year ended 31 December	
	2020	2021
	<i>RMB</i>	<i>RMB</i>
Net Profit (before tax)	93,662,239.54	102,949,418.74
Net Profit (after tax)	73,801,336.99	102,949,418.74

Upon the completion of the Acquisition, the Company and Liangshanzhou Development shall hold the 51% and 49% equity interest of the Target Company, respectively and the Target Company will become a non-wholly owned subsidiary of the Company and its financial statements will be consolidated into the financial statements of the Group.

INFORMATION ON THE PARTIES

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

Liangshanzhou Development is principally engaged in investment and financing, asset operation and management and equity operation and management; project development; asset acquisition and disposal and enterprise and asset custody; property leasing; land remediation, development and utilization; consultancy services, financial consulting, and corporate restructuring consultancy and agency; operation of mineral products and construction materials; and entrusted loans in the PRC. As at the date of this announcement, to the best of the Company's knowledge, the State-owned Assets Supervision and Administration Commission of Liangshan Yi Autonomous Prefecture is the ultimate beneficial owner of Liangshanzhou Development.

To the best of the Board's knowledge, information and belief, having made all reasonable enquiries, Liangshanzhou Development and its ultimate beneficial owner are independent third parties of the Company and its connected persons.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT

In recent years, the Group has focused on the development of the mainline business of publishing and distribution under the "Three Chains" strategic plan of "Strengthening the Chain, Enhancing the Chain and Extending the Chain", while the Target Company is engaged in general retail of books and the distribution of teaching materials and supplementary materials in Liangshan Prefecture, Sichuan Province. The Group is currently an important publication supplier of the Target Company. The Target Company has many years of experience and a good management team in the development and expansion of its business in Liangshan Prefecture, and has developed relatively stable customers based and markets over its long-term operation. The Acquisition will enable the Group to further expand the book market in Sichuan Province, effectively develop the education informatization and education equipment in Liangshan Prefecture and expand diversified new businesses and consolidate the main channels for the distribution of public books in Sichuan Province, so as to strengthen its industry position in the distribution of teaching materials and supplementary materials in Sichuan Province, develop as the main position of the distribution of books in the province, thereby enhancing the momentum of the Group's high quality development.

Upon completion of the Acquisition, the financial statements of the Target Company will be consolidated into the financial statements of the Group and therefore the Acquisition will enable the Company to further enhance its financial position and bring long-term value and returns to the Company. Given that the Target Company has a good track record, the business stream of the Target Company will be able to generate substantial returns to the shareholders of the Company in the near future.

The Directors (including the independent non-executive directors) consider that the terms of the Equity Transfer Agreement were determined after arm's length negotiation between the parties and made on normal commercial terms, which are fair and reasonable and in the interest of the Company and the shareholders as a whole.

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

As mentioned above, the consideration of the Acquisition is determined based on the asset valuation result on the entire equity value of shareholders in the Target Company. According to the Appraisal Report, the market value of the entire equity interest of shareholders in the Target Company on the Valuation Benchmark Date is RMB831,070,600.

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

(I) Premises and Assumptions

1. The appraiser of this appraisal assumed that Liangshanzhou Xinhua Bookstore would maintain its current product structure and operating model to operate as a going concern.
 - (1) Although the controlling interest changes after implementing the economic actions for appraisal purpose, there is no material change in the main operating direction and strategies;
 - (2) There is no fundamental change in product lines or operating direction after implementing the economic actions for appraisal purpose;
 - (3) There is no significant change in the utility of non-operating asset and surplus asset before and after the Valuation Benchmark Date.
2. Open market assumption: open market assumption is a hypothesis of the market condition the assets to be entered and the impact on the assets under such market condition. The open market is a fully developed and comprehensive market and a competitive market with willing buyers and sellers, in which the buyers and sellers have equal status and have the opportunity and time to obtain sufficient market information. The transactions between buyers and sellers are based on voluntary, rational, non-mandatory or unrestricted conditions.

3. Continuing use assumption: continuing use assumption is a hypothesis of the market condition the assets to be entered and the status of the assets under such market condition. Firstly, the appraised assets are in use, and then assume that the assets in use will continue to be used. The continuing use assumption does not take account of any change in usage or optimal utilization condition of the assets, thereby imposing restrictions on the application scope of the appraisal result.
4. Unless otherwise stated, it is assumed that Liangshanzhou Xinhua Bookstore will fully comply with all relevant laws and regulations, and assumed that management (or future management) of Liangshanzhou Xinhua Bookstore will fulfill their obligations responsibly as the owner of the assets, and will exercise dutiful and effective management on the assets.

(II) Special Assumptions

5. Pursuant to “Notice on Persistently Promoting Cultural Value-added Tax Preferential Policies” issued by the Ministry of Finance and the State Administration of Taxation (Cai Shui [2021] No. 10): for the period from 1 January 2021 to 31 December 2023, exemption from value-added tax on the wholesale and retail of books is granted. The valuers calculated the implementation of the preferential tax policies in previous years with details as follows: since the issuance of “Notice on Promoting Cultural Value-added Tax and Business Tax Preferential Policies” issued by the Ministry of Finance and the State Administration of Taxation (Cai Shui [2006] No. 153) in 2006, the preferential policies will continue to be complemented upon each expiration. Therefore, it is assumed that the value-added tax preferential policy will continue after the expiration on 31 December 2023 in the valuation.
6. 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” issued by the Ministry of Finance, the State Administration of Taxation and the Central Publicity Department (Cai Shui [2019] No. 16), “Notice on Publication of the First Batch of List of Prefecture-level Enterprises Transformed from Cultural Institutions” (Liang Cai Fa Shui [2021] No. 4), Liangshanzhou Xinhua Bookstore does not enjoy other income tax preferential policies other than enterprise income tax exemption for five years from 2021 to 2025. The evaluation only considers the existing preferential policies for enterprise income tax exemption for five years from 2021 to 2025 without considering the preferential policies that may be enjoyed in the future. The enterprise income tax rate is 25%, effective from 1 January 2026.

(III) General Assumptions

7. Assuming that there will be no material changes in the current industrial policies and no new laws and regulations (whether favorable or unfavorable) will be promulgated.
8. There will be no material changes in the relevant prevailing laws, regulations and policies of the PRC and the macroeconomic situation of the PRC, no material changes in the political, economic and social environment of the regions where the parties to the transaction are located, and no material adverse impact caused by other unpredictable and force majeure factors.

9. The valuers fully understand the current macroeconomic situation, and the fluctuations in the interest rate and exchange rate of RMB, but limited to their professional level and ability, and valuers cannot predict its future trend. Therefore, the valuers assume that the interest rate and exchange rate of RMB will not change significantly at the current level.
10. For the information and data provided by the client and other parties on which the valuation conclusion is based, the valuers assume that it is credible and has conducted necessary verification in accordance with the valuation procedures, but the valuers do not guarantee the authenticity, legality and completeness of such information and data.
11. Assuming that all licenses, use permits, consent letters or other legal or administrative authorization documents issued by relevant local, national government agencies, private organizations or groups necessary for the use of the assets on which the value estimate is based have been or can be updated at any time.

CONFIRMATION

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

PROFESSIONAL INSTITUTIONS AND CONSENTS

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

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

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

LISTING RULES IMPLICATIONS

As the maximum applicable percentage ratios for the Acquisition are higher than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement.

DEFINITIONS

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

“Acquisition”	the acquisition of the Target Interest from Liangshanzhou Development by the Company pursuant to the terms and conditions of the Equity Transfer Agreement
“Appraisal Report”	the asset appraisal report on the entire equity value of the shareholders of the Target Company dated 27 August 2022, which is issued by Sichuan Tian Jian Hua Heng Assets Appraisal Co., Ltd.* (四川天健華衡資產評估有限公司)
“Board”	the board of directors of the Company
“Company”	Xinhua Winshare Publishing and Media Co., Ltd.* (新華文軒出版傳媒股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the A Shares and H Shares of which are listed on the Shanghai Stock Exchange and the Stock Exchange, respectively
“Completion”	the completion of the registration of the Target Interest under the name of the Company
“Director(s)”	the director(s) of the Company
“DTT”	Deloitte Touche Tohmatsu Certified Public Accountants LLP, the auditor of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 14 December 2022 in relation to the Acquisition entered by the Company and Liangshanzhou Development
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Liangshanzhou Development”	Liangshanzhou Development (Holdings) Group Co., Ltd.* (涼山州發展(控股)集團有限責任公司), a company incorporated in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region)
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Liangshanzhou Xinhua Bookstore Co., Ltd.* (涼山州新華書店有限責任公司), a company incorporated in the PRC with limited liability
“Target Interest”	the 51% equity interest in the Target Company held by Liangshanzhou Development
“Tian Jian Hua Heng”	Sichuan Tian Jian Hua Heng Assets Appraisal Co., Ltd.* (四川天健華衡資產評估有限公司), an independent qualified asset appraisal institution in the PRC
“Transitional Period”	the period from the day following the Valuation Benchmark Date to the date of Completion of the transfer of the Target Interest
“Valuation Benchmark Date”	30 June 2022
“%”	per cent

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

Sichuan, the PRC, 14 December 2022

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

* For identification purposes only

APPENDIX I REPORT FROM DELOITTE TOUCHE TOHMATSU CERTIFIED PUBLIC ACCOUNTANTS LLP IN RELATION TO PROFIT FORECAST

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

Deloitte.

德勤

INDEPENDENT ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE 51% EQUITY INTEREST IN LIANGSHANZHOU XINHUA BOOKSTORE CO., LTD.* (涼山州新華書店有限責任公司)

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

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by Sichuan Tian Jian Hua Heng Assets Appraisal Co., Ltd.* (四川天健華衡資產評估有限公司) dated 27 August 2022, of the 100% equity interest in Liangshanzhou Xinhua Bookstore Co., Ltd.* (涼山州新華書店有限責任公司) as at 30 June 2022 (the “**Valuation**”) is based. Liangshanzhou Xinhua Bookstore Co., Ltd.* (涼山州新華書店有限責任公司) is a limited liability company established in the PRC and is principally engaged in the sales of books, newspaper, periodicals and electronic publication; reproduction and sales of audiovisual products; general freight transportation; property leasing; wholesale and retail of goods; educational ancillary service; and development investment and asset management of the cultural tourism industry in Liangshan Prefecture, Sichuan Province. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and will be included in an announcement dated 14 December 2022 to be issued by Xinhua Winshare Publishing and Media Co., Ltd.* (the “**Company**”) in connection with the acquisition of the 51% equity interest in Liangshanzhou Xinhua Bookstore Co., Ltd.* (涼山州新華書店有限責任公司) (the “**Announcement**”).

DIRECTORS’ RESPONSIBILITY FOR THE DISCOUNTED FUTURE ESTIMATED CASH FLOWS

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

OUR INDEPENDENCE AND QUALITY CONTROL

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

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITY

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

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company's management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of Liangshanzhou Xinhua Bookstore Co., Ltd.* (涼山州新華書店有限責任公司).

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

OPINION

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

Deloitte Touche Tohmatsu Certified Public Accountants LLP
Shanghai, China

14 December 2022

APPENDIX II LETTER FROM THE BOARD IN RELATION TO PROFIT FORECAST

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

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

Dear Sir or Madam,

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

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

Reference is made to the valuation report (the “**Valuation Report**”) dated 27 August 2022 prepared by Sichuan Tian Jian Hua Heng Assets Appraisal Co., Ltd.* (四川天健華衡資產評估有限公司) (the “**Appraiser**”) on the value of the entire equity interest owned by the shareholders of Liangshanzhou Xinhua Bookstore Co., Ltd.* (涼山州新華書店有限責任公司) using the income approach.

The board of directors (the “**Board**”) of the Company has reviewed and discussed with the Appraiser the bases and assumptions of the valuation. The Board has also considered the report dated 14 December 2022 issued by Deloitte Touche Tohmatsu Certified Public Accountants LLP, the auditor of the Company, on the arithmetical accuracy of the calculations of the profit forecast contained in the Valuation Report.

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

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

14 December 2022

* *For identification purposes only*