

winshare 文軒

新華文軒出版傳媒股份有限公司

XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.*

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

(於中華人民共和國註冊成立之股份有限公司)

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



2023 INTERIM REPORT
中 期 報 告

*For identification purposes only
僅供識別



Contents

Definitions	2
Important Notice	5
Corporate Information	6
Management Discussion and Analysis	8
Other Information	25
Interim Financial Statements, Notes and Supplementary Information Prepared in accordance with the China Accounting Standards for Business Enterprises	31

Definitions

In this report (excluding the section of the financial report), the following expressions shall have the meanings stated below unless the context otherwise requires:

DEFINITIONS OF FREQUENTLY-USED TERMS

A Share(s)	Renminbi-denominated ordinary share(s) of the Company with a nominal value of RMB1.00 each, all of which are issued in China, subscribed in Renminbi and listed on the SSE
Articles of Association	the articles of association of the Company (as amended from time to time)
Audit Committee	the audit committee under the Board of the Company
Bank of Chengdu	Bank of Chengdu Co., Ltd.
Board	the board of directors of the Company
CG Code	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
CICC Qichen Phase II	CICC Qichen Phase II (Wuxi) Emerging Industry Equity Investment Fund Partnership (Limited Partnership)* (中金啟辰貳期(無錫)新興產業股權投資基金合夥企業(有限合夥))
CITIC Buyout Fund	CITIC Buyout Investment Fund (Shenzhen) Partnership (Limited Partnership)
Companies Ordinance	the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
Company Law	the Company Law of the People's Republic of China
Company, Xinhua Winshare or Listed Company	Xinhua Winshare Publishing and Media Co., Ltd.* (新華文軒出版傳媒股份有限公司)
Controlling Shareholder or Sichuan Xinhua Publishing and Distribution Group	Sichuan Xinhua Publishing and Distribution Group Co., Ltd.
Director(s)	the director(s) of the Company

Definitions *(continued)*

Group	the Company and its subsidiaries
H Share(s)	overseas listed foreign share(s) of the Company with a nominal value of RMB1.00 each, all of which are issued in Hong Kong, subscribed in Hong Kong dollars and listed on the Stock Exchange
Hua Sheng Group	Chengdu Hua Sheng (Group) Industry Co., Ltd.
Liangshanzhou Xinhua Bookstore	Liangshanzhou Xinhua Bookstore Co., Ltd.
Liaoning Publication Group	Liaoning Publication Group Co., Ltd.
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange and/or the Rules Governing the Listing of Stocks on the SSE, as the case may be
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
Nomination Committee	the nomination committee under the Board of the Company
Open Book Data	monitoring data publicly published by Beijing OpenBook Co., Ltd.
Period or Reporting Period	from 1 January 2023 to 30 June 2023
PRC or China	the People's Republic of China (for the purpose of this interim report, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
Remuneration and Review Committee	the remuneration and review committee under the Board of the Company
RMB	Renminbi, the lawful currency of the PRC

Definitions *(continued)*

Sales value	the list price of books printed at the back of each book
Same Period of Last Year	from 1 January 2022 to 30 June 2022
SASAC of Sichuan	State-owned Assets Supervision and Administration Commission of the Sichuan Provincial Government
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shareholder(s)	H shareholder(s) and A shareholder(s) of the Company
Sichuan Cultural Investment Group	Sichuan Cultural Industry Investment Group Co., Ltd.
Sichuan Development	Sichuan Development (Holding) Co., Ltd.
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
Strategy and Investment Planning Committee	the strategy and investment planning committee under the Board of the Company
Supervisor(s)	the supervisor(s) of the Company
Supervisory Committee	the supervisory committee of the Company
Wan Xin Media	Anhui Xinhua Media Co., Ltd.
Winshare Hengxin	Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership (Limited Partnership)
Winshare Investment	Winshare Investment Co., Ltd.
Winshare Online	Sichuan Winshare Online E-commerce Co., Ltd.
Winshare September	the digital content reading service platform under Winshare Online
winxuan.com	the online sales platform of paper publications under Winshare Online

* For identification purposes only

Important Notice

- I. The Board, the Supervisory Committee, Directors, Supervisors and senior management of the Company warrant that this interim report is true, accurate and complete and does not contain any false records, misleading statements or material omission and jointly and severally take full legal responsibility as to the contents herein.
- II. All Directors of the Company attended the eleventh meeting of the fifth session of the Board in 2023 held on 29 August 2023 at which this interim report was considered and approved.
- III. The consolidated financial statements included in this interim report are unaudited.
- IV. Mr. Zhou Qing, the head of the Company, Mr. Ma Xiaofeng, the person-in-charge of accounting affairs, and Mr. Feng Gang, the head of accounting department, declare that they warrant the truthfulness, accuracy and completeness of the financial statements contained in this interim report.
- V. The Board did not recommend payment of the interim dividend for the six months ended 30 June 2023.
- VI. The forward-looking statements included in this interim report, including future plans and development strategies, do not constitute actual commitment of the Company to investors. Investors should be reminded of the risks of investment.
- VII. During the Period, there were no major risks that would have a material impact on the production and operations of the Company. Please read the section headed “Management Discussion and Analysis” of this interim report for details of the risk factors that may be involved as set out by the Company.

Corporate Information

LEGAL NAME OF THE COMPANY

新華文軒出版傳媒股份有限公司

COMPANY NAME IN ENGLISH

XINHUA WINSHARE PUBLISHING
AND MEDIA CO., LTD.*

LEGAL REPRESENTATIVE

Mr. Zhou Qing

BOARD OF DIRECTORS

Executive Directors

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

Non-Executive Directors

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

Independent Non-Executive Directors

Mr. Lau Tsz Bun
Mr. Fang Bingxi
Mr. Li Xu

BOARD COMMITTEES

Strategy and Investment Planning Committee

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

Audit Committee

Mr. Lau Tsz Bun (*Chairman*)
Mr. Fang Bingxi
Mr. Ke Jiming

Remuneration and Review Committee

Mr. Li Xu (*Chairman*)
Mr. Lau Tsz Bun
Mr. Liu Longzhang

Nomination Committee

Mr. Fang Bingxi (*Chairman*)
Mr. Li Xu
Ms. Tan Ao

SUPERVISORY COMMITTEE

Supervisors

Mr. Qiu Ming (*Chairman*)
Mr. Chao Hsun
Ms. Wang Yan
Ms. Wang Yuanyuan

Independent Supervisors

Mr. Feng Jian
Ms. Wang Li

* For identification purposes only

Corporate Information *(continued)*

JOINT COMPANY SECRETARIES

Ms. Yang Miao
Ms. Wong Wai Ling

AUTHORIZED REPRESENTATIVES

Mr. Ke Jiming
Ms. Yang Miao

ALTERNATE AUTHORIZED REPRESENTATIVE

Ms. Wong Wai Ling

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants LLP
30th Floor, Bund Center
222 Yan An Road East
Shanghai, China

HONG KONG LEGAL ADVISER

Li & Partners
22nd Floor, World-Wide House
19 Des Voeux Road Central
Central, Hong Kong

REGISTERED OFFICE IN THE PRC

Unit 1, Block 1
No.238, Sanshe Road
Jinjiang District
Chengdu, Sichuan Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
248 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

The Industrial and Commercial Bank of China
China Construction Bank

HONG KONG H SHARES REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

COMPANY WEBSITE

<http://www.winshare.com.cn>

STOCK CODE

00811 (H Share)
601811 (A Share)

Management Discussion and Analysis

(I) BUSINESS REVIEW

INDUSTRY OVERVIEW

In the first half of 2023, in order to deeply promote national reading and improve the modern public cultural service system, the State has successively released the National Youth Student Reading Campaign Implementation Plan (《全國青少年學生讀書行動實施方案》), the Implementation Opinions on Carrying out the National Family Parent-child Reading Campaign of “The Fragrance of Books” (《關於開展「書香飄萬家」全國家庭親子閱讀行動的實施意見》), the Notice on Promoting Physical Bookstores to Participate in Public Cultural Services (《關於推動實體書店參與公共文化服務的通知》) and other policy documents, which will promote the supply of reading products and services by the publishing industry and accelerate the transformation and upgrading of physical bookstores. In order to implement the strategic requirements for the trinity of education, technology, and talents, educational policies such as the Opinions on Strengthening Science Education in Primary and Secondary Schools in the New Era (《關於加強新時代中小學科學教育工作的意見》) and the Action Plan for Deepening the Reform of Basic Education Curriculum and Teaching (《基礎教育課程教學改革深化行動方案》) have been issued one after another, which will bring new opportunities to educational publishing and services. To speed up the construction of digital China, the State issued the Overall Layout Plan for the Construction of Digital China (《數字中國建設整體佈局規劃》), which proposes to create a confident and prosperous digital culture, vigorously develop network culture, promote the digital development of culture, and enhance the service capabilities of digital culture, which is conducive to the further promotion of digitalization of the publishing industry and digital industrialization.

In the first half of 2023, as the economy and society fully resumed normal operation, macro policies took effect and the national economy rebounded. However, the foundation for continuous recovery and development of the domestic economy was still unstable. According to the monitoring data publicly published by Open Book Data, the book retail market in the first half of the year fell by 2.41% compared with the Same Period of Last Year. In terms of different channels, the retail book market of physical store channel fell by 23.55% year-on-year, and recovery was still facing great difficulties. Among the online store channels, platform e-commerce fell by 6.29% year-on-year, vertical and other e-commerce fell by 7.78%, while short video e-commerce grew by 47.36%. In the overall retail market, there were more than 87,000 new book titles, representing a year-on-year increase of 5.41%. The publication and sales of new books were gradually recovering.

At present, the publishing industry is in the transition period from traditional publishing to integrated innovation, the adjustment period from high-speed growth to high-quality development, and the upgrading period from manufacturing to knowledge servicing. The production and operation mode as well as the marketing communication mode of publishing are transforming rapidly, and the integration with new technologies such as big data, cloud computing, artificial intelligence and blockchain continues to deepen, accelerating the overall transformation and upgrading of the industry.

RESULTS

The Group continued to advance the “three chains” strategy of “strengthening the chain, upgrading the chain and extending the chain” by strengthening the mass publishing and distribution industry chain and the education publishing and distribution industry chain, promoting the upgrading and transformation of the Group’s traditional industry chain to the smart industry chain, and driving the extension of the Group’s industry chain advantages to other markets, so as to create a new growth pole for industrial development.

During the Period, the Group recorded revenue of RMB5,428 million, representing growth of 8.99% as compared with the Same Period of Last Year, which was mainly due to the sales growth of businesses such as education service and online sales of the Group, as well as the increase in sales revenue brought about by the merger and acquisition of Liangshanzhou Xinhua Bookstore. The Group achieved net profit of RMB789 million, representing growth of 10.35% as compared with the Same Period of Last Year, which was mainly attributable to the increase in gross profit brought by sales growth.

Management Discussion and Analysis *(continued)*

REVENUE

During the Period, the Group recorded revenue of RMB5,428 million, representing growth of 8.99% as compared with RMB4,980 million in the Same Period of Last Year, among which, revenue from principal businesses amounted to RMB5,353 million, representing year-on-year growth of 9.16%, which was mainly due to the sales growth of businesses such as education service and online sales of the Group, as well as the increase in sales revenue brought about by the merger and acquisition of Liangshanzhou Xinhua Bookstore.

OPERATING COSTS

During the Period, operating costs of the Group amounted to RMB3,320 million, representing growth of 7.67% from RMB3,083 million in the Same Period of Last Year, among which, costs of principal businesses amounted to RMB3,313 million, representing growth of 7.64% as compared with the Same Period of Last Year. The increase in operating costs was mainly due to the increase in costs caused by the expansion of sales scale.

GROSS PROFIT MARGIN

During the Period, consolidated gross profit margin of the Group was 38.83%, up by 0.75 percentage point from 38.08% in the Same Period of Last Year, among which, gross profit margin of principal businesses was 38.10%, up by 0.88 percentage point from 37.22% in the Same Period of Last Year.

Management Discussion and Analysis *(continued)*

ANALYSIS OF OPERATING SEGMENTS

1. Overview of Principal Business Segments

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

The principal businesses of the Group for the six months ended 30 June 2023 by segment are as follows:

RMB

Analysis table of principal businesses by product

By product	Principal business revenue	Principal business costs	Gross profit margin (%)	Change of	Change of	Change of
				operating income as compared with the Same Period of Last Year (%)	operating costs as compared with the Same Period of Last Year (%)	gross profit margin as compared with the Same Period of Last Year (ppt)
I. Publication	1,237,977,090.37	854,081,000.45	31.01	12.58	18.68	(3.54)
Textbooks and supplementary materials	630,262,835.96	384,410,842.13	39.01	9.25	15.92	(3.50)
General books	453,052,375.88	341,453,773.91	24.63	13.63	14.96	(0.87)
Printing and supplies	124,594,628.08	111,028,016.28	10.89	33.20	50.20	(10.08)
Newspapers and journals	23,368,799.61	12,923,718.83	44.70	(6.39)	(4.84)	(0.90)
Others	6,698,450.84	4,264,649.30	36.33	20.86	20.24	0.32
II. Distribution	4,822,991,719.60	3,238,189,136.22	32.86	9.75	7.07	1.68
Textbooks and supplementary materials	2,124,056,783.54	1,288,602,804.24	39.33	13.49	9.77	2.05
General books	2,528,546,369.34	1,813,652,563.45	28.27	8.47	7.15	0.88
Education informatized and others	170,388,566.72	135,933,768.53	20.22	(11.18)	(13.96)	2.58
III. Others	178,641,664.62	157,089,043.65	12.06	(13.08)	(18.05)	5.34
Of which: Logistics services	171,668,270.05	154,515,789.80	9.99	(15.66)	(18.77)	3.45
Inter-segment elimination total	(886,997,350.88)	(935,895,103.38)				
Total	5,352,613,123.71	3,313,464,076.94	38.10	9.16	7.64	0.88

Management Discussion and Analysis *(continued)*

RMB

By product	Analysis table of principal businesses by sales model			Change of	Change of	Change of
	Principal business revenue	Principal business costs	Gross profit margin (%)	operating income as compared with the Same Period of Last Year (%)	operating costs as compared with the Same Period of Last Year (%)	gross profit margin as compared with the Same Period of Last Year (ppt)
Offline sales	2,871,758,710.23	1,645,181,834.55	42.71	8.69	7.75	0.49
Online sales	2,480,854,413.48	1,668,282,242.39	32.75	9.72	7.52	1.37
Total	5,352,613,123.71	3,313,464,076.94	38.10	9.16	7.64	0.88

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.

2. Operating Data of the Business Segments

(1) Publication segment

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

During the Period, principal business revenue from the publication segment amounted to RMB1,238 million, representing a growth of 12.58% as compared with RMB1,100 million in the Same Period of Last Year, which was mainly benefited from the growth of textbooks and supplementary materials, general books, and printing and supplies as compared with last year.

During the Period, gross profit margin of the publication segment was 31.01%, representing a decrease of 3.54 percentage points from 34.55% in the Same Period of Last Year, which was mainly due to the lower gross profit margin of textbooks and supplementary materials during the Period as compared with the Same Period of Last Year.

Textbooks and supplementary materials

Focusing on the fundamental task of cultivating virtuous talents, the Group studied market changes, advanced reform and innovation, and carried out educational publishing with the professional strategy of differentiation, specialization and branding. In the first half of 2023, the Group promoted the orderly revision of national standard teaching materials in accordance with the new curriculum plans and curriculum standards for compulsory education. In order to better meet the requirements of the “double reduction” policy and the market, the Group developed new products by means of subject research, and at the same time, adjusted and optimized some of the old products. To accommodate to the use of new textbooks for high schools in Sichuan Province and the new mode of college entrance exam in 2022, the Group developed and upgraded the relevant products. Both the content quality and market sales of these new version of upgraded books have been significantly improved.

During the Period, the Group’s textbooks and supplementary materials publication business achieved principal business revenue of RMB630 million, representing a year-on-year increase of 9.25%. Principal business costs amounted to RMB384 million, representing a year-on-year increase of 15.92%. Gross profit margin was 39.01%, down by 3.50 percentage points year-on-year, which was mainly due to fluctuations in book paper price during the stocking period.

Management Discussion and Analysis *(continued)*

General books

Adhering to the concept of high-quality publishing development, the Group improves the content quality and publishing value of works in multiple dimensions, and steadily promotes the high-quality development of publishing under the guidance of themed publishing and key publishing projects. In the first half of 2023, the Group focused on the main line of themed publishing, and launched key themed books such as My Family's Stories in this "World" (《我家的「人世間」故事》); dug deep into local resources, and steadily promoted the Three Su (三蘇) cultural publishing project, launching the first batch of 19 titles and more than 400 volumes of books including Su Xue Literature Series (《蘇學文獻大系》) and Ye Jiaying on Su Shi Ci (《葉嘉瑩論蘇軾詞》). Four books of the Group including Archaeology on the Qinghai-Tibet Plateau (《青藏高原考古》) won the 8th China Excellent Publication Award (中華優秀出版物獎); Approaching Sanxingdui (《走近三星堆》) was selected as one of the "Chinese Good Books" in 2022; eight books, including We Come for Faith (《我們為信仰而來》), were selected into the proposed project lists for funding of National Publication Foundation (國家出版基金) and National Ancient Books Compilation and Publishing (國家古籍整理出版) in 2023; seven books, including Research on the Protection and Utilization of Traditional Ethnic Villages in the Tibetan, Qiang, Yi Corridor (《藏羌彝走廊地帶民族傳統村落保護與利用研究》), were selected into the 14th Five-Year Plan National Key Publication Publishing Planning Supplementary Project (「十四五」國家重點出版物出版規劃增補項目). Blockchain Publishing Innovation Project – Digital Book Collection (區塊鏈出版發行創新項目——數字藏書) was selected into the cultural industry development project library of Sichuan Province. During the Period, the Group exported 274 copyrights and physical products with a total value of RMB2.15 million. All nine of the Group's publishing houses were selected into the top 100 in the 2023 Research Report on the Influence of Overseas Collections of Chinese Books. A total of 730 kinds of integrated publications were launched, with the new business format generating revenue of RMB5 million, while the Company was awarded the title of "National Copyright Demonstration Unit". According to the Open Book Data, in the first half of 2023, the Group's market share in terms of actual value in the mass book market was ranked 11th among 37 publishing and media groups in China, which was basically the same as compared with the end of 2022.

During the Period, the Group's general books publication business achieved principal business revenue of RMB453 million, representing a year-on-year increase of 13.63%, which was mainly benefited from the growth of publications such as themed cultural and educational books. Principal business costs amounted to RMB341 million, representing a year-on-year increase of 14.96%. Gross profit margin was 24.63%, down by 0.87 percentage point year-on-year.

Newspapers and journals

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

During the Period, the Group's newspapers and journals business achieved principal business revenue of RMB23,368,800, representing a year-on-year decrease of 6.39%. Principal business costs amounted to RMB12,923,700, representing a year-on-year decrease of 4.84%. Gross profit margin was 44.70%, down by 0.90 percentage point as compared with the Same Period of Last year.

Management Discussion and Analysis *(continued)*

(2) *Distribution segment*

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

During the Period, principal business revenue from the distribution segment of the Group amounted to RMB4,823 million, representing growth of 9.75% as compared with RMB4,395 million in the Same Period of Last Year, mainly benefiting from the growth of both textbooks and supplementary materials and general books as compared with last year.

During the Period, gross profit margin of the distribution segment of the Group was 32.86%, up by 1.68 percentage points from 31.18% in the Same Period of Last Year, mainly due to the effect brought about by the merger and acquisition of Liangshanzhou Xinhua Bookstore.

Textbooks and supplementary materials

During the Period, the Group gave full play to the advantages of content resource integration and sales network, refined and deepened education service business, adhered to the purpose of meeting customer needs, and subdivided customers for categorized services. By means of channel optimization and business integration, the Group continued to enhance its capabilities in product research and development and marketing service to adapt to the new classroom teaching needs of the “double reduction” policy, continued to deepen the high school education service market, and made efforts in the vocational education service market, so as to achieve sustained growth of education service.

During the Period, principal business revenue from textbooks and supplementary materials distribution segment of the Group amounted to RMB2,124 million, representing an increase of 13.49% as compared with RMB1,872 million for the Same Period of Last Year.

General books

During the Period, the Group continued to focus on the integrated online and offline development, and the general book distribution capabilities continued to strengthen. The first was to optimize the network system of physical bookstores, improve store experience, complete the transformation of Guangyuan Bookstore and Zitong Store, and renovate and upgrade Panda Bookstore to provide readers with a more comfortable reading service experience. The second was to actively promote the sales of themed current affairs publications, proactively participate in the construction of the public cultural service system, and deeply intervene in projects such as rural bookstores, university libraries, and party school libraries to meet the differentiated product needs of B-end and G-end customers. The third was to adjust sales strategies, focus on key products, and increase marketing efforts for student reading materials according to market demand after the introduction of “double reduction” policy. The fourth was to continuously optimize the operation of online “cloud stores” by integrating the operating characteristics of physical stores and explore multiple consumption scenarios; continue to strengthen the in-depth operation on comprehensive e-commerce platforms such as Tao’s family, JD.com, and Pinduoduo, and vigorously expand short video and live broadcast businesses, thus consolidating the Group’s leading position in the national book e-commerce market.

During the Period, revenue from the principal businesses of general books distribution business of the Group amounted to RMB2,529 million, representing an increase of 8.47% as compared with RMB2,331 million in the Same Period of Last Year, which was mainly benefited from sales growth in knowledge expansion, comprehensive practice and other student reading materials. Gross profit margin was 28.27%, representing an increase of 0.88 percentage point as compared with the Same Period of Last Year.

Management Discussion and Analysis *(continued)*

Education informatized and others

The Group seized the market opportunities arising from national policies such as new college entrance exam curriculum reform and education informatized 2.0 action plan, and developed the education informatized and education equipment business 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. During the Period, sales revenue of education informatized and education equipment business of the Group amounted to RMB72.32 million, representing a year-on-year decrease of 56.53%, 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 6,189 schools, serving 434,700 teachers and 4.66 million students; the sales revenue from labor and practical education business amounted to RMB71.81 million, serving a student flow of 259,500; the sales revenue from teacher training business amounted to RMB9.78 million, serving a teacher flow of 91,000.

(II) ANALYSIS OF OPERATING RESULTS AND FINANCIAL PERFORMANCE

Breakdown of the relevant item changes in the financial statements

(For the six months ended 30 June 2023)

Item	<i>RMB</i>		
	Current Period	Same Period of Last Year	Change (%)
Revenue	5,427,547,628.27	4,979,805,010.92	8.99
Operating costs	3,319,977,440.48	3,083,492,387.26	7.67
Selling expenses	660,590,684.41	629,208,473.88	4.99
Administrative expenses	717,781,572.58	595,296,295.63	20.58
Finance expenses	(73,491,949.73)	(69,114,840.22)	N/A
Research and development expenditure	8,668,944.20	2,322,116.03	273.32
Net cashflow generated from operating activities	582,152,981.45	420,724,436.88	38.37
Net cashflow generated from investing activities	(92,831,524.90)	186,678,757.54	(149.73)
Net cashflow generated from financing activities	(309,670,069.47)	(296,206,219.75)	N/A
Taxes and surcharges	7,086,485.01	20,102,483.76	(64.75)
Gain on fair value change (loss represented by “-”)	(4,637,313.55)	(57,143,903.32)	N/A
Asset impairment loss	(40,814,578.89)	(19,347,328.54)	N/A
Gain on asset disposal (loss represented by “-”)	267,758.40	40,342,601.44	(99.34)
Non-operating expenses	16,934,116.02	11,670,697.45	45.10
Income tax expenses	12,606,256.50	(13,749,731.56)	N/A
Minority interests (net loss represented by “-”)	26,754,986.98	(2,866,385.36)	N/A

Management Discussion and Analysis *(continued)*

EXPENSES

During the Period, selling expenses of the Group amounted to RMB661 million, representing an increase of 4.99% from RMB629 million in the Same Period of Last Year, mainly due to the increase in expenses brought about by the merger and acquisition of Liangshanzhou Xinhua Bookstore and the increase in promotion expenses, labor costs, etc. as a result of the expansion in sales scale.

During the Period, administrative expenses of the Group amounted to RMB718 million, representing an increase of 20.58% from RMB595 million in the Same Period of Last Year, mainly due to the increase in expenses brought about by the merger and acquisition of Liangshanzhou Xinhua Bookstore and the increase in labor costs, depreciation, amortization, property management fees, etc. as compared with the Same Period of Last Year.

During the Period, finance expenses of the Group amounted to RMB-73,491,900, the change of which was small as compared with RMB-69,114,800 in the Same Period of Last Year.

During the Period, research and development expenses of the Group amounted to RMB8,668,900, representing growth of 273.32% from RMB2,322,100 in the Same Period of Last Year, mainly due to the increase in capitalized research and development investment in the area of education informatized of the Group and amortization of self-developed software during the Period as compared with the Same Period of Last Year.

GAIN ON FAIR VALUE CHANGE

During the Period, loss on fair value change of the Group amounted to RMB4,637,300, representing a decrease of loss of RMB52,506,600 as compared with loss on fair value change of RMB57,143,900 in the Same Period of Last Year, mainly due to the fair value changes of the items held by the funds including Winshare Hengxin and Citic M&A Fund invested by the Group as a result of stock price fluctuations and other factors during the Period.

Management Discussion and Analysis *(continued)*

INVESTMENT INCOME

During the Period, the Group's investment income was RMB101 million, representing an increase of 12.32% from RMB90 million in the Same Period of Last Year, which was mainly due to the increase in income from dividends from investees in the Period as compared with the Same Period of Last Year.

OTHER INCOMES AND NON-OPERATING INCOME AND EXPENSES

During the Period, other incomes of the Group amounted to RMB57,045,500, representing growth of 12.16% from RMB50,859,600 in the Same Period of Last Year, which was mainly due to the increase in incomes during the Period as a result of the receipt of the Sichuan Provincial Major Literature and Art Excellence Award (四川省重大文藝精品獎) and the Five "One" Project Award (五個一工程獎) by Sichuan Tiandi Publishing House Co., Ltd., a subsidiary of the Company.

During the Period, non-operating income of the Group amounted to RMB2,955,200, representing a decrease of 5.96% from RMB3,142,300 in the Same Period of Last Year.

During the Period, non-operating expenses of the Group amounted to RMB16,934,100, representing growth of 45.10% from RMB11,670,700 in the Same Period of Last Year, mainly due to the increase in external donation expenses during the Period as compared with the Same Period of Last Year.

GAIN ON ASSET DISPOSAL

During the Period, gain on asset disposal of the Group amounted to RMB267,800, representing a decrease of RMB40,074,800 from RMB40,342,600 in the Same Period of Last Year, mainly due to the compensation with respect to housing demolition and relocation received by various subsidiaries of the Company in the Same Period of Last Year.

INCOME TAX EXPENSES

During the Period, income tax expenses of the Group amounted to RMB12,606,300, representing an increase of RMB26,356,000 as compared with RMB-13,749,700 in the Same Period of Last Year, mainly due to the change in deferred income tax expenses as a result of the fair value changes of the funds including Winshare Hengxin held by the Company's subsidiary Winshare Investment.

Management Discussion and Analysis *(continued)*

OTHER COMPREHENSIVE INCOME

During the Period, other comprehensive income net, after tax of the Group amounted to RMB274 million, representing a decrease of 14.93% from RMB322 million in the Same Period of Last Year, mainly due to the fluctuations in the market price of shares of listed companies held by the Company including Wan Xin Media and Bank of Chengdu.

PROFIT

Net profit of the Group for the Period amounted to RMB789 million, representing year-on-year growth of 10.35%. Net profit attributable to shareholders of the listed company amounted to RMB762 million, representing year-on-year growth of 6.18%. After deducting non-recurring profit or loss, the net profit attributable to shareholders of the listed company amounted to RMB801 million, representing a year-on-year increase of 24.78%, which was mainly attributable to the increase in gross profit brought by sales growth and the fair value changes of the items held by the funds including Winshare Hengxin invested by the Group as a result of stock price fluctuations and other factors during the Period.

EARNINGS PER SHARE

Earnings per share is calculated based on the net profit of the Company attributable to the shareholders of the listed company for the Period divided by the weighted average number of the ordinary shares in issue during the Period. During the Period, earnings per share of the Group amounted to RMB0.62, representing an increase of 6.90% as compared with RMB0.58 in the Same Period of Last Year. For details regarding the calculation of earnings per share, please refer to Note (VI)53 to the consolidated financial statements in this interim report.

CASH FLOW

During the Period, net cashflow of the Group generated from operating activities was net inflow of RMB582 million, representing an increase of 38.37% as compared with net inflow of RMB421 million in the Same Period of Last Year, mainly due to the substantial increase in net cash inflow from operating activities of general book publication business as compared with the Same Period of Last Year, and the increase in net cash inflow from operating activities brought about by the merger and acquisition of Liangshanzhou Xinhua Bookstore.

During the Period, net cashflow of the Group generated from investing activities was net outflow of RMB93 million, as compared with net inflow of RMB187 million in the Same Period of Last Year, mainly due to the 2022 cash dividend of RMB86 million as declared by Bank of Chengdu and Wan Xin Media not yet being received during the Period, and the placement of time deposits resulting in net cash outflow; while in the Same Period of Last Year, cost recovery of RMB74 million due to fund exit, investment dividends and convertible bond investment income of RMB98 million, and collection of matured time deposits resulting in net cash inflow.

During the Period, net cashflow of the Group generated from financing activities was net outflow of RMB310 million, the change of which was small as compared with net outflow of RMB296 million in the Same Period of Last Year. The cash outflow was mainly due to the distribution of dividends for A Shares of RMB269 million for 2022 during the Period, the distribution progress of which was basically consistent with that of the Same Period of Last Year.

Management Discussion and Analysis *(continued)*

ASSETS AND LIABILITIES ANALYSIS

(As at 30 June 2023)

RMB

Item	Amount as at the end of the Current Period	Amount as at the end of the Current Period as a percentage of the total assets (%)	Amount as at the end of the prior year	Amount as at the end of the prior year as a percentage of the total assets (%)	Change in the amount as at the end of the Current Period over the amount as at the end of the prior year (%)	Remark
Notes receivable	1,802,667.17	0.01	2,906,232.79	0.01	(37.97)	Mainly due to the decrease in the balance of receivables for logistics business settled by commercial acceptance bills at the end of the Period as compared with the beginning of the Period.
Other receivables	227,153,733.07	1.09	129,770,862.20	0.63	75.04	Mainly the receipt of 2022 cash dividend of RMB86 million in July as declared by Bank of Chengdu and Wan Xin Media held by the Company.
Other current assets	514,785,696.64	2.47	331,074,537.47	1.60	55.49	Mainly due to the increase in the closing balance as compared with the opening balance as a result of the fixed deposits due within one year transferred in.
Long-term receivables	61,013,498.25	0.29	100,428,300.51	0.49	(39.25)	Mainly due to the decrease in closing balance of receivables as compared with the opening balance as a result of the fact that the receivables of education informatized and equipment business, which adopted collection by instalments, were transferred to "accounts receivable" and "non-current assets due within one year" as the agreed payment period approached.
Notes payable	5,000,000.00	0.02	29,776,305.93	0.14	(83.21)	Mainly due to the decrease in the balance of trade payables settled by notes for the provision of printing materials business, logistics business, education informatized and equipment business at the end of the Period as compared with the beginning of the Period.
Other payables	556,004,168.03	2.66	404,374,959.26	1.96	37.50	Mainly due to the H Share cash dividend in 2022 of RMB150 million declared by the Company which was paid in July.

Management Discussion and Analysis *(continued)*

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2023, the Group had cash and short-term deposits of approximately RMB7,977 million (31 December 2022: RMB7,802 million), and short-term borrowings of RMB18 million (31 December 2022: RMB18 million).

As at 30 June 2023, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 36.29%, down by 2.40 percentage points as compared with 38.69% as at 31 December 2022. The Group's overall financial structure remains relatively stable.

CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2023, the balance of pledged deposits of the Group amounted to RMB9,789,300 (31 December 2022: RMB14,446,500), representing the security deposits placed with the banks for the issuance of letters 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

	30 June 2023	30 June 2022
Current ratio	1.8	1.7
Inventory turnover days	134.5	146.8
Trade and notes receivable turnover days	61.4	66.2
Trade and notes payable turnover days	290.9	305.8

As at 30 June 2023, current ratio of the Group was 1.8, which slightly increased as compared with the Same Period of Last Year. During the Period, the inventory turnover days was 134.5 days, down by 12.3 days as compared with the Same Period of Last Year. The trade receivable and notes turnover days was 61.4 days, down by 4.8 days as compared with the Same Period of Last Year. The trade payable and notes turnover days was 290.9 days, down by 14.9 days as compared with the Same Period of Last Year.

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

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

Management Discussion and Analysis *(continued)*

(III) OVERVIEW OF MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the Period, the Group centered on the development strategy and optimized the industry layout. While developing its principal businesses, the Group pushed ahead the industry-finance integration with a view to establishing the Group as a first-class cultural media group in the PRC.

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 to subscribe for a share of CICC Qichen Phase II fund. As of 30 June 2023, Winshare Investment has allocated an investment amount of RMB120 million, and the industrial and commercial registration has not yet been completed.

The Company was interested in 80,000,000 shares of Bank of Chengdu. Its shareholding was 2.14%. The cost of investment was RMB240 million. During the Period, the Company recognized a dividend income of RMB62,720,000 from Bank of Chengdu. As at 30 June 2023, the market capitalization of the shares held by the Company in Bank of Chengdu was RMB977 million.

The Company was interested in 124,640,000 shares of Wan Xin Media. Its shareholding was 6.27%. The cost of investment was RMB186 million. During the Period, the Company recognized a dividend income of RMB23,058,400 from Wan Xin Media. The Group made use of the share of Wan Xin Media to carry out the securities refinancing business and realized an income of RMB403,100. As at 30 June 2023, the market capitalization of the shares held by the Company in Wan Xin Media was RMB1,170 million.

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

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

During the Period, details of the external investments made by the Group are set out in Notes (VI)11, 12 and 13 to the consolidated financial statements in this interim report.

Management Discussion and Analysis *(continued)*

Information of the major subsidiaries

RMB0'000

Name of subsidiary	Nature of business	Shareholding percentage (%)	Registered capital	January to June 2023		30 June 2023	
				Revenue	Net profit	Total assets	Net assets
Sichuan Education Publishing House Co., Ltd.	Publication of books	100.00	1,000.00	39,029.04	19,089.75	147,199.08	123,888.33
Sichuan Winshare Online E-commerce Co., Ltd.	Online sales of different products	75.00	6,000.00	145,107.22	206.41	316,861.88	(8,890.54)

(IV) FUTURE PROSPECTS

The Group will continue to promote the “three chains” strategy, and will implement the following operating plans:

The Group will continue to follow the annual business approach of “stabilizing scale, adjusting structure, consolidating foundation and reducing risks”, continue to optimize topic selection to promote quality and efficiency, focus on professional division of labor to adjust the structure of products and channels, strengthen system construction to consolidate the foundation for development, and scientifically implement business strategies to prevent market risks. In addition, the Group will promote the implementation of major projects through the “Three Su Culture” publication project, further deepen copyright operation and integrated publishing, with a view to driving the high-quality development in the new stage of revitalizing publishing.

Adhering to the general tone of “seeking progress while maintaining stability” and being policy-oriented, the Group will continuously improve product quality and service capabilities. Moreover, the Group will develop and promote textbook products that meet market demand; explore and develop new use scenarios for education equipment at all stages, and provide students with a three-dimensional high-quality learning experience in the form of “environment + tools + content”; give full play to the advantages of professional education services, focusing on local labor and practical education activities; develop featured teacher training courses that meet the needs of teachers, and improve the promotion ability for featured teacher training projects; through the mode of “courses + activities + products” model, promote afterschool service activities.

Focusing on the general book distribution business, the Group will continue to promote the transformation, upgrading and integrated development of physical bookstores; vigorously expand the businesses of government and enterprise services, distribution for district and county libraries and rural bookstores, and actively integrate into the construction of local public cultural service system. In response to the market demand following the introduction of the “double reduction” policy, the Group will increase resource input, adjust sales strategies, and increase the market share for student reading materials. Further, the Group will strengthen the general book distribution business on the Internet, and enhance the expansion and operation of short videos and new media; strengthen the construction of supply chain coordination capabilities, and continuously improve service capabilities and marketing capabilities through technology, data and other means.

The Group will improve the logistics network management system, improve the efficiency of logistics operation, and continuously enhance the network service capability of the national supply chain.

Finally, the Group will promote industrial development with capital management. By developing fund groups, rationally allocating investment portfolios, diversifying investment risks, and strengthening cooperation with leading investment institutions, the Group will integrate high-quality resources, 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.

Management Discussion and Analysis *(continued)*

(V) ANALYSIS OF CORE COMPETITIVENESS

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

Publication capabilities. The Group's content resource aggregation and development capabilities have steadily improved, and the Group has established close partnership with experts from various industries and well-known writers such as Wang Meng, Huang Yazhou, Long Pingping, Alai, Beimao, Yang Hong Ying, Tan Kai, Guo Jianlong, Liu Qingzhu, Meng Xianshi, Wang Renxiang and Xu Hong and obtained various copyrights of world-renowned publishing and media organizations such as Disney and DK. The Group has an influential and excellent editorial team such as Mingqin Workshop, which can closely meet the market demand and create high-quality dual-effect books. Books published by the Group have strong competitiveness in the market with an expanding range of book genres with influence. In particular, it has built a strong content brand advantage in the publication of children's books. Its subsidiary, Sichuan Youth and Children's Publishing House, owns the best-seller intellectual property rights – the Hilarious School Diaries, which repeatedly topped the charts of Open Book on children's book best-sellers.

Reading service capabilities. By integrating cultural mall, large and medium-sized bookstores, professional bookstores, community bookstores, supermarket bookstores, online reading service platform for publications and the "publication collaborative trading platform" serving the publication and distribution industry, backed by the logistics service network primarily based in Chengdu, Tianjin, Wuxi and Qingyuan, the Group has built a reading service network system based in Sichuan Province with nationwide coverage using a combination of online and offline methods. The Group has a number of brands including "Xinhua Winshare", "Stackway", "Winshare Bookstore", "Kids Winshare" children's bookstore, "winxuan.com" and "Winshare September" to provide consumers with diversified, personalized and smart reading cultural consumption service. In addition, leveraging its advantages in big data of distribution, the Group continued to promote the functional upgrade of the publishing decision-making service platform "Xuanzhi (軒致)" based on big data of distribution, serving nearly 600 publishing organizations.

Education service capabilities. The Company is the only enterprise that is qualified to engage in the distribution of textbooks for primary and secondary schools in Sichuan Province and at the same time is qualified to publish supplementary materials of all subjects in the curriculum of primary and secondary schools. After years of accumulation of experience, the Company has developed an all-variety, full-coverage and high-efficiency education service capabilities in the Sichuan regional market. The Group leverages the first-move advantages in the digital education service business, providing education services such as digitalized resources, teaching software and hardware as well as digitalized subject tools. As the major operator of education informatized service and education equipment products in Sichuan Province, the Group has developed education equipment products such as professional subject classroom and makerspace by centering on the subject contents and classroom scenarios. At the same time, the Group's businesses of labor and practice education services, teachers' training services and after-school extended services enjoy a branding and channel strength in the regional market.

Management Discussion and Analysis *(continued)*

(VI) EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, the Group had a total of 7,770 (31 December 2022: 7,947) employees.

The Company improves and optimizes its employee remuneration policies and remuneration management system continuously, by which it has established an incentive mechanism that aligns employees' remuneration to the Group's development. The standard remuneration package of the Company includes basic salary, performance-based bonus and benefits. Pensions, medical insurance, unemployment insurance, work injury insurance, maternity insurance and housing welfare funds, corporate annuity, etc. are available to the employees. For the six months ended 30 June 2023, the Company's total post-retirement plan contributions and corporate annuity scheme contributions amounted to RMB108,893,800, representing an increase of RMB16,709,800 as compared with RMB92,184,000 in the Same Period of Last Year, mainly due to the increase brought about by the merger and acquisition of Liangshanzhou Xinhua Bookstore and the natural increase of labor costs.

The Group attaches great importance to and cares about the growth and development of employees, and has established a multi-layer and multi-format training system. It continues to provide training and opportunities for exchange to help them enhance their professional skills, thinking and awareness, and expand their areas of expertise. Based on the objectives and requirements of personnel training that are in line with the corporate strategies, the Group sets the goal of strengthening the construction of cadre and talent team, adopts the principle of combining overall management and hierarchal management, and continuously optimizes the content and types of training. The training content covers various aspects such as operation management, job skills, cultural quality, professional qualifications and team building, and is carried out in various ways such as internal training, external training, online learning, external exchange and knowledge competition. The Company promotes the improvement of the professional ability of employees. The business development is driven by the improvement of employees' ability and quality.

(VII) POTENTIAL RISKS

The Group has formulated sound business objectives and optimized the operating plans. However, adjustments to policies such as 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 macro-economy and market environment have been constantly changing, which has had a certain impact on the publishing industry. For example, the purchase price of commodities and raw materials has fluctuated to a certain extent, and the emerging new media and other sales channels have led to intensified market competition. Factors such as changes in the consumption capabilities of the overall market and reading habits may bring certain market risks and operating pressure. The Group will continue to pay attention to market changes, maintain reasonable and stable resource investment, continuously enhance original 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, artificial intelligence 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 promote in-depth integrated development.

Management Discussion and Analysis *(continued)*

(VIII) USE OF PROCEEDS

In August 2016, the Company issued 98,710,000 RMB-denominated ordinary shares (A Shares) at an issue price of RMB7.12 per share through its initial public offering on the SSE. The total proceeds raised amounted to RMB702,815,200. After deducting the issuance expenses, the net proceeds actually raised by the Company amounted to RMB645,175,100, which were mainly used for the Company's education cloud service platform, construction of logistics network in the western region, upgrade and expansion of retail stores, construction and upgrade of ERP and publications regarding the revival of the Chinese culture, etc. In the first half of 2023, the Group utilized RMB1,081,900 of the proceeds. As of 30 June 2023, the accumulated use of proceeds amounted to RMB635,143,600. The balance of the unutilized proceeds amounted to RMB11,924,800, which is detailed as follows:

		<i>RMB</i>					
Committed investment projects	Committed total investment	Amount invested during the Reporting Period	Accumulated investment amount as at the end of the Period	Unutilized amount	Consistent with the planned use as disclosed or not	Expected timeline for utilizing unutilized proceeds	
							1.
2.	Construction and upgrade of ERP project <i>(Note 1)</i>	35,175,098.06	-	35,602,525.95	-	Yes	-
3.	Publications regarding the revival of the Chinese culture project	10,000,000.00	-	-	10,138,339.81	Yes	Note 2
4.	Upgrade and expansion of retail stores project <i>(Note 1)</i>	100,000,000.00	-	100,448,421.73	-	Yes	-
5.	Construction of logistics network in the western region project	300,000,000.00	1,081,870.15	298,844,878.84	1,786,491.73	Yes	Note 2
Total	645,175,098.06	1,081,870.15	635,143,588.81	11,924,831.54	-	-	

Notes:

1. The accumulated investment amounts of projects were greater than the total investment amounts committed by the proceeds because the accumulated investment amounts included the principal amount of the proceeds and the interest generated from the proceeds.
2. The expected timeline for utilizing the unutilized proceeds is based on the Company's consideration on the future market conditions and development of projects.

As at the date of this interim report, there is no change in the use of proceeds of the Group.

Other Information

INTERESTS IN SHARE CAPITAL

As at 30 June 2023, the total issued share capital of the Company was RMB1,233,841,000, divided into 1,233,841,000 shares of RMB1.00 each as follows:

Class of shares	Number of shares	Approximate percentage of issued share capital of the Company
A Shares	791,903,900	64.18%
including		
(i) Sichuan Xinhua Publishing and Distribution Group (<i>Note 1</i>)	592,809,525	48.05%
(ii) Other promoters (<i>Note 2</i>)	46,322,618	3.75%
(iii) Hua Sheng Group (<i>Note 3</i>)	53,336,000	4.32%
(iv) A Share public investors	99,435,757	8.06%
H Shares	441,937,100	35.82%
including		
(i) Sichuan Xinhua Publishing and Distribution Group (<i>Note 4</i>)	90,780,000	7.36%
(ii) Other promoters (<i>Note 5</i>)	6,396,000	0.52%
(iii) H Share public investors	344,761,100	27.94%
Total Share Capital	1,233,841,000	100%

Notes:

- Sichuan Xinhua Publishing and Distribution Group, the controlling shareholder of the Company, is a wholly-owned subsidiary of Sichuan Development. The de facto controller of Sichuan Development is SASAC of Sichuan.*
- Other promoters include Sichuan Cultural Investment Group, Sichuan Daily Newspaper Group Co., Ltd. and Liaoning Publication Group. Liaoning Publication Group is interested in 6,485,160 A Shares of the Company through its subsidiary.*
- Social Legal Person Shares are held by Hua Sheng Group, a promoter of the Company.*
- 90,780,000 H Shares of the Company are held by Sichuan Xinhua Publishing and Distribution Group, a controlling shareholder of the Company, directly and indirectly through its subsidiary.*
- Sichuan Cultural Investment Group, a promoter of the Company, is interested in 6,396,000 H Shares of the Company through its subsidiary.*

Other Information *(continued)*

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

As at 30 June 2023, so far as is known to the Directors and Supervisors of the Company, the following persons (not being Directors, Supervisors or senior management of the Company) had, or were deemed to have interests or short positions in the shares, underlying shares and debentures of the Company which were required, pursuant to section 336 of the SFO, to be entered in the register required to be kept by the Company referred to therein:

Name of shareholder	Number of shares directly and indirectly held	Capacity	Class of shares	Approximate percentage in the relevant class of shares	Approximate percentage of total issued share capital of the Company	Long position/ short position
Sichuan Development	623,382,470	Interests in controlled corporation	A Shares	78.72%	50.52%	Long position
	97,176,000 <i>(Note 1)</i>	Interests in controlled corporation	H Shares	21.99%	7.88%	Long position
Sichuan Xinhua Publishing and Distribution Group	592,809,525	Beneficial owner	A Shares	74.86%	48.05%	Long position
	90,780,000 <i>(Note 2)</i>	Interests in controlled corporation/ beneficial owner	H Shares	20.54%	7.36%	Long position
Hua Sheng Group	53,336,000 <i>(Note 3)</i>	Beneficial owner	A Shares	6.74%	4.32%	Long position
Wu Wenqian	53,336,000 <i>(Note 3)</i>	Interests in controlled corporation	A Shares	6.74%	4.32%	Long position
Seafarer Capital Partners, LLC*	30,875,500	Investment manager	H Shares	6.99%	2.50%	Long position
Brown Brothers Harriman & Co.*	38,626,617	Approved lending agent	H Shares	8.74%	3.13%	Long position
	38,626,617	Approved lending agent	H Shares	8.74%	3.13%	Lending pool

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

Notes:

- Sichuan Development is the controlling shareholder of Sichuan Xinhua Publishing and Distribution Group and Sichuan Cultural Investment Group. According to the SFO, Sichuan Development is deemed to (i) indirectly hold 592,809,525 A Shares of the Company through Sichuan Xinhua Publishing and Distribution Group and 30,572,945 A Shares of the Company through Sichuan Cultural Investment Group, totalling 623,382,470 A Shares; and (ii) indirectly hold 90,780,000 H Shares of the Company through Sichuan Xinhua Publishing and Distribution Group and 6,396,000 H Shares of the Company through Sichuan Cultural Investment Group, totalling 97,176,000 H Shares.*

Other Information *(continued)*

2. *Sichuan Xinhua Publishing and Distribution Group directly and through its wholly-owned subsidiary Shudian Investment Co., Ltd. indirectly holds 90,780,000 H Shares of the Company, and directly holds 592,809,525 A Shares of the Company.*
3. *Ms. Wu Wenqian is directly interested in 95% equity interests in Hua Sheng Group. Accordingly, Ms. Wu Wenqian is deemed to hold 53,336,000 A Shares of the Company through Hua Sheng Group.*

Save as disclosed above, as at 30 June 2023, so far as is known to the Directors and Supervisors, no other person (not being a Director, Supervisor or senior management of the Company) had any interest and short position in the shares, underlying shares and debentures of the Company which were required, pursuant to section 336 of the SFO, to be entered in the register required to be kept by the Company referred to therein.

Apart from (i) Mr. Liu Longzhang, the vice chairman of the Company, who is the deputy party secretary, vice chairman and general manager of Sichuan Xinhua Publishing and Distribution Group; and (ii) Mr. Ke Jiming, the non-executive Director of the Company, who is a member of the party committee and deputy general manager of Sichuan Xinhua Publishing and Distribution Group, as at 30 June 2023, none of the Directors and Supervisors of the Company held any positions as directors or employed as employees in any company having interests or short positions which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

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

So far as is known to the Directors, as at 30 June 2023, none of the Directors, Supervisors and chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company, or which were required, pursuant to the Model Code set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

Other Information *(continued)*

CHANGE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

CHANGES OF DIRECTORS

Mr. Luo Yong tendered his resignation as an executive Director, the Chairman of the Company and the chairman of the Strategy and Investment Planning Committee due to advancing age, with effect from 29 August 2023. On the same day, as resolved at the first extraordinary general meeting of 2023 of the Company, Mr. Zhou Qing was appointed as an executive Director of the fifth session of the Board, and as resolved at the eleventh meeting of the fifth session of the Board of the Company of 2023, Mr. Zhou Qing was elected as the chairman of the fifth session of the Board. His term of office became effective on 29 August 2023 and will last until the expiry of the term of the fifth session of the Board.

Mr. Zhang Peng tendered his resignation as a non-executive Director of the Company and a member of the Nomination Committee due to the need to devote more time to the dealing of other business and personal commitments, with effect from 29 August 2023. On the same day, as resolved at the first extraordinary general meeting of 2023 of the Company, Ms. Tan Ao was appointed as a non-executive Director of the fifth session of the Board. Her term of office became effective on 29 August 2023 and will last until the expiry of the term of the fifth session of the Board.

CHANGES OF SUPERVISORS

Mr. Tang Xiongxing tendered his resignation as a Supervisor of the Company and the chairman of the Supervisory Committee due to work changes, with effect from 29 August 2023. On the same day, as resolved at the first extraordinary general meeting of 2023 of the Company, Mr. Qiu Ming was appointed as a Supervisor of the fifth session of the Supervisory Committee, and as resolved at the fourth meeting of the fifth session of the Supervisory Committee of the Company of 2023, Mr. Qiu Ming was elected as the chairman of the fifth session of the Supervisory Committee. His term of office became effective on 29 August 2023 and will last until the expiry of the term of the fifth session of the Supervisory Committee.

CHANGES OF SENIOR MANAGEMENT

Mr. Chen Dali resigned as the chief editor of the Company due to advancing age, with effect from 13 February 2023. On the same day, as resolved at the first meeting of the fifth session of the Board of 2023, Mr. Wang Huaguang was appointed as the chief editor of the Company. His term of office became effective on 13 February 2023 and will last until the expiry of the term of the fifth session of the Board. Mr. Wang Huaguang ceased to act as the deputy general manager of the Company after serving as the chief editor.

For details relating to the changes of Directors, Supervisors and senior management, please refer to the overseas regulatory announcement dated 13 February 2023, the announcements dated 7 July 2023 and 29 August 2023, and the circular dated 12 July 2023 of the Company.

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

Other Information *(continued)*

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

SHARE APPRECIATION RIGHT INCENTIVE SCHEME

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

MATERIAL LITIGATION AND ARBITRATION

During the Period, the Company was not involved in any litigation, arbitration or claims of material importance and there was no litigation or claim of material importance which was known to the Directors to be pending or threatened by or against the Company.

COMPLIANCE WITH THE CG CODE

The Directors are of the view that, during the Period, the Company has adopted and complied with all applicable principles and the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules.

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

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

INTERIM DIVIDEND

The Board has not recommended the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

Other Information *(continued)*

EVENTS AFTER THE REPORTING PERIOD

In July 2023, Winshare Investment, as a limited partner, subscribed for the share of Goldstone Growth Equity Investment (Hangzhou) Partnership (Limited Partnership) amounting to RMB100,000,000.00.

In August 2023, the Company, as a limited partner, subscribed for the share of Sichuan Culture Investment Jinwen Equity Investment Fund Partnership (Limited Partnership) amounting to RMB40,000,000.00.

Such investments are significant non-adjusting events after the balance sheet date, which have no significant impact on financial position and operating results.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the Group's unaudited consolidated financial statements for the six months ended 30 June 2023 included in this interim report and has communicated and discussed the financial reporting issues of the Group with the management of the Company. The Audit Committee confirmed that the interim financial report of the Group has been prepared in accordance with the applicable accounting standards and requirements and have made appropriate disclosures accordingly.

By Order of the Board

XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.*

Zhou Qing

Chairman

Sichuan, the PRC, 29 August 2023

* For identification purposes only

Consolidated Balance Sheet

As at 30 June 2023

RMB

ITEM	Notes	30 June 2023 (Unaudited)	31 December 2022
Current Assets:			
Cash and bank balances	(VI)1	7,977,398,442.23	7,801,800,506.62
Notes receivable	(VI)2	1,802,667.17	2,906,232.79
Accounts receivable	(VI)3	1,722,903,109.79	1,697,878,791.47
Financing receivables	(VI)4	9,565,793.55	8,499,815.79
Prepayments	(VI)5	77,938,207.37	78,587,315.95
Other receivables	(VI)6	227,153,733.07	129,770,862.20
Inventories	(VI)7	2,319,342,402.45	2,572,840,225.77
Contract assets	(VI)8	8,827,611.11	9,567,253.11
Non-current assets due within one year	(VI)10	91,679,610.20	117,238,899.64
Other current assets	(VI)9	514,785,696.64	331,074,537.47
Total Current Assets		12,951,397,273.58	12,750,164,440.81
Non-current Assets:			
Long-term receivables	(VI)10	61,013,498.25	100,428,300.51
Long-term equity investments	(VI)11	768,259,677.49	748,393,704.39
Other equity instrument investment	(VI)12	2,148,260,007.13	1,874,674,472.69
Other non-current financial assets	(VI)13	456,861,530.70	467,646,874.02
Investment properties	(VI)14	96,248,557.02	95,997,370.92
Fixed assets	(VI)15	2,393,158,092.21	2,453,982,246.63
Construction in progress	(VI)16	56,826,793.65	47,219,096.45
Right-of-use assets	(VI)17	334,484,946.21	378,694,230.48
Intangible assets	(VI)18	386,426,193.50	391,318,045.86
Development cost		1,564,614.52	1,428,449.38
Goodwill	(VI)19	622,652,907.24	622,652,907.24
Long-term prepaid expenses	(VI)20	40,814,460.19	44,357,505.30
Deferred income tax assets	(VI)21	23,819,880.33	23,891,140.32
Other non-current assets	(VI)22	541,488,910.24	650,538,774.36
Total Non-current Assets		7,931,880,068.68	7,901,223,118.55
TOTAL ASSETS		20,883,277,342.26	20,651,387,559.36

Consolidated Balance Sheet (continued)

As at 30 June 2023

RMB

ITEM	Notes	30 June 2023 (Unaudited)	31 December 2022
Current Liabilities:			
Short-term borrowings	(VI)23	18,000,000.00	18,000,000.00
Notes payable	(VI)24	5,000,000.00	29,776,305.93
Accounts payable	(VI)25	5,124,501,990.14	5,424,399,662.93
Advance receipts		1,360,639.54	1,167,160.30
Contract liabilities	(VI)26	585,331,472.12	584,100,139.24
Employee benefits payable	(VI)27	497,186,692.21	704,546,289.83
Taxes payable	(VI)28	55,697,870.11	70,623,802.58
Other payables	(VI)29	556,004,168.03	404,374,959.26
Non-current liabilities due within one year	(VI)31	92,588,714.86	91,632,641.94
Other current liabilities	(VI)30	225,966,566.74	213,833,204.22
Total Current Liabilities		7,161,638,113.75	7,542,454,166.23
Non-current Liabilities:			
Lease liabilities	(VI)31	286,003,888.40	314,531,302.76
Long-term employee benefits payable	(VI)32	30,583,918.75	33,142,176.77
Deferred income	(VI)33	25,829,912.00	25,359,348.84
Deferred income tax liabilities	(VI)21	74,144,695.68	73,867,204.70
Total Non-current Liabilities		416,562,414.83	446,900,033.07
TOTAL LIABILITIES		7,578,200,528.58	7,989,354,199.30
Shareholders' Equity:			
Share capital	(VI)34	1,233,841,000.00	1,233,841,000.00
Capital reserve	(VI)35	2,572,524,766.32	2,572,524,766.32
Other comprehensive income	(VI)36	1,719,056,165.01	1,445,418,214.18
Surplus reserve	(VI)37	1,154,424,514.15	1,154,424,514.15
Undistributed profits	(VI)38	6,426,421,444.79	6,083,770,928.98
Total Shareholder's Equity Attributable to the Parent Company		13,106,267,890.27	12,489,979,423.63
Non-controlling Interests		198,808,923.41	172,053,936.43
TOTAL SHAREHOLDERS' EQUITY		13,305,076,813.68	12,662,033,360.06
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		20,883,277,342.26	20,651,387,559.36

The accompanying notes form part of the financial statements.

The financial statements on pages 31 to 43 were signed by the following:

Zhou Qing
Legal Representative

Ma Xiaofeng
Chief Accountant

Feng Gang
Person in Charge of the
Accounting Body

The Parent Company's Balance Sheet

As at 30 June 2023

ITEM	Notes	<i>RMB</i>	
		30 June 2023 (Unaudited)	31 December 2022
Current Assets:			
Cash and bank balances	(XVI)1	6,527,439,894.59	6,273,572,201.83
Accounts receivable	(XVI)2	763,840,501.90	834,321,810.73
Prepayments	(XVI)3	14,979,476.29	18,015,941.67
Other receivables	(XVI)4	742,127,458.99	664,903,769.32
Inventories	(XVI)5	260,727,429.23	617,312,181.98
Contract assets		971,089.05	333,893.35
Non-current liabilities due within one year		6,066,143.37	21,678,617.38
Other current assets	(XVI)6	504,887,133.19	324,699,305.66
Total Current Assets		8,821,039,126.61	8,754,837,721.92
Non-current Assets:			
Long-term receivables		–	17,797,945.68
Long-term equity investments	(XVI)7	4,454,942,855.43	4,406,297,614.52
Other equity instrument investment		2,147,169,600.00	1,873,374,400.00
Other non-current financial assets		82,652,669.96	137,475,241.07
Investment properties	(XVI)8	13,796,337.03	14,177,220.07
Fixed assets	(XVI)9	1,763,963,302.19	1,805,815,950.12
Construction in progress		30,354,802.70	22,311,063.71
Right-of-use assets	(XVI)10	319,688,524.06	362,417,602.15
Intangible assets	(XVI)11	146,594,928.98	136,909,644.51
Long-term prepaid expenses	(XVI)12	28,782,561.43	29,656,430.97
Other non-current assets	(XVI)13	403,153,476.34	775,974,573.57
Total Non-current Assets		9,391,099,058.12	9,582,207,686.37
TOTAL ASSETS		18,212,138,184.73	18,337,045,408.29

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

As at 30 June 2023

ITEM	Notes	<i>RMB</i>	
		30 June 2023 (Unaudited)	31 December 2022
Current Liabilities:			
Accounts payable	(XVI)14	3,828,579,795.02	4,048,817,305.73
Contract liabilities	(XVI)15	349,179,430.27	361,251,029.82
Employee benefits payable	(XVI)16	308,351,432.48	477,540,381.61
Taxes payable	(XVI)17	18,176,949.53	18,807,292.23
Other payables	(XVI)18	1,657,067,789.41	1,576,780,335.57
Non-current liabilities due within one year	(XVI)19	89,287,497.70	86,912,530.06
Other current liabilities		83,290,486.06	72,491,649.21
Total Current Liabilities		6,333,933,380.47	6,642,600,524.23
Non-current Liabilities:			
Lease liabilities	(XVI)19	273,409,722.55	301,912,328.88
Deferred income		10,198,767.80	6,598,033.36
Total Non-current Liabilities		283,608,490.35	308,510,362.24
TOTAL LIABILITIES		6,617,541,870.82	6,951,110,886.47
Shareholders' Equity:			
Share capital	(VI)34	1,233,841,000.00	1,233,841,000.00
Capital reserve	(XVI)20	2,631,057,328.10	2,631,057,328.10
Other comprehensive income	(XVI)21	1,720,754,272.00	1,446,959,072.00
Surplus reserve	(XVI)22	1,153,589,764.02	1,153,589,764.02
Undistributed profits	(XVI)23	4,855,353,949.79	4,920,487,357.70
TOTAL SHAREHOLDERS' EQUITY		11,594,596,313.91	11,385,934,521.82
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		18,212,138,184.73	18,337,045,408.29

Consolidated Income Statement

For the period from 1 January to 30 June 2023

ITEM	Notes	RMB	
		Amount recognized in the current period (Unaudited)	Amount recognized in the Same Period of Last Year (Unaudited)
I. Operating income	(VI)39	5,427,547,628.27	4,979,805,010.92
Less: Operating costs	(VI)39	3,319,977,440.48	3,083,492,387.26
Taxes and surcharges	(VI)40	7,086,485.01	20,102,483.76
Selling expenses	(VI)41	660,590,684.41	629,208,473.88
Administrative expenses	(VI)42	717,781,572.58	595,296,295.63
Research and development expenditure		8,668,944.20	2,322,116.03
Finance expenses	(VI)43	(73,491,949.73)	(69,114,840.22)
Including: Interest expense		9,335,572.49	10,939,606.43
Interest income		85,982,349.20	83,828,683.18
Add: Other income	(VI)44	57,045,469.81	50,859,579.20
Investment income	(VI)45	100,877,689.79	89,815,916.35
Including: Income (losses) from investments in associates and joint ventures		16,165,973.10	(6,544,933.19)
Gains (losses) from changes in fair values	(VI)46	(4,637,313.55)	(57,143,903.32)
Gains (losses) on credit impairment	(VI)47	(84,176,818.32)	(113,317,656.18)
Impairment gains (losses) of assets	(VI)48	(40,814,578.89)	(19,347,328.54)
Gains from disposal of assets	(VI)49	267,758.40	40,342,601.44
II. Operating profit		815,496,658.56	709,707,303.53
Add: Non-operating income	(VI)50	2,955,156.75	3,142,325.76
Less: Non-operating expenses	(VI)51	16,934,116.02	11,670,697.45
III. Total profit		801,517,699.29	701,178,931.84
Less: Income tax expenses	(VI)52	12,606,256.50	(13,749,731.56)
IV. Net profit		788,911,442.79	714,928,663.40
(I) Categorized by the nature of continuing operation:			
1. Net profit from continuing operations		788,911,442.79	714,928,663.40
2. Net profit from discontinued operations		—	—
(II) Categorized by ownership:			
1. Net profit attributable to shareholders of the parent company		762,156,455.81	717,795,048.76
2. Profit or loss attributable to non-controlling interests		26,754,986.98	(2,866,385.36)

Consolidated Income Statement *(continued)*

For the period from 1 January to 30 June 2023

ITEM	Notes	<i>RMB</i>	
		Amount recognized in the current period (Unaudited)	Amount recognized in the Same Period of Last Year (Unaudited)
V. Other comprehensive income, net of tax	(VI)36	273,637,950.83	321,665,681.01
Other comprehensive income attributable to shareholders of the parent company, net of tax		273,637,950.83	321,665,681.01
(I) Other comprehensive income not reclassified to profit or loss			
1. Changes in other equity instrument investment at fair value		273,637,950.83	321,665,681.01
Other comprehensive income attributable to non-controlling shareholders, net of tax		-	-
VI. Total comprehensive income		1,062,549,393.62	1,036,594,344.41
Total comprehensive income attributable to shareholders of the parent company		1,035,794,406.64	1,039,460,729.77
Total comprehensive income attributable to non-controlling shareholders		26,754,986.98	(2,866,385.36)
VII. Earnings per share:			
(I) Basic earnings per share	(VI)53	0.62	0.58
(II) Diluted earnings per share		N/A	N/A

The Parent Company's Income Statement

For the period from 1 January to 30 June 2023

ITEM	Notes	<i>RMB</i>	
		Amount recognized in the current period (Unaudited)	Amount recognized in the Same Period of Last Year (Unaudited)
I. Operating income	(XVI)24	3,408,725,549.73	3,204,877,119.80
Less: Operating costs	(XVI)24	1,957,698,315.38	1,854,756,884.73
Taxes and surcharges	(XVI)25	874,144.74	11,214,751.94
Selling expenses	(XVI)26	441,339,186.66	439,432,998.47
Administrative expenses	(XVI)27	547,614,424.54	448,760,590.40
Research and development expenses	(XVI)27	2,520,462.68	–
Finance expenses	(XVI)28	(40,004,997.72)	(40,250,204.11)
Including: Interest expenses		22,352,317.78	19,297,146.21
Interest income		63,411,282.79	61,621,950.87
Add: Other income	(XVI)29	5,867,687.17	2,479,461.98
Investment income	(XVI)30	96,931,970.81	203,241,636.06
Including: Gains from investments in associates and joint ventures		11,106,802.91	6,880,786.52
Gains (losses) from changes in fair values		(36,821,468.35)	10,450,275.32
Gains (losses) on credit impairment	(XVI)31	(174,671,799.89)	(63,184,755.11)
Impairment gains (losses) of assets	(XVI)32	(23,321,348.10)	(6,404,579.17)
Gains from disposal of assets		220,533.96	2,096,212.61
II. Operating profit		366,889,589.05	639,640,350.06
Add: Non-operating income	(XVI)33	2,226,061.30	2,005,473.64
Less: Non-operating expenses	(XVI)34	14,743,118.26	11,258,220.60
III. Total profit		354,372,532.09	630,387,603.10
Less: Income tax expenses		–	–
IV. Net profit		354,372,532.09	630,387,603.10
(I) Net profit from continuing operations		354,372,532.09	630,387,603.10
(II) Net profit from discontinued operations		–	–
V. Other comprehensive income, net of tax	(XVI)21	273,795,200.00	321,529,600.00
(I) Other comprehensive income not reclassified to profit or loss			
1. Changes in other equity instrument investment at fair value		273,795,200.00	321,529,600.00
VI. Total comprehensive income		628,167,732.09	951,917,203.10

Consolidated Cash Flow Statement

For the period from 1 January to 30 June 2023

ITEM	Notes	<i>RMB</i>	
		Amount recognized in the current period (Unaudited)	Amount recognized in the Same Period of Last Year (Unaudited)
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		5,512,432,554.31	4,999,988,853.97
Receipts of tax refunds		37,540,988.38	37,105,294.24
Other cash receipts relating to operating activities	(VI)54(1)	120,895,825.40	107,191,401.70
Sub-total of cash inflows from operating activities		5,670,869,368.09	5,144,285,549.91
Cash payments for goods purchased and services received		3,456,071,893.64	3,285,357,971.86
Cash payments to and on behalf of employees		1,096,591,952.42	925,883,747.20
Payments of various types of taxes		67,196,007.55	76,593,774.99
Other cash payments relating to operating activities	(VI)54(2)	468,856,533.03	435,725,618.98
Sub-total of cash outflows from operating activities		5,088,716,386.64	4,723,561,113.03
Net Cash Flow from Operating Activities	(VI)55(1)	582,152,981.45	420,724,436.88
II. Cash Flows from Investing Activities:			
Cash receipts from recovery of investments		154,682,654.69	251,386,092.46
Cash receipts from investment income		1,486,548.79	98,676,394.54
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		546,945.00	38,895,018.65
Other cash receipts relating to investing activities	(VI)54(3)	50,391,589.04	405,499,999.89
Sub-total of cash inflows from investing activities		207,107,737.52	794,457,505.54
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		46,551,405.40	116,014,885.70
Cash payments to acquire investments		153,387,857.02	191,763,862.30
Other cash payments relating to investing activities	(VI)54(4)	100,000,000.00	300,000,000.00
Sub-total of cash outflows from investing activities		299,939,262.42	607,778,748.00
Net Cash Flow from Investing Activities		(92,831,524.90)	186,678,757.54

Consolidated Cash Flow Statement *(continued)*

For the period from 1 January to 30 June 2023

ITEM	Notes	Amount recognized in the current period (Unaudited)	<i>RMB</i> Amount recognized in the Same Period of Last Year (Unaudited)
III. Cash Flows from Financing Activities:			
Cash payments for distribution of dividends, profit or settlement of interest expenses		269,563,398.33	253,426,737.21
Including: Payments for distribution of dividends, profit to non-controlling shareholders of subsidiaries		-	-
Other cash payments relating to financing activities	(VI)54(5)	40,106,671.14	42,779,482.54
Sub-total of cash outflows from financing activities		309,670,069.47	296,206,219.75
Net Cash Flow from Financing Activities		(309,670,069.47)	(296,206,219.75)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		-	-
V. Net Increase in Cash and Cash Equivalents	(VI)55(1)	179,651,387.08	311,196,974.67
Add: Opening balance of cash and cash equivalents	(VI)55(2)	7,762,084,629.28	5,997,769,686.81
VI. Closing Balance of Cash and Cash Equivalents	(VI)55(2)	7,941,736,016.36	6,308,966,661.48

The Parent Company's Cash Flow Statement

For the period from 1 January to 30 June 2023

ITEM	Notes	<i>RMB</i>	
		Amount recognized in the current period (Unaudited)	Amount recognized in the Same Period of Last Year (Unaudited)
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		3,484,619,675.40	3,166,045,976.20
Other cash receipts relating to operating activities	(XVI)35(1)	119,268,598.32	54,943,991.41
Sub-total of cash inflows from operating activities		3,603,888,273.72	3,220,989,967.61
Cash payments for goods purchased and services received		1,958,123,157.84	1,724,278,038.33
Cash payments to and on behalf of employees		762,447,608.42	640,839,038.52
Payments of various types of taxes		3,165,815.76	13,204,170.90
Other cash payments relating to operating activities	(XVI)35(2)	318,720,781.72	333,260,719.45
Sub-total of cash outflows from operating activities		3,042,457,363.74	2,711,581,967.20
Net Cash Flow from Operating Activities	(XVI)36(1)	561,430,909.98	509,408,000.41
II. Cash Flows from Investing Activities:			
Cash receipts from recovery of investments		18,115,461.91	196,634,656.75
Cash receipts from investment income		–	197,776,394.54
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		382,936.57	502,405.11
Net cash receipts from disposals of subsidiaries and other business units		142,571,541.10	6,304,463.70
Other cash receipts relating to investing activities			
Sub-total of cash inflows from investing activities		161,069,939.58	401,217,920.10
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		49,060,898.12	88,982,913.86
Cash payments to acquire investments		4,967,591.25	191,155,888.88
Other cash payments relating to investing activities		–	50,000,000.00
Sub-total of cash outflows from investing activities		54,028,489.37	330,138,802.74
Net Cash Flow from Investing Activities		107,041,450.21	71,079,117.36

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

For the period from 1 January to 30 June 2023

ITEM	Notes	<i>RMB</i>	
		Amount recognized in the current period (Unaudited)	Amount recognized in the Same Period of Last Year (Unaudited)
III. Cash Flows from Financing Activities:			
Other cash receipts relating to financing activities		50,000,000.00	71,000,000.00
Sub-total of cash inflows from financing activities		50,000,000.00	71,000,000.00
Cash payments for distribution of dividends, profit or settlement of interest expenses		279,572,326.00	255,980,333.99
Other cash payments relating to financing activities		182,082,276.29	146,030,805.75
Sub-total of cash outflows from financing activities		461,654,602.29	402,011,139.74
Net Cash Flow from Financing Activities		(411,654,602.29)	(331,011,139.74)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
		-	-
V. Net Increase in Cash and Cash Equivalents			
	(XVI)36(1)	256,817,757.90	249,475,978.03
Add: Opening balance of cash and cash equivalents	(XVI)36(2)	6,262,731,595.65	4,812,923,667.75
VI. Closing Balance of Cash and Cash Equivalents			
	(XVI)36(2)	6,519,549,353.55	5,062,399,645.78

Consolidated Statement of Changes in Shareholders' Equity

For the period from 1 January to 30 June 2023

RMB

ITEM	Current Period (Unaudited)						Non-controlling interests	Total shareholders' equity
	Equity attributable to shareholders of the parent company							
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits			
I. 31 December 2022	1,233,841,000.00	2,572,524,766.32	1,445,418,214.18	1,154,424,514.15	6,083,770,928.98	172,053,936.43	12,662,033,360.06	
II. Changes in current period								
(1) Total comprehensive income	-	-	273,637,950.83	-	762,156,455.81	26,754,986.98	1,062,549,393.62	
(2) Profit distribution								
1. Distributions to shareholders	-	-	-	-	(419,505,940.00)	-	(419,505,940.00)	
III. 30 June 2023 (Unaudited)	1,233,841,000.00	2,572,524,766.32	1,719,056,165.01	1,154,424,514.15	6,426,421,444.79	198,808,923.41	13,305,076,813.68	

RMB

ITEM	The Same Period of Last Year (Unaudited)						Non-controlling interests	Total shareholders' equity
	Equity attributable to shareholders of the parent company							
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits			
I. 31 December 2021	1,233,841,000.00	2,572,524,766.32	1,178,842,757.57	1,009,210,479.29	5,227,141,020.57	(111,871,464.33)	11,109,688,559.42	
II. Changes in current period								
(1) Total comprehensive income	-	-	321,665,681.01	-	717,795,048.76	(2,866,385.36)	1,036,594,344.41	
(2) Profit distribution								
1. Distributions to shareholders	-	-	-	-	(394,829,120.00)	(567,435.06)	(395,396,555.06)	
III. 30 June 2022 (Unaudited)	1,233,841,000.00	2,572,524,766.32	1,500,508,438.58	1,009,210,479.29	5,550,106,949.33	(115,305,284.75)	11,750,886,348.77	

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

For the period from 1 January to 30 June 2023

RMB

ITEM	Current Period (Unaudited)					Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	
I. 31 December 2022	1,233,841,000.00	2,631,057,328.10	1,446,959,072.00	1,153,589,764.02	4,920,487,357.70	11,385,934,521.82
II. Changes in current period						
(1) Total comprehensive income	-	-	273,795,200.00	-	354,372,532.09	628,167,732.09
(2) Profit distribution						
1. Distributions to shareholders	-	-	-	-	(419,505,940.00)	(419,505,940.00)
III. 30 June 2023 (Unaudited)	1,233,841,000.00	2,631,057,328.10	1,720,754,272.00	1,153,589,764.02	4,855,353,949.79	11,594,596,313.91

RMB

ITEM	The Same Period of Last Year (Unaudited)					Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	
I. 31 December 2021	1,233,841,000.00	2,631,057,328.10	1,180,466,272.00	1,008,375,729.16	4,008,390,164.00	10,062,130,493.26
II. Changes in current period						
(1) Total comprehensive income	-	-	321,529,600.00	-	630,387,603.10	951,917,203.10
(2) Profit distribution						
1. Distributions to shareholders	-	-	-	-	(394,829,120.00)	(394,829,120.00)
III. 30 June 2022 (Unaudited)	1,233,841,000.00	2,631,057,328.10	1,501,995,872.00	1,008,375,729.16	4,243,948,647.10	10,619,218,576.36

Notes to the Financial Statements

For the period from 1 January to 30 June 2023

(1) BASIC INFORMATION ABOUT THE COMPANY

1. Company Overview

Upon approvals of Reply on State-owned Equity Management of Sichuan Xinhua Winshare Chain Co., Ltd. (Preparing for Establishment) (filed as Chuan Guo Zi Wei [2005] No. 81) issued by the State-owned Assets Supervision and Administration Commission of Sichuan Province, and Reply on Incorporating Sichuan Xinhua Winshare Chain Co., Ltd. By Sichuan Provincial People's Government (filed as Chuan Fu Han [2005] No. 69) issued by Sichuan Provincial People's Government, Xinhua Winshare Publishing and Media Co., Ltd. (hereinafter referred to as the "**Company**", originally known as Sichuan Xinhua Winshare Chain Co., Ltd.), collectively sponsored by Sichuan Xinhua Publishing and Distribution Group Co., Ltd. (hereinafter referred to as "**Sichuan Xinhua Publishing and Distribution Group**"), Chengdu Huasheng (Group) Industry Co., Ltd., Sichuan Daily Newspaper Group, Sichuan Cultural Industry Investment Group Co., Ltd. (hereinafter referred to as "**Sichuan Cultural Investment Group**"), Sichuan Youth and Children's Publishing House Co., Ltd. (hereinafter referred to as "**Youth and Children's Publishing House**"), and Liaoning Publication Group Co., Ltd., was incorporated on 11 June 2005 upon registration at Sichuan Provincial Administration for Market Regulation.

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

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

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(1) BASIC INFORMATION ABOUT THE COMPANY *(Continued)*

1. Company Overview *(Continued)*

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

The Company and its subsidiaries (hereinafter referred to as the “**Group**”) are 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; and wholesale and retail of pre-packaged food, dairy products (not including infant formula) (solely operated by branch office management); printing of publications, printed matters of package and decoration and other printed matters; (the valid period of the above business scope is subject to the approval of licenses). 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; catering business and ticketing agency. (The items above exclude pre-licensing items while the post-licensing items are subject to the approval of licenses and shall be operated according to the licenses.)

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

2. Scope of the consolidated financial statements

The consolidated and the parent company’s financial statements were approved by the Board of the Company on 29 August 2023.

Details of the scope of the consolidated financial statements for the Period are set out in Note (VIII) “Interests in other entities”. Details of changes in the scope of consolidated financial statements for the Period are set out in Note (VII) “Changes in consolidation scope”.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(II) 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 2014), Hong Kong Companies Ordinance and Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Going concern

The Group assessed its ability to continue as a going concern for the 12 months subsequent to 30 June 2023, and found no events or circumstances that may cast significant doubts upon it. Hence the financial statements have been prepared on a going concern basis.

Basis of accounting and principle of measurement

The Group has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Group adopts the historical cost as the principle of measurement in the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

Where the historical cost is adopted as the measurement basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds or assets received or the contractual amounts for assuming the present obligation, or, at the amounts of cash or cash equivalents expected to be paid to settle the liabilities in the normal course of business.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Regardless of whether that fair value is directly observable or estimated using valuation technique, fair value measurement and disclosure purposes in the financial statements are determined on such a basis.

For financial assets with transaction prices as the fair value upon initial recognition and using valuation technique of unobservable inputs in the subsequent measurement at the fair value, the technique is adjusted during the valuation to match the initial recognition results determined with the transaction prices.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

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

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

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance with the ASBE

The financial statements have been prepared by the Company in accordance with ASBE, and present truly and completely, the consolidated and the parent company's financial position as at 30 June 2023, and the consolidated and the parent company's results of operations, the consolidated and the parent company's statement of changes in shareholders' equity and the consolidated and the parent company's cash flows for the period from 1 January to 30 June 2023.

2. Accounting period

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

3. Operating cycle

An operating cycle refers to the period since when an enterprise purchases assets for processing purpose until the realization of those assets in cash or cash equivalents. The Group's operating cycle is 12 months.

4. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Group operates. Therefore, the Group chooses RMB as their functional currency. The Company adopts RMB to prepare its financial statements.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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

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

5.1 Business combinations involving enterprises under common control

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

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is adjusted to the share capital premium in capital reserve. If the share capital premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

5.2 Business combinations not involving enterprises under common control and goodwill

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

The cost of combination is the aggregate of the fair values of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. Where a business combination not involving enterprises under common control is achieved in stages that involve multiple transactions, the cost of combination is the sum of the consideration paid at the acquisition date and the fair value at the acquisition date of the acquirer's previously held interest in the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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

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

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

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

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

6. Preparation of consolidated financial statements

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

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

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

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

6. Preparation of consolidated financial statements *(Continued)*

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

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

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

The portion of subsidiaries' equity that is not attributable to the Company is treated as non-controlling interests and presented as "non-controlling interests" in the consolidated balance sheet within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to non-controlling shareholders are presented as "profit or loss attributable to non-controlling shareholders" in the consolidated income statement below the "net profit" line item.

When the amount of loss for the period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount is still allocated against non-controlling interests.

Acquisition of non-controlling interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Company owners' interests and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid/received is adjusted to capital reserve under owners' equity. If the capital reserve is not sufficient to absorb the difference, the excess is adjusted against retained earnings.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

6. Preparation of consolidated financial statements *(Continued)*

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

7. Classification of joint arrangements

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

The joint arrangement of the Group refers to the joint venture. The Group accounts for investments in joint ventures using equity method. Refer to Note (III)14.3.2 “Long-term equity investments accounted for using the equity method” for details.

8. Recognition criteria of cash and cash equivalents

Cash comprises cash on hand of the Group and its deposits that can be readily withdrawn on demand. Cash equivalents are the Group’s short-term (generally due within three months from the date of acquisition), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

9. Transactions denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition, by applying the spot exchange rate on the date of the transaction.

At the balance sheet date, foreign currency monetary items are translated into the functional currency using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognized in profit or loss for the period, save as: (1) exchange differences relating to a special borrowing denominated in foreign currency qualified for capitalization are capitalized as part of the cost of the relevant asset during the capitalization period; (2) exchange differences relating to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting; (3) exchange differences arising from changes in the carrying amounts (other than amortized cost) of monetary items classified at fair value through other comprehensive income (FVTOCI) are recognized in other comprehensive income.

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions.

10. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

For all regular way purchase or sale of financial assets, assets to be received and liabilities to be assumed therefrom shall be recognized on a trade date basis, or assets sold shall be derecognized on a trade date basis.

Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognized in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognized amounts. For accounts receivable excluding significant financing components or regardless of financing components of contracts less than one year initially recognized based on ASBE No. 14 – Revenue (the “**Standard – Revenue**”), accounts receivable recognized shall be measured at transaction price defined based on the Standard – Revenue on initial recognition.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

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

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the net carrying amount of the financial asset or the amortized cost of financial liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability including earlier repayment, extension, call option or other similar options etc. without considering future credit losses.

The amortized cost of a financial asset or a financial liability is the amount of a financial asset or a financial liability initially recognized net of principal repaid, plus or less the cumulative amortized amount arising from amortization of the difference between the amount initially recognized and the amount at the maturity date using the effective interest method, net of cumulative loss allowance (only applicable to financial assets).

10.1 *Classification, recognition and measurement of financial assets*

Subsequent to initial recognition, the Group's financial assets of various categories are subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss.

If contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, such asset is classified into financial asset measured at amortized cost. Such financial assets mainly include bank and cash, notes receivable, accounts receivable, other receivables, other current assets (time deposits), non-current assets due within one year, long-term receivables, other non-current assets (time deposits) and etc.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

10.1 Classification, recognition and measurement of financial assets (Continued)

The contract clauses of financial assets stipulate that cash flows generated on a specified date are only payments of principal and interest based on the amount of outstanding principal and the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. The financial assets that meet the above conditions are classified as at FVTOCI, among which those with maturities over one year upon acquisition are presented under other debt investments, those with maturities within one year (inclusive) since the balance sheet date are presented under non-current assets due within one year, those classified as accounts receivable and notes receivable at FVTOCI upon acquisition are presented under financing receivables, those remaining items with maturities within one year (inclusive) upon acquisition are presented under other current assets.

Upon initial recognition, the Group can irrevocably designate non-trading equity instrument investments other than contingent considerations recognized in the business combination not under common control as financial assets at FVTOCI based on an individual financial asset. Such financial assets are presented as other equity instrument investments.

Financial assets meeting one of the following requirements indicate that the financial assets are held by the Group for trading:

- The obtaining of relevant financial assets is mainly for the purpose of sale in the near future.
- Relevant financial assets are part of the identifiable financial instrument combination under centralized management upon initial recognition and there is objective evidence indicating that recently there exists a short-term profit model.
- Relevant financial assets are derivatives, excluding derivatives that meet the definition of financial guarantee contracts as well as derivatives designated as effective hedging instruments.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

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

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

- Financial assets that are unqualified for the classification as at amortized cost and at FVTOCI are classified as at FVTPL.
- Upon initial recognition, to eradicate or significantly reduce accounting mismatches, the Group can irrevocably designate financial assets as at FVTPL.

Excluding derivative financial assets, financial assets at FVTPL are presented under held – for-trading financial assets. Those due over one year from the balance sheet date (or with no fixed term) and expected to be held for over one year are presented under other non – current financial assets.

10.1.1 Financial assets classified as at amortized cost

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

Interest income from the Group's financial assets measured at amortized cost is recognized based on the effective interest method. Interest income is determined by applying an effective interest rate to the book balance of the financial asset except for the following situations:

- For purchased or originated credit-impaired financial assets, the Group recognizes their interest income based on amortized cost and credit-adjusted effective interest rate of such financial assets since initial recognition.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

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

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

- For purchased or originated financial assets without credit impairment but subsequently becoming credit-impaired, the Group subsequently recognizes their interest income based on amortized costs and effective interest rate of such financial assets. If there exists no credit impairment due to improvement in credit risk of the financial instruments subsequently, and such improvement can be associated with a particular event upon the application of the above rule, the Group recognizes interest income by applying effective interest rate to book balance of the financial assets.

10.1.2 Financial assets at FVTOCI

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

The fair value change of non-trading equity instrument investments designated as at FVTOCI is recognized in other comprehensive income. Upon derecognition of the financial asset, cumulative gains or losses previously recognized in other comprehensive income are transferred and included in retained earnings. During the period for which the Group holds the investments in such non-trading equity instruments, dividend income is recognized and included in profit or loss for the period when the Group's right to collect dividend has been established; it is probable that economic benefits associated with dividend will flow into the Group; and the amount of dividend can be reliably measured.

10.1.3 Financial assets at FVTPL

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

10.2 Impairment of financial instruments

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

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

For other financial instruments, except for the purchased or internally generated credit – impaired financial assets, at each balance sheet date, the Group assesses changes in credit risk of relevant financial assets since initial recognition. If the credit risk of the above financial instruments has increased significantly since initial recognition, the Group measures loss allowance based on the amount of full lifetime ECL; if credit risk of the financial instruments has not increased significantly since initial recognition, the Group recognizes loss allowance based on 12-month ECL of the financial asset. Increase in or reversal of credit loss allowance is included in profit or loss as loss or gain on impairment. Except for financial assets classified as at FVTOCI, in which case the impairment amount is offset against the carrying amount of financial assets. For the financial assets classified as FVTOCI, the Group recognizes credit loss allowance in other comprehensive income, without reducing the carrying amount of the financial assets presented in the statement of financial position.

The Group measured loss allowance at the full lifetime ECL of the financial instruments in the prior accounting period. However, as at the balance sheet date for the current period, for the above financial instruments, due to failure to qualify as significant increase in credit risk since initial recognition, the Group measures loss allowance for the financial instruments at 12-month ECL at the balance sheet date for the current period. Relevant reversal of loss allowance is included in profit or loss as gain on impairment.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

10.2 Impairment of financial instruments (Continued)

10.2.1 Significant increase in credit risk

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

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

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

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

10.2 Impairment of financial instruments (Continued)

10.2.2 Credit-impaired financial assets

A financial asset is “credit-impaired” when one or more events that have an adverse impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes observable data about the following events:

- (1) Significant financial difficulty of the issuer or debtor;
- (2) A breach of contract by the debtor, such as a default or delinquency in interest or principal payments;
- (3) The creditor, for economic or contractual reasons relating to the debtor’s financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;
- (4) It becoming probable that the debtor will enter bankruptcy or other financial reorganizations;
- (5) The disappearance of an active market for that financial asset due to financial difficulties of issuer or debtor;
- (6) The purchase or origination of a financial asset at a significant discount that reflects the incurred credit losses.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

10.2 Impairment of financial instruments (Continued)

10.2.3 Recognition of ECL

The Group recognizes credit loss for contract assets, receivables-deposits and security deposits and long-term receivables on an individual basis and recognizes credit loss of related financial instruments for notes receivable, accounts receivable and other receivables other than deposits and security deposits on a collective basis using a provision matrix. The Group classifies financial instruments into different groups based on shared risk characteristics. Shared credit risk characteristics include type of financial instruments, the date of initial recognition, remaining contractual maturity and industry of debtor etc.

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

- For a financial asset, credit loss is the present value of difference between the contractual cash flow receivable and the expected cash flows to be received.
- For lease receivables, credit loss is the present value of difference between the contractual cash flow receivable and the expected cash flows to be received.
- For credit-impaired financial assets other than the purchased or internally generated credit-impaired financial assets at the balance sheet date, credit loss is difference between the carrying amount of financial assets and the present value of expected future cash flows discounted at original effective interest rate.

The Group's measurement of ECL of financial instruments reflects factors including unbiased probability weighted average amount recognized by assessing a series of possible results, time value of money, reasonable and supportable information related to historical events, current condition and forecast of future economic position that is available without undue cost or effort at the balance sheet date.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

10.2 Impairment of financial instruments (Continued)

10.2.4 Reduction in financial assets

The Group directly reduces the carrying amount of financial assets when ceasing to reasonably expect that the contractual cash flow of such financial assets may be fully or partially recoverable. Such reduction comprises derecognition of relevant financial assets.

10.3 Transfer of financial assets

The Group derecognizes a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (3) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, and it retains control of the financial asset, the Group continues to recognize the financial asset transferred to the extent of its continuing involvement and recognizes the relevant liabilities correspondingly. The Group measures the relevant liabilities in the following ways:

- If the financial asset transferred is measured at amortized cost, the carrying amount of the relevant liabilities is equal to the carrying amount of the financial asset transferred with continuing involvement less the amortized cost of the rights retained by the Group (if the Group retains relevant rights due to the transfer of financial assets) plus the amortized cost of the obligations undertaken by the Group (if the Group assumes relevant obligations due to the transfer of financial assets), and the relevant liabilities are not designated as financial liabilities at fair value through profit or loss.
- If the transferred financial asset is measured at fair value, the carrying amount of the relevant liabilities is equal to the carrying amount of the financial asset transferred with continuing involvement less the fair value of the rights retained by the Group (if the Group retains relevant rights due to the transfer of financial assets) plus the fair value of the obligations assumed by the Group (if the Group assumes relevant obligations due to the transfer of financial assets), and the fair value of the rights and obligations is measured on an individual basis.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

10.3 *Transfer of financial assets (Continued)*

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between the carrying amount of the transferred financial asset on the date of derecognition plus the consideration received from the transfer of financial asset and the sum of corresponding amounts derecognized in the accumulated changes in the fair value of other comprehensive income is recognized in profit or loss for the period. If the Group transfers a financial asset that belongs to non-trading equity instrument designated as at FVTOCI, cumulative gains or losses previously recognized in other comprehensive income are transferred and included in retained earnings.

For a partial transfer of a financial asset that satisfies the derecognition criteria, the carrying amount of the financial asset in its entirety before transfer shall be amortized between the part of financial asset derecognized and the part of financial asset continued to be recognized at their respective fair values on the transfer dates. The difference between the sum of the consideration received from the part of financial asset derecognized and the amount corresponding to derecognition in the cumulative gains or losses previously recognized in other comprehensive income and the carrying amount of the part of financial asset derecognized at the date of derecognition is included in the profit or loss for the period. If the financial asset transferred by the Group is a non-trading equity instrument investment designated at FVTOCI, cumulative gains or losses previously recognized in other comprehensive income are transferred and included in retained earnings.

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

10.4 *Classification of financial liabilities and equity instruments*

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

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

10.4.1 Classification, recognition and measurement of financial liabilities

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. The Group's financial liabilities are all other financial liabilities, mainly including short-term borrowings, notes payable, accounts payable, other payables and etc.

10.4.1.1 Other financial liabilities

All other financial liabilities as measured at amortized cost, and gains or losses arising from derecognition or amortization are recognized in profit or loss for the period.

10.4.2 Derecognition of financial liabilities

The Group derecognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

10.4.3 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinanced), repurchased, sold and cancelled by the Group are recognized as changes of equity. Change of fair value of equity instruments is not recognized by the Group. Transaction costs related to equity transactions are deducted from equity.

The Group recognizes the distribution to holders of the equity instruments as distribution of profits, and dividends paid do not affect total amount of shareholders equity.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

10.5 Offsetting financial assets and financial liabilities

Where the Group has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

11. Financing receivables

Notes receivable classified at FVTOCI are presented as financing receivables. See Note (III)10 for the relevant accounting policies.

12. Inventories

12.1 Categories of inventories

The Group's inventories mainly include raw materials, packaging materials, low cost and short-lived materials, work in progress, finished products, goods on hand, etc. Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

12.2 Valuation method of inventories upon delivery

The actual cost of inventories upon delivery is calculated using the weighted average method.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

12. Inventories *(Continued)*

12.3 Basis for determining net realizable value of inventories and provision methods for decline in value of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made.

Net realizable value is the estimated selling price of inventories in the ordinary course of business less the estimated costs to be incurred up to completion, the estimated costs necessary to make the sale and relevant taxes. Net realizable value is determined on the basis of clear evidence obtained, and takes into consideration the purposes of holding inventories and effect of post balance sheet events.

For large quantity and low value items of inventories of the Group, provision for decline in value is made based on categories of inventories. For items of inventories relating to a product line that are produced and marketed in the same geographical area, have the same or similar end uses or purposes, and cannot be practicably evaluated separately from other items in that product line, provision for decline in value is determined on an aggregate basis.

For general books, textbooks and supplementary materials, the provision for decline in value of inventories is made by using the following method:

The provision for decline in value of self-owned, stenciling-rent, consigned printing and outsourcing (for underwriting part) general books are made by: aging within one year, no provision for impairment is made; aging for one to two years, provision is made at 10% of total pricing of book inventory at year end/period end; aging for two to three years, provision is made at 20% of total pricing of book inventory at year end/period end; aging for more than 3 years, provision is made at 100% of actual costs of book inventories at year end/period end. The provision for outsourcing (for returnable part) general books is made at 1%-3% of actual costs of book inventories at the year end/period end.

The Group makes impairment provisions for textbooks and supplementary materials produced or purchased for teaching in prior years in full amount. For those produced or purchased for current period's teaching, if the Group has a clear picture about the utilization for the next year, the Group will make impairment provision for textbooks and supplementary materials which will not be used in the next year at full amount, and will make impairment provision for those whose utilization condition is unclear at 50% of their costs. No impairment provision for textbooks and supplementary materials produced or purchased for teaching for next year will be made.

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realizable value of inventories is higher than their carrying amounts, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

12. Inventories *(Continued)*

12.4 Inventory count system

The perpetual inventory system is maintained for stock system.

12.5 Amortization method for low cost and short-lived consumable items and packaging materials

Low cost and short-lived consumable items and packaging materials are amortized using the immediate write-off method.

13. Contract assets

13.1 Recognition methods and criteria for contract assets

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

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

Please refer to Note (III)10.2 "Impairment of financial instruments" for details of the determination method and accounting treatment for ECL of contract assets.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

14. Long-term equity investments

14.1 Judgement criteria for joint control and significant influence

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

14.2 Determination of initial investment cost

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

For a long-term equity investment acquired through business combination not involving enterprises under common control, the initial investment cost of the long-term equity investment is the aggregate cost on the date of acquisition. Where equity interests in an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination not involving enterprises under common control, the acquirer shall determine if these transactions are considered to be a "bundled transaction". If yes, these transactions are accounted for as a single transaction where control is obtained. If no, the sum of carrying amounts of equity investments previously held in the acquiree and the new investment cost is deemed as the initial investment cost of the long-term equity investment that was changed to be accounted for using cost method. If the equity interests previously held were accounted for using the equity method, the corresponding other comprehensive income is not subject to accounting treatment temporarily.

The expenses incurred by the acquirer or acquiree in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

The long-term equity investment acquired otherwise than through a business combination is initially measured at its cost.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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

14.3 Subsequent measurement and recognition of profit or loss

14.3.1 Long-term equity investment accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the parent company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. The cost of the long-term equity investment is adjusted according to addition or disposal of investment. Investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

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

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence and a joint venture refers to a joint arrangement whereby the Group has only the rights to the net assets of such arrangement.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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

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

*14.3.2 Long-term equity investment accounted for using the equity method *(Continued)**

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income of the investee for the year as investment income and other comprehensive income respectively. Meanwhile, carrying amount of long-term equity investment is adjusted. The carrying amount of long-term equity investment is decreased in accordance with its share of the investee's declared profit or cash dividends. Other changes in owners' equity of the investee other than net profit or loss and other comprehensive income are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized in the capital reserve. The Group recognizes its share of the investee's net profit or loss based on the fair value of the investee's individual identifiable assets, etc. at the acquisition date after making appropriate adjustments. Where the accounting policies and accounting period adopted by the investee are not consistent with those of the Company, the Company shall adjust the financial statements of the investee to conform to the Company's accounting policies and accounting period, and recognize investment income and other comprehensive income based on the adjusted financial statements. The Group's transactions with its associates and joint ventures where assets contributed or sold do not constitute a business, unrealized internal profit or loss is recognized as investment profit or loss to the extent that those attributable to the Group's proportionate shareholding are eliminated. However, unrealized losses resulting from the Group's internal transactions with its investees which represent impairment losses on the transferred assets are not eliminated.

The Group discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. In addition, if the Group has incurred obligations to assume additional losses of the investee, a provision is recognized according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognized.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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

14.4 Disposal of long-term equity investments

On disposal of a long-term equity investment, the difference between its carrying amount and the proceeds actually received is recognized in profit or loss for the period.

15. Investment properties

An investment property is a property held to earn rentals or for capital appreciation or both. The investment property of the Group is a building that is leased out.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

The Group uses the cost model for subsequent measurement of investment property, and adopts a depreciation policy for the investment property which is consistent with that for buildings.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

16. Fixed assets

16.1 Recognition criteria

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognized. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

16.2 Depreciation method

A fixed asset is depreciated over its useful life using the straight-line method and double-declining balance method since the month subsequent to the one in which it is ready for intended use. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Useful life	Estimated net residual value rate	Annual depreciation rate
Buildings	8-40 years	–	2.50-12.50%
Machinery and equipment	5-10 years	0-3%	9.70-20.00%
Electronic equipment and others	5-8 years	0-3%	12.13-20.00%
Transportation vehicles	5-8 years	0-3%	12.13-20.00%

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

16.3 Other explanations

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the period.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year end, and accounts for any change as a change in an accounting estimate.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

17. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

18. Intangible assets

18.1 Valuation method, useful life and impairment test for intangible assets

Intangible assets include land use rights, software, patents etc.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost is amortized over its estimated useful life using the straight-line method. The estimated net residual value of intangible assets of the Group is zero. The useful life for each category of intangible assets is as follows:

Category	Useful life
Land use rights	40-70 years
Patents	10-15 years
Software	5-10 years
Others	10 years

For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method at the end of the year, and makes adjustments when necessary.

For details of impairment test for intangible assets, please refer to Note (III)20 "Impairment of long-term assets".

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

18. Intangible assets *(Continued)*

18.2 Internal research and development expenditure

Expenditure during the research phase is recognized as an expense in the period in which it is incurred.

Expenditure during the development phase that meets all of the following conditions at the same time is recognized as intangible asset. Expenditure during development phase that does not meet the following conditions is recognized in profit or loss for the period:

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

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognizes all of them in profit or loss for the period. The costs of intangible assets incurred in internal development activities only include the gross expenditures incurred for bringing the intangible assets to expected usage from the point of time of satisfaction of capitalization conditions. The expenditures included in the profit or loss capitalized before the same intangible asset meets the capitalization conditions during the course of development are not adjusted.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

19. Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

20. Impairment of long-term assets

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

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

If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognized in profit or loss for the period.

Goodwill is tested for impairment at least at the end of each year. For the purpose of impairment testing, goodwill is considered together with the related assets group(s), i.e., goodwill is reasonably allocated to the related assets group(s) or each of assets group(s) expected to benefit from the synergies of the combination. An impairment loss is recognized if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. If the impairment loss is recognized, it is first deducted from the carrying amount of goodwill allocated to the asset group or sets of asset groups, and then deducted from the carrying amount of the remaining assets of the asset group or sets of asset groups excluding goodwill on a pro-rata basis.

An impairment loss once recognized shall not be reversed in a subsequent period.

21. Long-term prepaid expenses

Long-term prepaid expenses represent expenses incurred that should be amortized over the current period and each of the subsequent periods (together of more than one year). Long-term prepaid expenses are amortized over the expected periods in which benefits are derived.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

22. Contract liabilities

Contract liabilities refer to the Group's obligation to transfer goods or services to a customer for which the Group has received or should receive consideration from the customer. Contract assets and contract liabilities under the same contract are presented in net amounts.

23. Employee benefits

23.1 Accounting treatment for short-term employee benefits

In the accounting period in which an employee has rendered services, the Group recognizes the actual short-term employee benefits payable for those services as a liability and the profit or loss for the period in which they are incurred or cost of related assets. The Group recognizes the employee welfare as profit or loss for the period in which they are incurred or cost of related assets. The non-monetary employee welfare shall be measured at fair value.

Payment made by the Group of social security contributions for employees such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, etc. and payments of housing funds, as well as union running costs and employee education costs provided in accordance with relevant requirements, are calculated according to prescribed bases and percentages in determining the amount of employee benefits and recognized as relevant liabilities, with a corresponding charge to the profit or loss for the period or the costs of relevant assets in the accounting period in which employees provide services.

23.2 Accounting treatment of post-employment benefits

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

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

23. Employee benefits *(Continued)*

23.3 Accounting treatment of termination benefits

When the Group provides termination benefits to employees, employee benefit liabilities are recognized for termination benefits, with a corresponding charge to the profit or loss for the period at the earlier of: when the Group cannot unilaterally withdraw the offer of termination benefits because of the termination plan or a curtailment proposal; and when the Group recognizes costs or expenses related to restructuring that involves the payment of termination benefits.

24. Provisions

Provisions are recognized when the Group has a present obligation related to a contingency, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the best estimate of provision is determined by discounting the estimated future cash outflows.

25. Revenue

Revenue of the Group is primarily from the following business categories:

- (1) Sales of textbooks and supplementary materials business where sales are mainly achieved by taking orders from education system and primary and middle schools.
- (2) Sales of general books business. General books are mainly sold through wholesale, retail (including internet) and other channels.
- (3) Education informatized and equipment business where the Group purchases software and hardware primarily from the third party, and integrates them to provide digitalized solution for the schools.
- (4) Printing service and supply of materials business, which mainly includes sales of all kinds of paper and small quantities of printing machinery.
- (5) Concessionaire sales business. It mainly refers to the establishment of sales counters in the designated areas of the Group's retail stores by commodity suppliers, and sales by the sales staff of the supplier or the business staff of the retail stores.
- (6) Other operations are mainly logistics and warehousing services.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

25. Revenue *(Continued)*

The Group recognizes revenue based on the transaction price allocated to such performance obligation when a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation represents the commitment that a good and service that is distinct shall be transferred by the Group to the customer. Transaction price refers to the consideration that the Group is expected to receive a consideration due to the transfer of goods or services to the customer, but it does not include payments received on behalf of third parties and amounts that the Group expects to return to the customer.

The Group assesses the contract on the contract commencement date, identifies each individual performance obligation included in the contract, and determines whether each individual performance obligation is satisfied over time or at a point in time. If one of the following criteria is met and it is a performance obligation performed over time, the Group recognizes the revenue within a certain period of time according to the progress of the performance: (1) the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs; (2) the customer is able to control the goods under construction in the course of the Group’s performance; (3) the goods produced by the Group during the performance of the contract are irreplaceable and the Group has the right to charge for the accumulated part of the contract that has been performed so far during the whole contract period. Otherwise, the Group recognizes revenue at a certain point in time when “control” of the goods or services is transferred to the customer.

With respect to performance obligations performed overtime, the Group determines progress of performance by output method, i.e. determining the progress of performance in accordance with the value of merchandise or service already transferred to clients. Where the progress cannot be determined reasonably, the revenue is recognized based on the amount of cost that is expected to be compensated based on the cost already incurred, until the progress of performance is reasonably determined.

Where the contract includes two or more performance obligations, at contract inception, the Group allocates the transaction price to each single performance obligation according to the relative proportion of the stand-alone selling prices of the goods or services promised by each single performance obligation. However, where there is conclusive evidence that the contract discount or variable consideration is only related to one or more (not all) performance obligations in the contract, the Group shall allocate the contract discount or variable consideration to the relevant one or more performance obligations. The stand-alone selling price is the price at which the Group would sell a good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group shall consider all information that is reasonably available to the Group and maximize the use of observable inputs to estimate the stand-alone selling price.

The Group’s unconditional (i.e., depending on the passage of time only) right to receive consideration from the customer is separately presented as receivables.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

25. Revenue *(Continued)*

Variable consideration

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

Additional purchase option

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

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

Sales with sales return terms attached

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

25. Revenue *(Continued)*

Significant financing component

If the contract includes significant financing component (including education informatized and equipment business), the Group determines the transaction price based on the amount payable under the assumption that the customer pays that amount payable in cash when control of the goods or services is obtained by the customer. The difference between the transaction price and the contract consideration shall be amortized within the contract period using effective interest rate. If the Group expects, at contract inception, that the period between when the Group transfers the good or service to a customer and when the customer pays for that good or service will be one year or less, the Group needs not to consider the significant financing component.

Sales with quality assurance terms attached

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

Principal and agent

The Group determines whether it is a principal or an agent at the time of the transaction based on whether it owns the “control” of the goods or services before the transfer of such goods or services to the customer. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer, and the revenue shall be recognized based on the total consideration received or receivable; otherwise, the Group is an agent, and the revenue shall be recognized based on the amount of commission or handling fee that is expected to be charged, and such amount is determined based on the net amount of the total consideration received or receivable after deducting the prices payable to other related parties.

Contract liabilities

For receipt in advance from customers for the provision of goods or services, the amount shall initially be recognized as liability, and transferred into revenue when relevant performance obligations are satisfied. When it is unnecessary for the Group to return the receipt in advance and the customer may forfeit all or part of his/her contractual rights, and that the Group is entitled to the amount in respect of the contractual rights forfeited by the customer, such amount shall be recognized as revenue in proportion to the pattern of contractual rights exercised by the customer. Otherwise, the Group only recognizes such balance of the above liability as revenue when it becomes highly unlikely that the customer would demand the fulfilling of the remaining performance obligation.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

26. Contract costs

26.1 Cost of contract acquisition

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

26.2 Cost of performance of contract

If the cost incurred by the Group for the performance of the contract does not fall within the scope of other ASBE other than the Standard – Revenue and meets the following conditions at the same time, it is recognized as an asset: (1) the cost is directly related to a current or expected contract; (2) the cost increases the resources that the Group will use to perform its obligations in the future; (3) the cost is expected to be recovered. The above asset is amortized on the same basis as that used for the recognition of revenue from the goods or services relating to such asset, and is recognized in profit or loss for the period.

26.3 Impairment losses on assets related to contract costs

In determining the impairment loss on an asset related to contract costs, the Group first determines the impairment losses on other assets related to the contract recognized in accordance with other relevant ASBE. For the asset related to contract costs, if the carrying amount of the asset is higher than the difference between the following two items, the excess is provided for impairment loss and recognized as impairment loss on asset: (1) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; and (2) the costs estimated to be incurred for the transfer of the relevant goods or services.

After the provision for impairment on asset related to contract costs is made, if the factors of impairment in the previous period change, so that the difference between the two items above is higher than the carrying amount of the asset, the original provision for impairment on asset shall be reversed and included in the current profit or loss, but the carrying amount of the asset after the reversal shall not exceed the carrying amount of the asset on the date of reversal assuming that no provision for impairment is made.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

27. Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognized only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable.

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

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

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

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

Included in the Group's government grants, as the book subsidy is mainly used by the press to publish special books, such government grants are income-related government grants.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs, expenses or losses are recognized. If the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the period.

Government grants related to the Group's daily activities, based on the economic substance, are included in other income. Government grants not related to the Group's daily activities are included in non-operating income.

When the recognized government grants need to be returned, if there is a balance of related deferred income, the book balance of related deferred income shall be offset, and the excess shall be included in the current profit or loss.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

28. Deferred income tax assets/deferred income tax liabilities

The income tax expenses include current income tax and deferred income tax.

28.1 Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

28.2 Deferred income tax assets and deferred income tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or for the temporary differences between the carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred income tax assets and liabilities are recognized using the balance sheet liability method.

Deferred income tax is generally recognized for all temporary differences. Deferred income tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred income tax asset or liability is recognized.

For deductible losses and tax credits that can be carried forward, deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

28. Deferred income tax assets/deferred income tax liabilities *(Continued)*

*28.2 Deferred income tax assets and deferred income tax liabilities *(Continued)**

At the balance sheet date, deferred income tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realized or the liability is settled.

Current and deferred income tax expenses or income are recognized in profit or loss for the period, except when they arise from transactions or events that are directly recognized in other comprehensive income or in shareholders equity, in which case they are recognized in other comprehensive income or in shareholders equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred income tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred income tax assets to be utilized. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

28.3 Offset of income tax

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current income tax assets and current income tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current income tax assets and liabilities on a net basis, and deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current income tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred income tax assets or liabilities are expected to be reversed, deferred income tax assets and deferred income tax liabilities are offset and presented on a net basis.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

29. Lease

A lease refers to a contract assigning a lessor's right to use an asset to a lessee for a certain period of time for consideration.

At the contract commencement date, the Group evaluates whether the contract is a lease or comprises a lease. The Group shall not reassess whether a contract is a lease or comprises a lease unless there are changes to the contract terms and conditions.

29.1 The Group as lessee

29.1.1 Right-of-use assets

Except for short-term leases, the Group recognizes right-of-use assets for leases on the commencement date of lease term. The commencement date of lease term refers to the date from which a leased asset is provided by the lessor for the Group's use. Right-of-use assets are initially measured by their costs. These costs include:

- The initially measured amount of lease liabilities;
- For lease payments on or prior to the commencement date of lease term with lease incentives, the related amount of lease incentives enjoyed shall be deducted;
- Initial and direct expenses incurred to the Group;
- The expected costs incurred to the Group to demolish and remove leased assets, restore the premises where the leased assets are located, or restore the leased assets to the conditions bound by the lease terms.

The right-of-use assets are depreciated in accordance with the depreciation provisions under the ASBE No. 4 – Fixed Assets. For a leased asset which the ownership can be reasonably determined at the expiry of the lease term, its right-of-use asset is depreciated over its remaining useful life. A leased asset which the ownership cannot be reasonably determined at the expiry of the lease term is depreciated utilizing the shorter period between the lease term and the remaining useful life of the leased asset.

The Group determines whether a right-of-use asset has been impaired in accordance with the provisions under the ASBE No. 8 – Impairment of Assets and applies accounting treatment to the impairment loss identified accordingly.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

29. Lease *(Continued)*

29.1 The Group as lessee (Continued)

29.1.2 Lease liabilities

Except for short-term leases, the Group initially measures lease liabilities on the commencement date of lease term according to the present value of outstanding lease payments on that date. When calculating the present value of lease payments, the Group uses incremental borrowing rate as discount rate as the rate included in the lease cannot be determined.

Lease payments refer to the amount paid by the Group to a lessor which is related to the right to use lease assets during the lease term, including:

- Fixed payments and substantially fixed payments (deduct related lease incentive amount, if any);
- Variable lease payments which depend on an index or a rate;
- The exercise price of an option which the Group reasonably determines that the purchase option is to be exercised;
- The amount payable upon exercising an option to terminate a lease, provided that the exercising of such option by the Group can be reflected over the lease term;
- Estimated amount due based on the residual value of the guarantee provided by the Group.

Variable lease payments that depend on an index or a rate are initially measured using the index or rate as at the commencement date of lease term. Variable lease payments not included in the measurement of lease liabilities are accounted in profit or loss for the period or as relevant asset costs when actually incurred.

Upon commencement date of the lease term, the Group accounts for interest expenses of lease liabilities for each period during the lease term according to fixed periodic rates and includes the same in profit or loss for the period or the cost of relevant assets.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

29. Lease *(Continued)*

29.1 The Group as lessee (Continued)

29.1.2 Lease liabilities (Continued)

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

- If changes are caused by changes in lease term or assessment results of purchase option, the Group shall remeasure lease liabilities according to its present value calculated using the revised lease payments and discount rates;
- Should there be changes to the payable amounts estimated by residual value of the guarantee or the index or ratio used to determine lease payments, the Group shall remeasure lease liabilities according to its present value calculated using the revised lease payments and original discount rates.

29.1.3 Short-term leases

For short-term leases under office and operating buildings, the Group chooses not to recognize right-of-use assets and lease liabilities. Short-term leases refer to those with lease term under 12 months and without purchase option as of the commencement date of lease term. Lease payments of short-term leases are included in profit or loss for the period within each period during lease term using the straight-line method.

29.1.4 Lease modification

If modification of lease occurs and meets the following conditions, the Group will conduct accounting treatment for the modification of lease as a separate lease:

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

29. Lease *(Continued)*

29.1 The Group as lessee *(Continued)*

29.1.4 Lease modification *(Continued)*

If accounting treatment for the modification of lease as a separate lease is not conducted, the Group shall re-amortize the modified consideration of contract and redetermine the lease term on the effective date of modification of lease and discount the modified lease payments using the revised discount rate, in order to remeasure the lease liabilities.

If the modification of lease results in a narrower scope of lease or a shorter lease term, the Group reduces the carrying amount of the right-of-use assets accordingly and recognizes the gains or losses relevant to the partial or complete termination of the leases in profit or loss for the period.

29.2 The Group as lessor

29.2.1 Classification of leases

A lease is classified as a finance lease if it transfers practically substantially all the risks and rewards incidental to ownership of a leased asset. Other leases which are not finance leases are operating leases.

29.2.2 The Group as lessor accounting for operating lease business

During each period of the lease term, the Group recognizes rents of operating leases as rental income using the straight-line method. Initial direct expenses related to operating leases are capitalized when incurred, and are amortized to profit or loss in the period over the lease term using the same basis as for the recognition of rental income.

For the variable lease payments not included in lease payments but related to operating lease, the Group recognizes the amount in profit or loss during the period it is actually incurred.

30. 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**”) under the document Cai Kuai [2022] No.31, which regulates the accounting treatment of exemption from initial recognition of deferred income tax related to assets and liabilities arising from a single transaction, and has been implemented since 1 January 2023. The Group is of the view that the adoption of the such requirements has no material effect on the Group’s and the Company’s financial statements.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(IV) KEY ASSUMPTIONS AND UNCERTAINTIES APPLIED IN ACCOUNTING ESTIMATES

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

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

Key assumptions and uncertainties applied in accounting estimates

The following are the key assumptions and uncertainties in accounting estimates at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods:

Credit loss provision

The Group determines credit loss provision on the basis of ECL rate of accounts receivable. At the end of the reporting period, the Group made adjustments to the estimates of ECL rate and credit loss provision based on the historical data and forward-looking information of the existing customers. If the re-assessment results differ from the existing estimates, the difference shall affect carrying amount of accounts receivable and profit or loss for the period when estimates change.

Provisions for decline in value of inventories

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

Impairment of goodwill

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(V) TAXES

1. Major categories of taxes and tax rates

Category of tax	Basis of tax calculation	Tax rate
Value-added tax	Note	13%, 9%, 6%, 3%
City maintenance and construction tax	Turnover tax paid	7%, 5%
Education surcharges	Turnover tax paid	3%
Local education surcharges	Turnover tax paid	2%
Enterprise income tax	Assessable income	25%, 15%
Property tax	Residual value after deducting 10% to 30% from the cost of the property/ rental income of the property	1.2%, 12%

Note: Value-added tax is calculated at the amount of output tax net of deductible input tax. Output tax is calculated on the basis of sales volume as per relevant tax laws.

2. Tax incentives and official approvals

Enterprise income tax

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(V) TAXES *(Continued)*

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

Enterprise income tax (Continued)

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 issued by the MoF, State Administration of Taxation and Publicity Department of the Communist Party of China, Liangshanzhou Xinhua Bookstore Co., Ltd. (hereinafter referred to as “**Liangshanzhou Xinhua Bookstore**”), a subsidiary of the Company, is entitled to a five-year enterprise income tax exemption policy from 1 January 2021.

The Company’s subsidiaries, Sichuan Winshare Education Technology Co., Ltd. (“**Winshare Education Technology**”) and Sichuan Winshare Online E-commerce Co., Ltd. (“**Winshare Online**”), which fall within the encouraged industries in the Western region 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 Administration of Taxation, 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 Ministry of Finance and the State Administration of Taxation No. 10 of 2021) issued by the Ministry of Finance and the State Administration of Taxation, for the period from 1 January 2021 to 31 December 2023, the Group’s publications of newspapers and journals published for children and the elderly, textbooks for students in primary and secondary schools and publications for ethnic minorities are entitled to preferential policy of 100% reimbursement of value-added tax during publishing phase; apart from the above publications that are entitled to preferential policy of 100% reimbursement of value-added tax, other publications such as books, journals, audio-visual products and electronic publications are entitled to preferential policy of 50% reimbursement of value-added tax during publishing phase; and the book wholesale and retail business is entitled to exemption from value-added tax.

Property tax

Pursuant to the Announcement of the Sichuan Provincial Taxation Bureau of the State Administration of Taxation and the Sichuan Provincial Department of Finance on Exemption for Taxpayers in Five Industries, including Transportation, from Property Tax and Urban Land Use Tax in the First Half of 2023 (Announcement of the Sichuan Provincial Tax Bureau of the State Administration of Taxation and the Sichuan Provincial Department of Finance No. 1 of 2023), for the period from 1 January 2023 to 30 June 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 are exempt from property tax and urban land use tax.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Item	30 June 2023 (Unaudited)			31 December 2022		
	Amounts of the original currencies		Exchange rate	Amounts of the original currencies		Exchange rate
	Amount in RMB	Amount in RMB		Amount in RMB		
Cash on hand:						
RMB	217,040.89	1.0000	217,040.89	187,653.59	1.0000	187,653.59
Bank balances:						
RMB (Note 1)	7,937,747,755.54	1.0000	7,937,747,755.54	7,759,845,394.77	1.0000	7,759,845,394.77
USD	18,373.05	7.2258	132,759.98	32,732.41	6.9646	227,968.14
EUR	68.69	7.8771	541.08	68.69	7.4229	509.88
HKD	53,870.42	0.9220	49,668.53	54,067.69	0.8933	48,298.67
Other currency funds:						
RMB (Note 2)	39,250,676.21	1.0000	39,250,676.21	41,490,681.57	1.0000	41,490,681.57
Total			7,977,398,442.23			7,801,800,506.62

Note 1: At the end of the Period, the bank balances include 3-month above time deposits and interests amounting to RMB3,329,702,926.03 (31 December 2022: RMB3,135,000,000.00) with an interest rate of 1.90%-3.85%. The management held the term deposits for the Period with the intention of flexible arrangement of funds and withdrew funds at any time depending on the capital needs.

Note 2: At the end of the Period, other currency funds include the balances with Alipay App account and WeChat App account and securities account of RMB3,588,250.34 (31 December 2022: RMB1,774,804.23), and the remaining are restricted currency funds. Restricted currency funds are set out in Note (VI)56.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2. Notes receivable

Categories of notes receivable

Category	30 June 2023 (Unaudited)	31 December 2022
Commercial acceptance bills	1,802,667.17	2,906,232.79

RMB

Note: At the end of the Period, there were no commercial acceptance bills pledged by the Group, and there were no commercial acceptance bills endorsed by the Group not yet due as at the balance sheet date (31 December 2022: nil).

3. Accounts receivable

(1) *Disclosure by aging*

Aging	30 June 2023 (Unaudited)				31 December 2022			
	Amount	Proportion	Credit loss provision	Carrying amount	Amount	Proportion	Credit loss provision	Carrying amount
		(%)				(%)		
Within 1 year	1,833,317,510.49	71.82	269,253,371.65	1,564,064,138.84	1,744,811,568.82	71.75	238,824,789.41	1,505,986,779.41
More than 1 year but not exceeding 2 years	269,218,594.83	10.55	110,379,623.88	158,838,970.95	335,133,131.90	13.78	143,241,119.84	191,892,012.06
More than 2 years but not exceeding 3 years	181,448,805.08	7.11	181,448,805.08	-	163,725,649.39	6.73	163,725,649.39	-
More than 3 years	268,608,807.35	10.52	268,608,807.35	-	188,284,332.45	7.74	188,284,332.45	-
Total	2,552,593,717.75	100.00	829,690,607.96	1,722,903,109.79	2,431,954,682.56	100.00	734,075,891.09	1,697,878,791.47

RMB

The aging of accounts receivable above is based on the date of goods delivery.

(2) *Credit loss provision made or reversed in the current period*

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

(3) *Accounts receivable actually written off for the current period*

There were no accounts receivable written off for the current period.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

3. Accounts receivable *(Continued)*

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

RMB

Name of entity	Relationship with the Group	30 June 2023 (Unaudited)	As a percentage of the total accounts receivable (%)	Credit loss provision as at 30 June 2023 (Unaudited)
Customer A	Third party	124,143,585.66	4.86	124,143,585.66
Customer B	Third party	94,021,908.15	3.68	2,805,826.69
Customer D	Third party	88,023,725.40	3.45	8,140,258.37
Customer E	Third party	56,302,910.56	2.21	39,504,452.58
Customer I	Third party	44,444,330.06	1.74	6,375,798.71
Total		406,936,459.83	15.94	180,969,922.01

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

4. Financing receivables

(1) *Classification of financing receivables*

RMB

Item	30 June 2023 (Unaudited)	31 December 2022
Bank acceptance bills measured at fair value (Note 1)	9,565,793.55	8,499,815.79

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

4. Financing receivables *(Continued)*

(2) *Financing receivables endorsed by the Group at the end of the Period and not yet due as at the balance sheet date*

	<i>RMB</i>	
	Amounts derecognized at the end of the Period (Unaudited)	Amounts not yet derecognized at the end of the Period (Unaudited)
Item	(Unaudited)	(Unaudited)
Bank acceptance bills measured at fair value (Note 2)	10,024,896.67	–

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

As at the end of the Period, the Group did not make provision for credit impairment loss with respect to its financing receivables.

Note 2: As at 30 June 2023, the Group had bank acceptance bills endorsed and not yet due of RMB10,024,896.67 (31 December 2022: RMB5,247,913.84). As for the derecognition of bank acceptance bills endorsed by the Group and not yet due as at the balance sheet date, please refer to Note (IX)2 for details.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

5. Prepayments

(1) Aging analysis of prepayments

RMB

Aging	30 June 2023 (Unaudited)		31 December 2022	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	46,412,994.61	59.55	51,846,732.10	65.97
More than 1 year but not exceeding 2 years	11,146,507.77	14.30	10,744,403.36	13.67
More than 2 years but not exceeding 3 years	9,258,434.67	11.88	7,419,621.05	9.45
More than 3 years	11,120,270.32	14.27	8,576,559.44	10.91
Total	77,938,207.37	100.00	78,587,315.95	100.00

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

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

RMB

Name of entity	Relationship with the Group	30 June 2023 (Unaudited)	As a percentage of the total prepayments (%)	Reasons for unsettlement
Chengdu Tongcheng Weiye Technology Co., Ltd.	Third party	3,833,597.25	4.92	Royalties not yet offset
Echo Publishing Co., Ltd.	Third party	3,322,692.71	4.26	Royalties not yet offset
Chengdu Himalaya Culture and Art Center	Third party	3,316,000.00	4.25	Royalties not yet offset
Shanghai Yihai Culture Dissemination Center (General Partnership)	Third party	2,752,482.00	3.53	Royalties not yet offset
Shanghai Yining Culture Media Center	Third party	2,637,310.00	3.38	Royalties not yet offset
Total		15,862,081.96	20.34	

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

6. Other receivables

6.1 Other receivables summary

Item	<i>RMB</i>	
	30 June 2023 (Unaudited)	31 December 2022
Dividend receivables	87,050,400.00	72,000.00
Other receivables	140,103,333.07	129,698,862.20
Total	227,153,733.07	129,770,862.20

6.2 Dividend receivables

Item	<i>RMB</i>	
	30 June 2023 (Unaudited)	31 December 2022
Bank of Chengdu Co., Ltd. ("Bank of Chengdu")	62,720,000.00	–
Anhui Xinhua Media Co., Ltd. ("Wan Xin Media")	23,058,400.00	–
Ren Min Eastern (Beijing) Book Industry Co., Ltd. ("Ren Min Eastern")	1,200,000.00	–
Sichuan Education and Science Forum Magazine Press Co., Ltd. ("Education Forum")	72,000.00	72,000.00
Total	87,050,400.00	72,000.00

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

6. Other receivables *(Continued)*

6.3 Other receivables

(1) Other receivables by aging

Aging	30 June 2023 (Unaudited)				31 December 2022				<i>RMB</i>
	Amount	Proportion (%)	Credit loss provision	Carrying amount	Amount	Proportion (%)	Credit loss provision	Carrying amount	
Within 1 year	72,147,251.12	46.55	1,455,930.76	70,691,320.36	68,892,443.29	46.69	611,099.12	68,281,344.17	
More than 1 year but not exceeding 2 years	42,374,271.64	27.34	1,326,737.80	41,047,533.84	32,628,373.89	22.11	3,025,550.98	29,602,822.91	
More than 2 years but not exceeding 3 years	13,795,036.73	8.90	3,078,411.03	10,716,625.70	15,473,661.03	10.49	4,886,703.93	10,586,957.10	
More than 3 years	26,685,891.39	17.21	9,038,038.22	17,647,853.17	30,562,913.91	20.71	9,335,175.89	21,227,738.02	
Total	155,002,450.88	100.00	14,899,117.81	140,103,333.07	147,557,392.12	100.00	17,858,529.92	129,698,862.20	

(2) Credit loss provision made or reversed in the current period

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

(3) Other accounts receivable actually written off in the current period

There were no other accounts receivable actually written off in the current period.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

6. Other receivables *(Continued)*

6.3 Other receivables *(Continued)*

(4) Other receivables presented by nature

Nature of other receivables	<i>RMB</i>	
	30 June 2023 (Unaudited)	31 December 2022
Amount due from related parties	26,478.80	825,155.92
Deposit/guarantee deposit	82,149,808.29	100,670,902.66
Petty cash	999,467.19	673,595.48
Others	71,826,696.60	45,387,738.06
Total	155,002,450.88	147,557,392.12

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

Name of entity	Nature	30 June 2023 (Unaudited)		<i>RMB</i>	
				Aging	As a percentage of total other receivables (%)
Higher Education Press Co., Ltd.	Deposit/guarantee deposit	30,000,000.00	1-2 years	19.35	-
Education Department of Tibet Autonomous Region	Deposit/guarantee deposit	5,230,000.00	2-3 years, more than 3 years	3.37	-
Dazhou Peiwen Senior High School	Deposit/guarantee deposit	3,158,938.20	2-3 years	2.04	-
Chengdu Zhonghang Real Estate Development Co., Ltd.	Deposit/guarantee deposit	3,020,214.00	More than 3 years	1.95	-
Kaijiang County Education and Science and Technology Bureau	Deposit/guarantee deposit	2,489,898.60	2-3 years	1.61	-
Total		43,899,050.80		28.32	-

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

7. Inventories

(1) Categories of inventories

RMB

Item	30 June 2023 (Unaudited)			31 December 2022		
	Book balance	Provision for decline in value	Carrying amount	Book balance	Provision for decline in value	Carrying amount
Goods on hand	2,413,280,384.11	266,974,743.21	2,146,305,640.90	2,602,469,892.90	237,987,252.92	2,364,482,639.98
Work-in-progress	106,035,965.35	-	106,035,965.35	156,205,462.21	-	156,205,462.21
Raw materials	70,338,192.26	3,337,396.06	67,000,796.20	55,489,519.64	3,337,396.06	52,152,123.58
Total	2,589,654,541.72	270,312,139.27	2,319,342,402.45	2,814,164,874.75	241,324,648.98	2,572,840,225.77

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

(2) Provision for decline in value of inventories

RMB

Category of inventories	1 January 2023	Increase in the current period	Decrease in the current period		30 June 2023 (Unaudited)
			Reversal in the current period	Write-off in the current period	
Goods on hand	237,987,252.92	37,212,659.95	5,146,986.27	3,078,183.39	266,974,743.21
Raw materials	3,337,396.06	-	-	-	3,337,396.06
Total	241,324,648.98	37,212,659.95	5,146,986.27	3,078,183.39	270,312,139.27

Note: As the expected net realizable value was lower than the cost of inventories at the end of the Period, a provision for decline in value of inventories amounting to RMB37,212,659.95 (the Same Period of Last Year: RMB19,347,328.54) was made during the current period. As a result of inventories scrapping, the provision for the decline in value of inventories amounting to RMB3,078,183.39 (the Same Period of Last Year: nil) was written off during the current period. As the goods provided for the decline in value of inventories were sold, the provision for the decline in value of inventories amounting to RMB5,146,986.27 (the Same Period of Last Year: RMB7,655,510.12) was reversed.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

8. Contract assets

(1) Details of contract assets

RMB

Item	30 June 2023 (Unaudited)			31 December 2022		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Contract assets arising from contracts with customers (Note)	8,827,611.11	-	8,827,611.11	9,567,253.11	-	9,567,253.11
Total	8,827,611.11	-	8,827,611.11	9,567,253.11	-	9,567,253.11

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

(2) Qualitative and quantitative analysis of contract assets

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

9. Other current assets

(1) Details of other current assets

Item	RMB	
	30 June 2023 (Unaudited)	31 December 2022
Refund costs receivable (Note 1)	70,434,673.82	62,335,648.40
VAT input tax to be deducted (Note 2)	16,176,713.23	11,802,113.73
Term deposits (Note 3)	428,174,309.59	256,936,775.34
Total	514,785,696.64	331,074,537.47

Note 1: As at the end of the current period, the refund costs receivable was RMB70,434,673.82, including the original value of the refund costs receivable of RMB91,694,034.92, and the provision for asset impairment of RMB21,259,361.10, of which the provision for asset impairment loss for the current period was RMB3,601,918.94.

Note 2: VAT input tax to be deducted represents 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 rate of which is 4.015%-4.07% (31 December 2022: 3.50%-4.07%).

(2) Details of impairment provision

Category	RMB		
	31 December 2022	Provision for the current period	30 June 2023 (Unaudited)
Refund costs receivable	17,657,442.16	3,601,918.94	21,259,361.10

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

10. Long-term receivables

(1) Details of long-term receivables

Item	Balance at the end of the current period (Unaudited)			Balance at the end of the prior year			Range of discount rate
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount	
	RMB						
Goods sold by instalments (Note)	166,693,227.99	14,000,119.54	152,693,108.45	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	100,362,374.38	8,682,764.18	91,679,610.20	129,848,864.96	12,609,965.32	117,238,899.64	3.65%-5%
Net	66,330,853.61	5,317,355.36	61,013,498.25	110,296,941.17	9,868,640.66	100,428,300.51	3.65%-5%

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

(2) Details of provisions of bad debts

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

11. Long-term equity investments

(1) Summary of long-term equity investments:

Item	30 June 2023 (Unaudited)	31 December 2022
	RMB	
Book balance of long-term equity investments	774,907,023.06	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	768,259,677.49	748,393,704.39

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**12. Long-term equity investments (Continued)**

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

Investee	1 January 2023	Changes for the Period						Provision for impairment as at 30 June 2023 (Unaudited)		
		Addition in investment	Reduction in investment	Investment gain 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	Other decreases
I. Joint Ventures										
Hainan Publishing House Co., Ltd. ("Hainan Publishing House")	265,857,961.16	-	-	12,106,405.64	-	-	-	-	-	277,964,366.80
Sichuan Fudou Technology Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Sanya Xuan Cai Private Equity Venture Capital Fund Management Co., Ltd. ("Sanya Xuancai")	11,679,854.64	-	-	(84,593.70)	-	-	-	-	-	11,595,260.94
Subtotal	277,537,815.80	-	-	12,021,811.94	-	-	-	-	-	289,559,627.74
II. Associates										
Sichuan Winshare BLOGIS Supply Chain Co., Ltd. ("Winshare BLOGIS")	46,498,469.39	-	-	(874,216.03)	-	-	-	-	-	45,624,253.36
The Commercial Press (Chengdu) Co., Ltd. ("The Commercial Press")	4,199,405.80	-	-	115,508.04	-	-	-	-	-	4,314,913.84
Ren Min Eastern	10,022,317.16	-	-	(274,151.14)	-	-	(1,200,000.00)	-	-	8,548,166.02
Guizhou Xinhua Winshare Book Audio-Visual Product Chainstore Co., Ltd. ("Guizhou Winshare")	-	-	-	-	-	-	-	-	-	-
Ming Bo Education Technology Holdings Co., Ltd. ("Ming Bo Education")	15,373,341.73	-	-	(4,503,383.60)	-	-	-	-	-	10,869,958.13

RMB

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2023

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

12. Long-term equity investments (Continued)

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

Investee	1 January 2023	Changes for the Period						Provision for impairment as at 30 June 2023 (Unaudited)			
		Addition in investment	Reduction in investment	Investment gain 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	Other decreases	30 June 2023 (Unaudited)
Shanghai Jingjie Information Technology Co., Ltd. ("Shanghai Jingjie")	-	-	-	-	-	-	-	-	-	-	-
Sichuan Centennial Preschool Educational Management Co., Ltd. ("Preschool Education") (formerly known as Sichuan Winshare Preschool Educational Management Co., Ltd.)	6,855,485.40	-	-	(231,159.79)	-	-	-	-	-	6,624,325.61	(1,604,619.30)
Chengdu Winshare Equity Investment Fund Management Co., Ltd. ("Winshare Equity Investment Fund")	34,374,989.84	-	-	5,354,269.67	-	-	-	-	-	39,729,259.51	-
Education Forum	1,257,860.07	-	-	63,913.60	-	-	-	-	-	1,321,773.67	-
Fuzhou Winshare Technology Partnership (Limited Partnership) ("Fuzhou Winshare")	4,689,459.42	-	-	58.11	-	-	-	-	-	4,689,517.53	-
Sichuan Jiayang Shuo 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")	21,084,082.56	-	-	53,521.22	-	-	-	-	-	21,137,603.78	-
Winshare Ynshi (Beijing) Cultural Communication Co., Ltd. ("Winshare Ynshi")	390,421.32	-	-	(117,913.56)	-	-	-	-	-	272,507.76	-

RMB

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**12. Long-term equity investments (Continued)**

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

RMB

Investee	1 January 2023	Changes for the Period						Provision for impairment as at 30 June 2023 (Unaudited)			
		Addition in investment	Reduction in investment	Investment gain 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	Other decreases	
Hainan Phoenix Xinhua Publishing and Distribution Co., Ltd. ("Hainan Phoenix")	325,984,203.78	-	-	4,549,788.64	-	-	-	-	-	330,533,992.42	-
Sichuan Cuiya Education Technology Co., Ltd. ("Cuiya Education")	-	-	-	72,055.32	-	-	-	-	-	72,055.32	-
Sichuan Digital World Culture Technology Co., Ltd. ("Digital World") (Note 1)	-	4,900,000.00	-	(63,868.77)	-	-	-	-	-	4,836,131.23	-
Subtotal	470,855,888.59	4,900,000.00	-	4,144,161.16	-	-	(1,200,000.00)	-	-	478,700,049.75	(6,647,345.57)
Total	748,393,704.39	4,900,000.00	-	16,165,973.10	-	-	(1,200,000.00)	-	-	768,259,677.49	(6,647,345.57)

Note 1: On 12 March 2023, Sichuan Digital Publishing Co., Ltd. ("Digital Publishing"), a subsidiary of the Company, and Sichuan New Media Group Co., Ltd. jointly established Sichuan Digital World Culture Technology Co., Ltd., with the shareholding ratios of the two parties being 49% and 51%, respectively. According to the articles of association of Digital World, the Group appoints a director to Digital World, and can exert significant influence on Digital World. Therefore, Digital World is an associate of the Group.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

(3) Details of unrecognized investment losses are as follows:

Item	30 June 2023 (Unaudited)		31 December 2022	
	Unrecognized investment losses for the Period	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
Sichuan Fudou Technology Co., Ltd.	274,187.33	3,861,887.57	698,000.00	3,587,700.24
Cuiya Education	–	–	98,683.56	98,683.56
Xinhua Yingxuan	359,840.89	1,156,261.59	796,420.70	796,420.70
Total	634,028.22	10,576,139.86	1,593,104.26	10,040,795.20

RMB

12. Other equity instrument investments

(1) Details of other equity instruments investments

Other equity instrument investments designated at FVTOCI:

Item	30 June 2023 (Unaudited)	31 December 2022
	Wan Xin Media	1,170,369,600.00
Jiangsu Hagong Intelligent Robot Co., Ltd. ("HGZN")	715,013.32	924,678.88
Bank of Chengdu	976,800,000.00	1,224,000,000.00
Others	375,393.81	375,393.81
Total	2,148,260,007.13	1,874,674,472.69

RMB

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

12. Other equity instrument investments *(Continued)*

(2) *Details of equity instruments investments not held for trading*

RMB

Item	Dividend income recognized for the Period	Accumulated profits (losses)	Amount transferred from other comprehensive income (loss) to retained earnings during the Period	Reasons for equity instruments investments not held for trading designated at FVTOCI
Wan Xin Media	23,058,400.00	983,954,272.00	–	The investment is not
HGZN	–	(51,407.64)	–	held for the purpose of
Bank of Chengdu	62,720,000.00	736,800,000.00	–	selling it in the near term
Others	–	(1,646,699.35)	–	for short-term gains.
Total	85,778,400.00	1,719,056,165.01	–	

13. Other non-current financial assets

RMB

Item	30 June 2023 (Unaudited)	31 December 2022
CICC Qichen Phase II (Wuxi) Emerging Industry Equity Investment Fund Partnership (Limited Partnership) (Note 1)	119,403,332.46	–
Ningbo Meishan Free Trade Port Winshare Dingsheng Equity Investment Partnership (Limited Partnership) (Note 2)	111,808,182.66	97,069,238.93
Qingdao Goldstone Zhixin Investment Center (Limited Partnership) (Note 3)	91,380,402.27	91,159,133.59
Citic M&A Investment Fund (Shenzhen) Partnership (Limited Partnership) (Note 4)	79,652,669.96	134,475,241.07
Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership (Limited Partnership) (Note 5)	51,616,943.35	141,943,260.43
Xinhua Internet E-commerce Co., Ltd. ("Xinhua Internet") (Note 6)	3,000,000.00	3,000,000.00
Total	456,861,530.70	467,646,874.02

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

Note 1: On 18 April 2023, Winshare Investment Co., Ltd. ("**Winshare Investment**"), a subsidiary of the Company, signed a partnership agreement to invest in CICC Qichen Phase II (Wuxi) Emerging Industry Equity Investment Fund Partnership (Limited Partnership) at an amount of RMB120,000,000.00, holding 8.7277% of its limited partner share. In the current period, the loss from changes in fair value was RMB596,667.54, and transaction costs of RMB2,600,000.00 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 2: Changes in fair value for the current period were losses of RMB2,098,552.92. New investment cost amounted to RMB28,420,265.77. The recovery of the exit money due to liquidation of investment project totalled RMB11,582,769.12.

Note 3: Changes in fair value for the current period were gains of RMB221,268.68. Dividends received from Qingdao Goldstone Zhixin Investment Center (Limited Partnership) amounted to RMB1,486,548.79, which was included in investment income.

Note 4: Changes in fair value for the current period were losses of RMB36,821,468.35. The recovery of the exit money due to liquidation of investment project totalled RMB18,001,102.76.

Note 5: Changes in fair value for the current period were gains of RMB34,658,106.58. The recovery of the exit money due to liquidation of investment project totalled RMB124,984,423.66.

Note 6: 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%.

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

14. Investment properties

(1) *Investment properties measured at cost*

		<i>RMB</i>
Item		Buildings
I.	Cost	
	1. 1 January 2023	133,189,531.02
	2. Increase in the Period	4,393,308.80
	(1) Transfer to fixed assets	4,393,308.80
	3. Decrease in the Period	–
	4. 30 June 2023 (Unaudited)	137,582,839.82
II.	Accumulated depreciation	
	1. 1 January 2023	37,192,160.10
	2. Increase in the Period	4,142,122.70
	(1) Provision	2,036,995.90
	(2) Transfer to fixed assets	2,105,126.80
	3. Decrease in the Period	–
	4. 30 June 2023 (Unaudited)	41,334,282.80
III.	Carrying amount	
	1. 30 June 2023 (Unaudited)	96,248,557.02
	2. 1 January 2023	95,997,370.92

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

		<i>RMB</i>	
Item	Carrying amount	Reasons why certificates of title have not been obtained	
Low-rise shops under “Renbei Shop Relocation” (人北遷返商舖)	33,894,473.18	In process	
Buildings of Zhonggulou under Mianning Branch of Liangshanzhou Xinhua Bookstore	11,037,751.48	In process	
Total	44,932,224.66		

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

15. Fixed assets

(1) Fixed assets

Item					<i>RMB</i>
	Buildings	Machinery and equipment	Electronic equipment and others	Transportation vehicles	Total
I. Cost					
1. 1 January 2023	2,996,668,480.42	347,430,161.62	224,796,633.75	121,452,725.12	3,690,348,000.91
2. Increase in the Period	3,656,074.49	1,308,278.22	6,059,673.56	3,513,213.51	14,537,239.78
(1) Acquisition	3,656,074.49	1,308,278.22	6,059,673.56	3,513,213.51	14,537,239.78
3. Decrease in the Period	4,393,308.80	661,795.71	11,920,175.80	3,687,380.75	20,662,661.06
(1) Disposal	-	661,795.71	11,920,175.80	3,687,380.75	16,269,352.26
(2) Transfer to investment properties	4,393,308.80	-	-	-	4,393,308.80
4. 30 June 2023 (Unaudited)	2,995,931,246.11	348,076,644.13	218,936,131.51	121,278,557.88	3,684,222,579.63
II. Accumulated depreciation					
1. 1 January 2023	739,379,257.35	264,945,812.00	159,930,672.67	72,094,015.74	1,236,349,757.76
2. Increase in the Period	47,574,447.52	6,868,632.89	12,401,635.23	5,999,552.94	72,844,268.58
(1) Provision	47,574,447.52	6,868,632.89	12,401,635.23	5,999,552.94	72,844,268.58
3. Decrease in the Period	2,105,126.80	616,079.08	11,849,525.52	3,574,804.04	18,145,535.44
(1) Disposal	-	616,079.08	11,849,525.52	3,574,804.04	16,040,408.64
(2) Transfer to investment properties	2,105,126.80	-	-	-	2,105,126.80
4. 30 June 2023 (Unaudited)	784,848,578.07	271,198,365.81	160,482,782.38	74,518,764.64	1,291,048,490.90
III. Provision for impairment of fixed assets					
1. 1 January 2023	15,996.52	-	-	-	15,996.52
2. Increase in the Period	-	-	-	-	-
3. 30 June 2023	15,996.52	-	-	-	15,996.52
IV. Carrying amount					
1. 30 June 2023 (Unaudited)	2,211,066,671.52	76,878,278.32	58,453,349.13	46,759,793.24	2,393,158,092.21
2. 1 January 2023	2,257,273,226.55	82,484,349.62	64,865,961.08	49,358,709.38	2,453,982,246.63

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

15. Fixed assets *(Continued)*

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

Item	Carrying amount	Reasons why certificates of title have not been obtained
Office building (Beijing Branch)	53,996,733.10	Processing
Warehouse and office building (Sichuan Nanchong)	13,098,699.35	Processing
Warehouse and office building (Sichuan Longquan)	7,126,828.02	Processing
Warehouse and office building (Sichuan Peng'an)	4,342,934.61	Processing
Warehouse and office building (Sichuan Guang'an)	7,953,489.42	Processing
Warehouse and office building (Bazhong)	13,731,561.74	Processing
Warehouse and office building (Suining)	21,797,673.19	Processing
Warehouse and office building (Mianning)	12,809,247.57	Processing
Warehouse of Lugu Town (Mianning)	671,466.98	Processing
Car park (Mianning)	184,131.92	Processing
Complex building (Muli)	168,785.00	Processing
Total	135,881,550.90	

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

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

16. Construction in progress

(1) *Details of construction in progress are as follows:*

Item	30 June 2023 (Unaudited)			31 December 2022		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Publishing and Media Creativity Centre secondary installation project	7,911,938.68	-	7,911,938.68	6,560,656.57	-	6,560,656.57
Neijiang City Company Operation Headquarters and Teaching Material Logistics Distribution Center	22,318,754.13	-	22,318,754.13	15,750,407.12	-	15,750,407.12
Yuexi County Xinhua Bookstore comprehensive building construction project	14,466,593.95	-	14,466,593.95	13,072,185.74	-	13,072,185.74
Muli County Xinhua Bookstore complex building construction project	9,799,530.00	-	9,799,530.00	9,799,530.00	-	9,799,530.00
Xichang Xinhua Bookstore storage and logistics base construction project	1,305,269.91	-	1,305,269.91	1,305,269.91	-	1,305,269.91
Liangshanzhou Xinhua Bookstore Co., Ltd. Yanyuan County Branch's textbook warehouse and business comprehensive room project	644,384.91	-	644,384.91	525,384.91	-	525,384.91
Others	380,322.07	-	380,322.07	205,662.20	-	205,662.20
Total	56,826,793.65	-	56,826,793.65	47,219,096.45	-	47,219,096.45

RMB

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**16. Construction in progress (Continued)****(2) Changes in construction in progress for current period**

RMB

Item name	Budget amount	1 January 2023	Increase in the current period	Transfer to fixed assets in the current period	Decrease in others for the current period	30 June 2023 (Unaudited)	Amount injected as a proportion of budget amount (%)	Construction progress (%)	Amount of accumulated capitalized interest	Including: capitalized interest for the current period	Interest rate for the capitalization period (%)	Source of funds
Publishing and Media Creativity Centre secondary installation project	9,440,000.00	6,560,656.57	1,351,282.11	-	-	7,911,938.68	83.81	83.81	-	-	-	self-financing
Nejiang City Company Operation Headquarters and Teaching Material												
Logistics Distribution Center	31,000,000.00	15,750,407.12	6,568,347.01	-	-	22,318,754.13	72.00	72.00	-	-	-	self-financing
Yuexi County Xinhua Bookstore comprehensive building construction project	24,500,000.00	13,072,185.74	1,394,408.21	-	-	14,466,593.95	59.05	59.05	-	-	-	self-financing
Multi County Xinhua Bookstore complex building construction project	9,989,400.00	9,799,530.00	-	-	-	9,799,530.00	98.10	98.10	-	-	-	self-financing
Xichang Xinhua Bookstore storage and logistics base construction project	48,000,000.00	1,305,269.91	-	-	-	1,305,269.91	2.72	2.72	-	-	-	self-financing
Liangshanzhou Xinhua Bookstore Co., Ltd. Yanyuan County Branch's textbook warehouse and business comprehensive room project	75,797,700.00	525,384.91	119,000.00	-	-	644,384.91	0.85	0.85	-	-	-	self-financing
Others		205,662.20	174,659.87	-	-	380,322.07	-	-	-	-	-	self-financing
Total		47,219,096.45	9,607,697.20	-	-	56,826,793.65			-	-	-	-

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

17. Right-of-use assets

(1) Details of right-of-use assets

Item	<i>RMB</i> Buildings
I. Cost:	
1. 1 January 2023	675,011,758.94
2. Increase in the Period	8,664,041.26
3. Decrease in the Period	15,712,322.66
4. 30 June 2023 (Unaudited)	667,963,477.54
II. Accumulated depreciation	
1. 1 January 2023	296,317,528.46
2. Increase in the Period	47,925,229.95
(1) Provision	47,925,229.95
3. Decrease in the Period	10,764,227.08
4. 30 June 2023 (Unaudited)	333,478,531.33
III. Carrying amount	
1. 30 June 2023 (Unaudited)	334,484,946.21
2. 1 January 2023	378,694,230.48

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

(2) Amount recognized in the profit or loss

Buildings	<i>RMB</i> Amount recognized in the current period (Unaudited)
Depreciation expense for right-of-use assets (Note 1)	47,925,229.95
Interest expense on lease liabilities (Note 2)	9,011,361.27
Short-term lease expenses	9,256,267.07
Variable lease payments not included in the measurement of lease liabilities	682,587.96

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

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

(3) The total cash outflow for leases in the current period was RMB50,045,526.17 (the Same Period of Last Year: RMB51,669,141.96).

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

18. Intangible assets

(1) Intangible assets

RMB

Item	Land use rights	Patent	Software	Distribution channel	Others	Total
I. Cost						
1. 1 January 2023	396,154,929.62	11,902,628.88	273,575,631.32	44,944,000.00	7,656,145.14	734,233,334.96
2. Increase in the Period	13,836,505.00	-	2,144,187.08	-	138,698.92	16,119,391.00
(1) Acquisition	13,836,505.00	-	1,601,545.58	-	138,698.92	15,576,749.50
(2) Transfer from development expenses	-	-	542,641.50	-	-	542,641.50
3. Decrease in the Period	-	-	-	-	-	-
4. 30 June 2023 (Unaudited)	409,991,434.62	11,902,628.88	275,719,818.40	44,944,000.00	7,794,844.06	750,352,725.96
II. Accumulated amortization						
1. 1 January 2023	118,669,160.19	8,636,368.37	166,388,566.66	32,944,000.00	4,277,193.88	330,915,289.10
2. Increase in the Period	4,739,260.39	561,901.51	15,623,192.93	-	86,888.53	21,011,243.36
(1) Provision	4,739,260.39	561,901.51	15,623,192.93	-	86,888.53	21,011,243.36
3. 30 June 2023 (Unaudited)	123,408,420.58	9,198,269.88	182,011,759.59	32,944,000.00	4,364,082.41	351,926,532.46
III. Provision for impairment						
1. 1 January 2023	-	-	-	12,000,000.00	-	12,000,000.00
2. 30 June 2023 (Unaudited)	-	-	-	12,000,000.00	-	12,000,000.00
IV. Carrying amount						
1. 30 June 2023 (Unaudited)	286,583,014.04	2,704,359.00	93,708,058.81	-	3,430,761.65	386,426,193.50
2. 1 January 2023	277,485,769.43	3,266,260.51	107,187,064.66	-	3,378,951.26	391,318,045.86

At the end of Period, intangible assets developed as a result of internal research and development as a percentage of the balance of intangible assets were 12.93% (31 December 2022: 15.49%).

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

19. Goodwill

(1) Cost of goodwill

					<i>RMB</i>	
Name of the investee or item resulting in goodwill	Cost as at 1 January 2023	Increase in the current period	Decrease in the current period	Cost as at 30 June 2023 (Unaudited)	Balance of impairment provision at the end of the current period	Carrying amount at the end of the current period
					(Unaudited)	(Unaudited)
Acquisitions of fifteen publishing companies (Note 1)	500,571,581.14	-	-	500,571,581.14	-	500,571,581.14
Acquisition of Liangshanzhou Xinhua Bookstore (Note 2)	122,081,326.10	-	-	122,081,326.10	-	122,081,326.10
Others	3,851,606.53	-	-	3,851,606.53	(3,851,606.53)	-
Total	626,504,513.77	-	-	626,504,513.77	(3,851,606.53)	622,652,907.24

Note 1: Goodwill of RMB500,571,581.14 was generated from the Group's acquisition of fifteen publishing companies on 31 August 2010, which has been distributed to related asset groups, including three of the fifteen publishing companies of the publication segment.

Note 2: Goodwill of RMB122,081,326.10 was generated from the Group's acquisition of Liangshanzhou Xinhua Bookstore on 31 December 2022, which has been distributed to the related asset group, being Liangshanzhou Xinhua Bookstore.

(2) Provision for impairment of goodwill

					<i>RMB</i>	
Name of the investee or item resulting in goodwill	1 January 2023	Increase in the current period	Decrease in the current period	30 June 2023 (Unaudited)		
Others	3,851,606.53	-	-	3,851,606.53		

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

20. Long-term prepaid expenses

Item	1 January 2023	<i>RMB</i>		
		Increase in the current period	Amortization for the current period	30 June 2023 (Unaudited)
Leasehold improvement	44,006,272.28	4,097,753.56	7,516,011.50	40,588,014.34
Others	351,233.02	–	124,787.17	226,445.85
Total	44,357,505.30	4,097,753.56	7,640,798.67	40,814,460.19

21. Deferred income tax assets/deferred income tax liabilities

(1) *Deferred income tax assets*

Item	30 June 2023 (Unaudited)		31 December 2022	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment of assets	142,200,040.37	23,819,880.33	142,485,080.31	23,891,140.32
Total	142,200,040.37	23,819,880.33	142,485,080.31	23,891,140.32

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

(2) *Deferred income tax liabilities*

Item	30 June 2023 (Unaudited)		31 December 2022	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Differences between carrying amount and fair value in acquisitions of subsidiary	67,282,321.64	16,820,580.41	69,439,455.12	17,359,863.78
Changes in fair value of other equity instrument investments	415,746.04	103,936.51	625,411.57	156,352.90
Changes in fair value of other noncurrent financial assets	21,194,669.59	5,298,667.40	17,738,703.46	4,434,675.87
Asset valuation appreciation of subsidiaries due to restructuring (Note)	207,635,209.00	51,908,802.25	207,635,209.00	51,908,802.25
Others	254,182.16	12,709.11	300,396.00	7,509.90
Total	296,782,128.43	74,144,695.68	295,739,175.15	73,867,204.70

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

(3) *The amount for offsetting of deferred income tax assets and deferred income tax liabilities at the end of the Period was nil.*

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

Item	30 June 2023 (Unaudited)	31 December 2022
	Deductible temporary differences	301,991,331.18
Deductible taxable losses	273,607,337.03	234,388,946.48
Total	575,598,668.21	507,668,412.14

The Group believes that it is not probable that taxable profits will be available in future periods to offset the aforementioned deductible losses, therefore, deferred income tax assets are not recognized on the above items. Among which, the amount of deductible losses used during the current period was RMB8,682,268.59; the increase in deductible losses during the current period was RMB47,900,659.14.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

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

Year	RMB	
	30 June 2023 (Unaudited)	31 December 2022
2023	13,150,969.21	21,833,237.80
2024	33,165,325.07	33,165,325.07
2025	28,046,752.32	28,046,752.32
2026	81,552,210.33	81,552,210.33
2027	69,791,420.96	69,791,420.96
2028	47,900,659.14	–
Total	273,607,337.03	234,388,946.48

22. Other non-current assets

Item	RMB	
	30 June 2023 (Unaudited)	31 December 2022
Prepaid land funds	35,355,838.00	47,145,880.00
VAT input tax to be deducted (Note 1)	4,231,583.16	3,156,359.29
Prepaid purchase price for property	18,521,803.90	7,796,319.82
Time deposits (Note 2)	470,785,405.44	576,631,252.56
Retention money	12,594,279.74	15,808,962.69
Total	541,488,910.24	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: Time deposits are fixed deposits that the Group is unable or does not intend to withdraw in advance within one year, the rate of which is 3.10%-3.988% (31 December 2022: 3.55%-4.015%).

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

23. Short-term borrowings

Item	<i>RMB</i>	
	30 June 2023 (Unaudited)	31 December 2022
Guaranteed borrowings	18,000,000.00	18,000,000.00
Total	18,000,000.00	18,000,000.00

At the end of the Period, short-term borrowings were three “Wenchuangtong” borrowings by a subsidiary of the Group from Bank of Chengdu Co., Ltd. Changshun Sub-branch in 2022. The total principal of the borrowings was RMB18,000,000.00, and the loan period was from 29 December 2022 to 28 December 2023. The contractual interest rate was the 1-year loan prime rate (i.e. 3.65%) announced by the National Interbank Funding Center on the working day before the contract signing date. Among them, Chengdu Small and Medium Enterprises Financing Guarantee Co., Ltd. provided joint and several liability guarantee for borrowing with a principal amount of RMB10,000,000.00, and Chengdu Financial Holding Financing Guarantee Co., Ltd. provided joint and several liability guarantee for borrowing with a principal of RMB8,000,000.00. The guarantee period was from 29 December 2022 to 28 December 2023.

24. Notes payable

Item	<i>RMB</i>	
	30 June 2023 (Unaudited)	31 December 2022
Commercial acceptance bills	5,000,000.00	22,000,000.00
Bank acceptance bills	-	7,776,305.93
Total	5,000,000.00	29,776,305.93

At the end of the Period, the Group had no deposit for the above-mentioned bank acceptance bills (31 December 2022: RMB2,332,892.40).

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

25. Accounts payable

Details of aging analysis of accounts payable are as follows:

Item	<i>RMB</i>	
	30 June 2023 (Unaudited)	31 December 2022
Within 1 year	3,911,004,786.78	4,125,975,181.60
More than 1 year but not exceeding 2 years	777,816,868.32	827,377,961.30
More than 2 years but not exceeding 3 years	234,769,606.85	266,457,368.57
More than 3 years	200,910,728.19	204,589,151.46
Total	5,124,501,990.14	5,424,399,662.93

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

26. Contract liabilities

(1) *Presentation of contract liabilities:*

Item	30 June 2023 (Unaudited)	31 December 2022
Advanced receipts for sold goods	581,709,482.21	580,902,310.97
Membership card points	3,621,989.91	3,197,828.27
Total	585,331,472.12	584,100,139.24

RMB

(2) During the current period, the Group recognized revenue of RMB415,197,793.08 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 the Period will be recognized as revenue in the coming year.

(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 reaching a certain level, points can be converted into cash for purchase in the retail stores. The Group allocates sale consideration to the sold goods and issued points in accordance with the respective stand-alone selling prices. Sale consideration allocated to reward points is recognized as contract liabilities, and as revenue upon redemption.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

27. Employee benefits payable

(1) Presentation of employee benefits payable

		<i>RMB</i>		
Item	1 January 2023	Increase in the current period	Decrease in the current period	30 June 2023 (Unaudited)
I. Short-term benefits	699,943,412.75	769,566,204.47	977,130,096.55	492,379,520.67
II. Post-employment benefit				
– defined contribution plan	4,602,877.08	111,669,234.47	111,464,940.01	4,807,171.54
III. Termination benefits	–	5,438,657.84	5,438,657.84	–
Total	704,546,289.83	886,674,096.78	1,094,033,694.40	497,186,692.21

(2) Presentation of short-term benefits

		<i>RMB</i>		
Item	1 January 2023	Increase in the current period	Decrease in the current period	30 June 2023 (Unaudited)
I. Wages or salaries, bonuses, allowances and subsidies	590,186,528.78	640,390,000.00	849,725,486.05	380,851,042.73
II. Staff welfare	–	14,544,946.86	14,544,946.86	–
III. Social security contributions	242,991.57	39,983,443.16	39,913,267.13	313,167.60
Including: Medical insurance	204,412.84	38,436,115.32	38,367,878.35	272,649.81
Work injury insurance	32,140.34	1,528,942.60	1,527,003.54	34,079.40
Other insurances	6,438.39	18,385.24	18,385.24	6,438.39
IV. Housing funds	1,174,617.35	51,501,630.83	51,335,007.07	1,341,241.11
V. Union running costs and employee education costs	108,242,618.14	22,139,339.31	20,604,545.12	109,777,412.33
VI. Others	96,656.91	1,006,844.31	1,006,844.32	96,656.90
Total	699,943,412.75	769,566,204.47	977,130,096.55	492,379,520.67

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

27. Employee benefits payable *(Continued)*

(3) Defined contribution plan

Item	1 January 2023	<i>RMB</i>		30 June 2023 (Unaudited)
		Increase in the current period	Decrease in the current period	
I. Basic pension insurance expense	320,186.05	72,350,315.88	72,254,420.80	416,081.13
II. Unemployment insurance expense	43,844.50	2,775,439.92	2,772,586.40	46,698.02
III. Enterprise annuity	4,238,846.53	36,543,478.67	36,437,932.81	4,344,392.39
Total	4,602,877.08	111,669,234.47	111,464,940.01	4,807,171.54

The Group participates in pension insurance and unemployment insurance plans established by government in accordance with the relevant requirements. According to the plans, the Group makes a monthly contribution equivalent to 16% and 0.6% (31 December 2022: 16% and 0.6%) of the employee's monthly basic wage and performance-linked compensation, respectively, to the plans. Save as the monthly contribution above, the Group has not undertaken further payment obligation. The corresponding expenses are included in profit or loss for the period or the cost of the relevant asset when incurred.

During the Period, the Group's contributions of RMB72,350,315.88 and RMB2,775,439.92 (the Same Period of Last Year: RMB61,721,978.26 and RMB2,329,174.10) were payable to pension insurance and unemployment insurance plans respectively. As at 30 June 2023, the outstanding contributions of RMB416,081.13 and RMB46,698.02 (31 December 2022: RMB320,186.05 and RMB43,844.50) payable by the Group were contributions due during the Reporting Period and yet to be paid to the pension insurance and unemployment insurance plans. Such contributions payable were settled after the Reporting Period.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

28. Taxes payable

Item	<i>RMB</i>	
	30 June 2023 (Unaudited)	31 December 2022
Income tax	3,304,462.46	6,281,295.63
Value added tax	31,259,725.49	41,432,105.60
City construction and maintenance tax	363,448.01	1,036,973.13
Education surcharges	262,992.28	753,467.77
Individual income tax	2,552,142.48	3,023,885.08
Others	17,955,099.39	18,096,075.37
Total	55,697,870.11	70,623,802.58

29. Other payables

29.1 Total other payables

Item	<i>RMB</i>	
	30 June 2023 (Unaudited)	31 December 2022
Dividend payables	150,258,614.00	–
Other payables	405,745,554.03	404,374,959.26
Total	556,004,168.03	404,374,959.26

29.2 Dividend payables

Item	<i>RMB</i>	
	30 June 2023 (Unaudited)	31 December 2022
Dividend payables – H Shareholders	150,258,614.00	–
Total	150,258,614.00	–

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

29. Other payables *(Continued)*

29.3 Other payables by nature of payments

Item	<i>RMB</i>	
	30 June 2023 (Unaudited)	31 December 2022
Amounts due to related parties	9,726,394.57	13,445,862.08
Security deposit/deposit/quality warranty/ performance security	89,470,933.20	85,885,293.56
Construction and infrastructure construction expenses	71,723,677.28	74,841,393.92
Amounts due to/from other entities	8,217,888.28	7,107,764.78
Others	226,606,660.70	223,094,644.92
Total	405,745,554.03	404,374,959.26

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

30. Other current liabilities

Item	<i>RMB</i>	
	30 June 2023 (Unaudited)	31 December 2022
Government grants (Note 1)	92,657,705.44	97,255,478.93
Expected sales returns (Note 2)	125,952,113.05	110,581,442.51
Output tax to be transferred	6,026,080.25	4,665,614.78
Others	1,330,668.00	1,330,668.00
Total	225,966,566.74	213,833,204.22

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

30. Other current liabilities *(Continued)*

Note 1: Item involving government subsidies:

Item	1 January 2023	Amount recognized			30 June 2023 (Unaudited)	Related to an asset/related to income
		New grants for the current period	in other income for the current period	Decrease in others		
Books subsidies	97,255,478.93	4,200,094.34	8,544,846.23	253,021.60	92,657,705.44	Related to income

For the publication of certain topics, the publishing units of the Group will receive various forms of government subsidies. When the relevant publications are completed, the corresponding government subsidies will be included in the other income, and the government subsidies that have been acquired but not yet implemented of the relevant issuing business will be shown under other current liabilities.

Note 2: Expected sales returns are related to the customer's right of refund subsequent to purchase of books. On the basis of accumulated historical experiences, the Group assesses the quantity of sales returns using the expected-value method on an organization level.

31. Lease liabilities

	30 June 2023 (Unaudited)	31 December 2022
Rents	378,592,603.26	406,163,944.70
Less: Lease liabilities included in non-current liabilities due within one year	92,588,714.86	91,632,641.94
Total	286,003,888.40	314,531,302.76

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

32. Long-term employee benefits payable

Item	30 June 2023 (Unaudited)	<i>RMB</i> 31 December 2022
Special payables – retirement benefits	30,583,918.75	33,142,176.77

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

According to the Equity Transfer Agreement between Xinhua Winshare Publishing and Media Co., Ltd. and Liangshanzhou Development (Holdings) Group Co., Ltd. in relation to Liangshanzhou Xinhua Bookstore Co., Ltd. entered into between the Company and Liangshanzhou Development (Holdings) Group Co., Ltd. (hereinafter referred to as “**Liangshanzhou Development**”), in addition to the abovementioned accrued expenses, all related expenses such as employee termination expenses, employee compensation, compensation expenses, funeral expenses and relief payments incurred by the employees of Liangshanzhou Xinhua Bookstore before the completion date of the acquisition due to their seniority, length of service, and original position, shall be borne by Liangshanzhou Development.

33. Deferred income

Item	30 June 2023 (Unaudited)	<i>RMB</i> 31 December 2022
Government grants	25,829,912.00	25,359,348.84

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

33. Deferred income *(Continued)*

Items related to government grants:

		<i>RMB</i>			
Item	1 January 2023	Amount charged		30 June 2023 (Unaudited)	Related to an asset/ related to income
		New grants for the current period	to other income for the current period		
Copyright protection of audio and video cloud application system	620,410.40	-	74,449.25	545,961.15	Related to an asset
Western Culture Logistics and Distribution Base	420,289.55	-	146,646.50	273,643.05	Related to an asset
Special funds for technological transformation	1,870,564.57	-	926,332.13	944,232.44	Related to an asset
Research and development and industrialization project of rich media digital resources online edit system	1,048,330.17	-	316,568.00	731,762.17	Related to an asset
Wisdom Bookstore Project	326,069.96	-	95,623.32	230,446.64	Related to an asset
Special fund for Stackway	1,623,272.69	-	179,275.65	1,443,997.04	Related to an asset
Network Construction of Shuxiang Tianfu, Wisdom Xinhua Physical Bookstore	271,667.71	913,000.00	65,072.46	1,119,595.25	Related to an asset
Digital Media Education Service System Construction	269,465.52	-	80,839.68	188,625.84	Related to an asset
Digital Evaluation Platform	1,359,696.82	-	163,163.62	1,196,533.20	Related to an asset
Establishment of Big data based Math Analysis Model which is published on demand and Key Technology Research Project	1,832,918.81	-	314,214.65	1,518,704.16	Related to an asset
Model project of semantics-based content resources linking technology and education compound application system research and development and application	240,489.59	-	41,226.79	199,262.80	Related to an asset
Education and media convergence projects	165,120.02	-	144,498.81	20,621.21	Related to an asset
Unified content-based media distribution service platform for culture and education	26,488.92	-	26,488.92	-	Related to an asset
Research and development and industrial application of key technologies of digital education public service platform	251,257.85	-	88,679.24	162,578.61	Related to an asset
Provincial special funds (Tibetan, Qiang and Yi cultural corridor)	4,403,234.13	-	16,028.82	4,387,205.31	Related to an asset
Special grant for "Illustrations" of Watch Panda	60,970.86	-	43,009.71	17,961.15	Related to income
Watch Panda three-dimensional communication platform	1,428,301.89	-	517,430.84	910,871.05	Related to income
Special grant for "Sichuan Bookshelves"	93,249.87	-	-	93,249.87	Related to income
2022 municipal special funds for cultural industry development	3,400,000.00	-	1,511,733.43	1,888,266.57	Related to an asset
Intelligent evaluation based on education digital resources, a demonstration construction of supplementary services for teaching	863,227.20	-	832,164.33	31,062.87	Related to income
Digital publishing based on big data + artificial intelligence	-	3,500,000.00	1,343,542.20	2,156,457.80	Related to an asset
Intelligent optimization of teaching supplementary materials based on big data	-	3,400,000.00	278,896.80	3,121,103.20	Related to an asset
Others	4,784,322.31	164,600.00	301,151.69	4,647,770.62	Related to an asset
Total	25,359,348.84	7,977,600.00	7,507,036.84	25,829,912.00	

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

34. Share capital

For the current period

RMB

Item	1 January 2023	Changes for the Period					30 June 2023 (Unaudited)
		Issue of new shares	Bonus issue	Capitalization of surplus reserve	Others	Subtotal	
Total number of shares	1,233,841,000.00	-	-	-	-	-	1,233,841,000.00

For the Same Period of Last Year

RMB

Item	1 January 2022	Changes for the period					30 June 2022 (Unaudited)
		Issue of new shares	Bonus issue	Capitalization of surplus reserve	Others	Subtotal	
Total number of shares	1,233,841,000.00	-	-	-	-	-	1,233,841,000.00

35. Capital reserve

For the current period

RMB

Item	1 January 2023	Increase in the current period	Decrease in the current period	30 June 2023 (Unaudited)
Share capital premium	2,540,421,521.70	-	-	2,540,421,521.70
Including: Capital contributed by investors	2,623,214,037.85	-	-	2,623,214,037.85
Differences arising from business combination involving enterprises under common control	(24,511,900.00)	-	-	(24,511,900.00)
Difference arising from acquisition or disposal of non-controlling shareholders	(58,280,616.15)	-	-	(58,280,616.15)
Other capital reserve	32,103,244.62	-	-	32,103,244.62
Including: Transfer from capital reserve under the previous accounting system	23,281,007.10	-	-	23,281,007.10
Treasury shares	(998,378.51)	-	-	(998,378.51)
Others	9,820,616.03	-	-	9,820,616.03
Total	2,572,524,766.32	-	-	2,572,524,766.32

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

35. Capital reserve *(Continued)*

For the Same Period of Last Year

Item	1 January 2022	Increase in the current period	Decrease in the current period	<i>RMB</i>
				30 June 2022 (Unaudited)
Share capital premium	2,540,421,521.70	-	-	2,540,421,521.70
Including: Capital contributed by investors	2,623,214,037.85	-	-	2,623,214,037.85
Differences arising from business combination involving enterprises under common control	(24,511,900.00)	-	-	(24,511,900.00)
Difference arising from acquisition or disposal of non-controlling shareholders	(58,280,616.15)	-	-	(58,280,616.15)
Other capital reserve	32,103,244.62	-	-	32,103,244.62
Including: Transfer from capital reserve under the previous accounting system	23,281,007.10	-	-	23,281,007.10
Treasury shares	(998,378.51)	-	-	(998,378.51)
Others	9,820,616.03	-	-	9,820,616.03
Total	2,572,524,766.32	-	-	2,572,524,766.32

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

36. Other comprehensive income

For the current period

RMB

Item	1 January 2023	Changes for the current period					30 June 2023 (Unaudited)
		Amount before income tax for the current period	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	
Other comprehensive income that cannot be reclassified into profit or loss	1,445,418,214.18	273,585,534.44	(52,416.39)	273,637,950.83	-	-	1,719,056,165.01
Changes in fair value of other equity instrument investments	1,445,418,214.18	273,585,534.44	(52,416.39)	273,637,950.83	-	-	1,719,056,165.01

For the Same Period of Last Year

Item	1 January 2022	Changes for the current period					30 June 2022 (Unaudited)
		Amount before income tax for the current period	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	
Other comprehensive income that cannot be reclassified into profit or loss	1,178,842,757.57	321,711,041.35	45,360.34	321,665,681.01	-	-	1,500,508,438.58
Changes in fair value of other equity instrument investments	1,178,842,757.57	321,711,041.35	45,360.34	321,665,681.01	-	-	1,500,508,438.58

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

37. Surplus reserve

For the current period

Item	<i>RMB</i>			
	1 January 2023	Increase in the current period	Decrease in the current period	30 June 2023 (Unaudited)
Statutory surplus reserve	1,154,424,514.15	-	-	1,154,424,514.15

For the Same Period of Last Year

Item	<i>RMB</i>			
	1 January 2022	Increase in the current period	Decrease in the current period	30 June 2022 (Unaudited)
Statutory surplus reserve	1,009,210,479.29	-	-	1,009,210,479.29

38. Undistributed profits

Item	<i>RMB</i>		Proportion of appropriation or distribution
	Current period (Unaudited)	Prior year	
Undistributed profits at the beginning of the period/year	6,083,770,928.98	5,227,141,020.57	
Add: Net profit attributable to shareholders of the parent company for the period/year	762,156,455.81	1,396,673,063.27	
Less: Appropriation to statutory surplus reserve	-	145,214,034.86	(1)
Distribution of dividends on ordinary shares	419,505,940.00	394,829,120.00	(2)
Internal carry-over within equity	-	-	
Undistributed profits at the end of the period/year	6,426,421,444.79	6,083,770,928.98	

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

38. Undistributed profits *(Continued)*

(1) *Appropriation to statutory surplus reserve*

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

(2) *Cash dividends approved in 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)) was distributed.

(3) *Appropriation to surplus reserve by subsidiaries*

At the end of the current period, the balance of the Group's undistributed profits included appropriation to surplus reserve by subsidiaries amounting to RMB179,944,011.83 (31 December 2022: RMB179,944,011.83).

39. Operating income and operating costs

(1) *Classification*

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i>
		Amount incurred in the Same Period of Last Year (Unaudited)
Principal operating income	5,352,613,123.71	4,903,342,824.87
Other operating income (Note)	74,934,504.56	76,462,186.05
Total income	5,427,547,628.27	4,979,805,010.92
Principal operating cost	3,313,464,076.94	3,078,347,754.03
Other operating cost	6,513,363.54	5,144,633.23
Total costs	3,319,977,440.48	3,083,492,387.26

Note: Included in other operating income was net income from concessionaire sales of RMB14,236,371.58. Among which, revenue from concessionaire sales was RMB98,720,930.33 and cost from concessionaire sales was RMB84,484,558.75. (Same Period of Last Year: net income from concessionaire sales of RMB16,064,238.54. Among which, revenue from concessionaire sales was RMB104,817,805.68 and cost from concessionaire sales was RMB88,753,567.14.)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

(2) *Details of income from contracts*

RMB

Product	Principal operating income		Principal operating costs	
	Amount incurred in the current period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)	Amount incurred in the current period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
I. Publication segment				
Textbooks and supplementary materials	630,262,835.96	576,875,107.68	384,410,842.13	331,618,090.37
General book	453,052,375.88	398,694,148.72	341,453,773.91	297,012,056.71
Printing and supplies	124,594,628.08	93,537,050.78	111,028,016.28	73,922,083.11
Newspapers and journals	23,368,799.61	24,964,504.11	12,923,718.83	13,580,371.31
Others	6,698,450.84	5,542,208.21	4,264,649.30	3,546,640.87
Subtotal	1,237,977,090.37	1,099,613,019.50	854,081,000.45	719,679,242.37
II. Distribution segment				
Textbooks and supplementary materials	2,124,056,783.54	1,871,658,590.44	1,288,602,804.24	1,173,882,035.60
General book	2,528,546,369.34	2,331,163,512.10	1,813,652,563.45	1,692,612,196.91
Education informatized and equipment businesses	170,388,566.72	191,829,668.54	135,933,768.53	157,996,327.13
Subtotal	4,822,991,719.60	4,394,651,771.08	3,238,189,136.22	3,024,490,559.64
III. Others				
	178,641,664.62	205,514,584.65	157,089,043.65	191,699,058.64
Less: Inter-segment elimination	886,997,350.88	796,436,550.36	935,895,103.38	857,521,106.62
Total	5,352,613,123.71	4,903,342,824.87	3,313,464,076.94	3,078,347,754.03

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

40. Taxes and surcharges

Item	<i>RMB</i>	
	Amount incurred in the current period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
City construction and maintenance tax	2,030,719.70	2,341,413.97
Education surcharges	1,454,442.19	1,683,606.14
Property tax	1,612,024.97	12,388,926.13
Urban land use tax	311,907.32	1,908,083.97
Stamp duty	1,442,430.56	1,587,431.11
Vessel and vehicle tax	166,909.46	143,806.50
Others	68,050.81	49,215.94
Total	7,086,485.01	20,102,483.76

41. Selling expenses

Item	<i>RMB</i>	
	Amount incurred in the current period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Wages and other labor costs	406,874,448.03	366,384,171.21
Transportation costs	11,927,156.98	52,783,933.81
Entrusted logistics fees	43,524,276.25	42,131,432.11
Business conference fees	1,585,827.47	10,453,230.67
Vehicle fees	7,723,027.63	7,715,258.58
Travel expenses	10,517,617.13	7,044,255.31
Advertising and promotion fees	107,258,905.45	69,174,228.16
Distribution commission	8,751,303.34	5,447,807.08
Packing expenses	13,888,038.95	14,492,019.75
E-commerce platform service fees	28,165,965.81	36,780,637.85
Others	20,374,117.37	16,801,499.35
Total	660,590,684.41	629,208,473.88

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

42. Administrative expenses

Item	<i>RMB</i>	
	Amount incurred in the current period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Wages and other labor costs	441,800,282.43	348,027,637.47
Business entertainment fees	21,993,450.79	24,499,500.12
Lease payments	9,932,209.43	8,846,572.76
Depreciation and amortization expenses	131,133,382.91	121,951,737.75
Conference fees	5,578,167.75	5,071,095.47
Property management fees	33,770,958.08	28,251,112.78
Travel expenses	7,317,778.98	2,718,152.03
Energy costs	8,318,450.86	8,124,620.28
Office expenses	3,820,029.42	3,968,554.01
Repair charges	7,148,353.67	4,834,978.32
Audit and other non-audit service fees	720,000.00	720,000.00
Others	46,248,508.26	38,282,334.64
Total	717,781,572.58	595,296,295.63

43. Finance expenses

Item	<i>RMB</i>	
	Amount incurred in the current period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Interest expense	324,211.22	17,489.21
Interest expense on lease liabilities	9,011,361.27	10,922,117.22
Less: Interest income	82,864,269.71	77,068,916.61
Less: Interest income of long-term receivables	3,118,079.49	6,759,766.57
Others	3,154,826.98	3,774,236.53
Total	(73,491,949.73)	(69,114,840.22)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

44. Other income

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i>
		Amount incurred in the Same Period of Last Year (Unaudited)
Book publishing subsidies	8,544,846.23	5,008,293.08
VAT first levied then returned	37,540,988.38	36,791,018.44
Other financial subsidies	10,959,635.20	9,060,267.68
Total	57,045,469.81	50,859,579.20

45. Investment income

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i>
		Amount incurred in the Same Period of Last Year (Unaudited)
Income/(loss) from long-term equity investments under equity method	16,165,973.10	(6,544,933.19)
Investment loss during the holding of other non-current financial assets	(1,113,451.21)	–
Dividend income during the holding of other equity instrument investments	85,778,400.00	71,588,800.00
Investment income from disposal of held-for- trading financial assets	46,767.90	24,772,049.54
Total	100,877,689.79	89,815,916.35

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

46. Gains (losses) from fair value change

	<i>RMB</i>	
Source of gains from fair value change	Amount incurred in the current period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Financial assets at FVTPL	(4,637,313.55)	(57,143,903.32)
Including: Other non-current financial assets	(4,637,313.55)	(57,140,318.22)
Held-for-trading financial assets	-	(3,585.10)
Total	(4,637,313.55)	(57,143,903.32)

47. Gains (losses) on credit impairment

	<i>RMB</i>	
Item	Amount incurred in the current period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Credit impairment losses of accounts receivable	(69,501,067.96)	(79,749,158.00)
Credit impairment gains of other receivables	2,959,412.11	319,489.65
Credit impairment losses of long-term receivables (including those expected to be recovered within one year)	(17,635,162.47)	(33,887,987.83)
Total	(84,176,818.32)	(113,317,656.18)

48. Impairment gains (losses) of assets

	<i>RMB</i>	
Item	Amount incurred in the current period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Losses from decline in value for inventories	(37,212,659.95)	(19,347,328.54)
Impairment losses from refund costs receivable	(3,601,918.94)	-
Total	(40,814,578.89)	(19,347,328.54)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

49. Gains on asset disposal

Item	<i>RMB</i>	
	Amount incurred in the current period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Gains on disposal of non-current assets	146,823.97	38,196,475.59
Others	120,934.43	2,146,125.85
Total	267,758.40	40,342,601.44

50. Non-operating income

Item	<i>RMB</i>		
	Amount incurred in the current period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)	Amount included in non-recurring profit or loss for the current period
Total gains on disposal of non-current assets	208,815.76	268,484.87	208,815.76
Including: Gains on disposal of fixed assets	208,815.76	268,484.87	208,815.76
Others	2,746,340.99	2,873,840.89	2,746,340.99
Total	2,955,156.75	3,142,325.76	2,955,156.75

51. Non-operating expenses

Item	<i>RMB</i>		
	Amount incurred in the current period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)	Amount included in non-recurring profit or loss for the current period
Total losses on disposal of non-current assets	37,638.35	112,807.06	37,638.35
Including: Losses on disposal of fixed assets	37,638.35	112,807.06	37,638.35
Donations	15,636,689.96	10,797,653.27	15,636,689.96
Penalties	1,081.58	1,031.83	1,081.58
Others	1,258,706.13	759,205.29	1,258,706.13
Total	16,934,116.02	11,670,697.45	16,934,116.02

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

52. Income tax expenses

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the Same Period of Last Year (Unaudited)
Current income tax calculated according to tax laws and relevant requirements	12,426,990.55	3,162,187.44
Tax filing differences	(221,901.41)	870,252.91
Deferred income tax expenses	401,167.36	(17,782,171.91)
Total	12,606,256.50	(13,749,731.56)

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

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the Same Period of Last Year (Unaudited)
Accounting profit	801,517,699.29	701,178,931.84
Income tax expenses calculated at 25%	200,379,424.82	175,294,732.96
Tax concessions	(185,502,256.92)	(199,039,546.32)
Effect of expenses that are not deductible for tax purposes	2,413,025.99	13,202,482.01
Effect of tax-free income	(21,444,600.00)	(17,897,200.00)
Effect of utilization of deductible losses for which no deferred income tax asset was recognized in the prior period	(2,170,567.15)	(97,469.82)
Effect of deductible temporary differences or deductible losses for which no deferred income tax asset was recognized during the current period	19,153,131.17	13,917,016.70
Tax filing differences	(221,901.41)	870,252.91
Total	12,606,256.50	(13,749,731.56)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

53. Calculation process of basic earnings per share

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

	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the Same Period of Last Year (Unaudited)
Net profit for the current period attributable to ordinary shareholders	762,156,455.81	717,795,048.76
Including: Net profit from continuing operations	762,156,455.81	717,795,048.76

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:

	Current period (Unaudited)	Same Period of Last Year (Unaudited)
Number of ordinary shares outstanding at the beginning of the period	1,233,841,000.00	1,233,841,000.00
Weighted number of ordinary shares outstanding at the end of the period	1,233,841,000.00	1,233,841,000.00

Earnings per share:

	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the Same Period of Last Year (Unaudited)
Net profit for the current period attributable to ordinary shareholders divided by weighted number of ordinary shares outstanding at the end of period	0.62	0.58
Net profit for the current period attributable to ordinary shareholders and attributable to continuing operation divided by weighted number of ordinary shares outstanding at the end of period	0.62	0.58

The Company has no dilutive potential ordinary shares.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

54. Notes to items in the cash flow statement

(1) Other cash receipts relating to operating activities

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i>
		Amount incurred in the Same Period of Last Year (Unaudited)
Interest income	67,080,993.54	59,584,604.74
Government grants	15,630,292.70	9,296,894.03
Others	38,184,539.16	38,309,902.93
Total	120,895,825.40	107,191,401.70

(2) Other cash payments relating to operating activities

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i>
		Amount incurred in the Same Period of Last Year (Unaudited)
Selling expenses	253,648,841.91	262,714,424.82
Including: Transportation costs	11,927,156.98	52,783,933.81
Entrusted logistics fees	43,524,276.25	42,131,432.11
Business conference fees	1,585,827.47	10,453,230.67
Vehicles fees	7,723,027.63	7,715,258.58
Travel expenses	10,517,617.13	7,044,255.31
Advertising and promotion fees	107,258,905.45	69,174,228.16
E-commerce platform service fees	28,165,965.81	36,780,637.85
Administrative expenses	144,847,907.24	125,316,920.41
Including: Business entertainment fees	21,993,450.79	24,499,500.12
Lease payment	9,932,209.43	8,846,572.76
Conference fees	5,578,167.75	5,071,095.47
Property management fees	33,770,958.08	28,251,112.78
Energy costs	8,318,450.86	8,124,620.28
Repair charges	7,148,353.67	4,834,978.32
Others	70,359,783.88	47,694,273.75
Total	468,856,533.03	435,725,618.98

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

(3) Other cash receipts relating to investing activities

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the Same Period of Last Year (Unaudited)
Receipt of time deposit over 3 months	50,000,000.00	400,000,000.00
Recovery of interest from time deposit	391,589.04	5,499,999.89
Total	50,391,589.04	405,499,999.89

(4) Other cash payments relating to investing activities

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the Same Period of Last Year (Unaudited)
Increase of time deposit over 3 months	100,000,000.00	300,000,000.00

(5) Other cash payments relating to financing activities

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the Same Period of Last Year (Unaudited)
Payment for lease payments	40,106,671.14	42,779,482.54

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

55. Supplementary information to the cash flow statement

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

Supplementary information	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the Same Period of Last Year (Unaudited)
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	788,911,442.79	714,928,663.40
Add: Impairment losses of assets	40,814,578.89	19,347,328.54
Loss on credit impairment	84,176,818.32	113,317,656.18
Depreciation of fixed assets	72,844,268.58	57,824,696.98
Depreciation of right-of-use assets	47,925,229.95	54,096,539.90
Depreciation of investment properties	2,036,995.90	1,479,693.08
Amortization of intangible assets	21,011,243.36	20,435,083.91
Amortization of long-term prepaid expenses	7,640,798.67	7,531,928.64
Asset disposal losses (gains)	(267,758.40)	(40,342,601.44)
Asset retirement losses (gains)	(171,177.41)	(155,677.81)
Losses (gains) from fair value changes	4,637,313.55	57,143,903.32
Finance expenses (gains)	(6,447,703.68)	(6,544,705.44)
Investment loss (income)	(100,877,689.79)	(89,815,916.35)
Decrease (increase) in deferred income tax assets	71,259.99	(5,155,692.00)
Increase (decrease) in deferred income tax liabilities	329,907.37	(12,626,479.91)
Decrease (increase) in inventories	216,285,163.37	502,830,092.80
Decrease (increase) in receivables from operating activities	(47,879,836.14)	(223,620,971.51)
Increase (decrease) in payables from operating activities	(548,887,873.87)	(749,949,105.41)
Net cash flow from operating activities	582,152,981.45	420,724,436.88
2. Material investment and financing activities not involving cash receipts and payments:		
Right-of-use assets recognized for leased fixed assets	8,664,041.26	113,353,236.85
3. Net changes in cash and cash equivalents:		
Closing balance of cash and cash equivalent for the period	7,941,736,016.36	6,308,966,661.48
Less: Opening balance of cash and cash equivalent for the period	7,762,084,629.28	5,997,769,686.81
Net increase in cash and cash equivalents	179,651,387.08	311,196,974.67

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

(2) Cash and cash equivalents

Item	RMB	
	30 June 2023 (Unaudited)	31 December 2022
Cash	7,941,736,016.36	7,762,084,629.28
Including: Cash on hand	217,040.89	187,653.59
Bank deposits readily available for payment	7,937,930,725.13	7,760,122,171.46
Other cash and bank balances readily available for payment	3,588,250.34	1,774,804.23
Balance of cash and cash equivalents	7,941,736,016.36	7,762,084,629.28

56. Assets with restricted ownership

Assets with restricted ownership	RMB	
	30 June 2023 (Unaudited)	31 December 2022
Cash and bank balances (Note)	35,662,425.87	39,715,877.34

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

- (1) no security deposit for the issuance of bank acceptance bills (31 December 2022: RMB2,332,892.40);
- (2) security deposit placed in bank for the issuance of guarantee letter of RMB8,689,281.27 (31 December 2022: RMB11,013,630.46);
- (3) special fund for housing reform and housing repair of RMB24,874,896.96 (31 December 2022: RMB24,805,093.75);
- (4) security deposit for travel service quality of Sichuan Winshare Xingzhi Study Tour Travel Agency Co., Ltd. ("**Xingzhi Study Tour Travel Agency**"), a subsidiary of the Group, of RMB1,100,000.00 (31 December 2022: RMB1,100,000.00);
- (5) bank deposits frozen as a result of the litigation of Xinhua Winshare Commercial Chain (Beijing) Co., Ltd. ("**Beijing Winshare Commercial**"), a subsidiary of the Group, of RMB998,247.64 (31 December 2022: RMB464,260.73).

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

57. Net current assets

Item	<i>RMB</i>	
	30 June 2023 (Unaudited)	31 December 2022
Current assets	12,951,397,273.58	12,750,164,440.81
Less: Current liabilities	7,161,638,113.75	7,542,454,166.23
Net current assets	5,789,759,159.83	5,207,710,274.58

58. Total assets less current liabilities

Item	<i>RMB</i>	
	30 June 2023 (Unaudited)	31 December 2022
Total assets	20,883,277,342.26	20,651,387,559.36
Less: Current liabilities	7,161,638,113.75	7,542,454,166.23
Total assets less current liabilities	13,721,639,228.51	13,108,933,393.13

(VII) CHANGES IN CONSOLIDATION SCOPE

1. Change of scope of consolidation due to other reasons

There is no change in the scope of consolidation for the Period.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VIII) INTERESTS IN OTHER ENTITIES

1. Subsidiaries:

(1) Subsidiaries incorporated by investments

Name of subsidiary	Type of the subsidiary	Principal place of business and place of incorporation	Nature of business	Registered capital	Business scope	Proportion of shareholding (%)		Consolidated statements or not
						of direct shareholding (%)	of indirect shareholding (%)	
Sichuan Xinhua Winshare Media Co., Ltd. (" Winshare Media ")	LLC	Chengdu	Periodicals	3,990,000.00	Sales of books and periodicals, etc.	100.00	-	Y
Winshare Education Technology	LLC	Chengdu	Technical Services	330,000,000.00	Software development and sales of electronic equipment	100.00	-	Y
Sichuan Winshare Logistics Co., Ltd. (" Winshare Logistics ")	LLC	Chengdu	Storage and distribution	350,000,000.00	Storage and distribution of goods	100.00	-	Y
Beijing Winshare Commercial	LLC	Beijing	Sales of publications	180,000,000.00	Sales of books, newspaper and periodicals	51.00	-	Y
Sichuan Winshare Arts Investment and Management Co., Ltd. (" Arts Investment ")	LLC	Chengdu	Exhibition of artwork	20,000,000.00	Project investment and management, exhibition of artwork	100.00	-	Y
Winshare Online	LLC	Chengdu	Sales of publications	60,000,000.00	Online sales of various products	75.00	-	Y
Sichuan Watch Panda Magazine Co., Ltd. (" Watch Panda ")	LLC	Chengdu	Periodicals	2,000,000.00	Sales of periodicals	100.00	-	Y
Winshare Investment	LLC	Chengdu	Investment	300,000,000.00	Venture investment, business investment	100.00	-	Y
Winshare International Cultural Communication Co., Ltd. (" Winshare International ")	LLC	Chengdu	Business advisory services	50,000,000.00	Organization and planning of cultural and art exchange activities, business consulting, conference and exhibition services	100.00	-	Y
Xingzhi Study Tour Travel Agency	LLC	Chengdu	Business services	5,000,000.00	Travel agency and related services, study tour event planning, conference, exhibition and related services	-	100.00	Y
Winshare Quan Media (Beijing) Culture Communication Co., Ltd. (" Winshare Quan Media ")	LLC	Beijing	Business advisory services	10,000,000.00	Organization of cultural and art exchange activities	100.00	-	Y

RMB

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(VIII) INTERESTS IN OTHER ENTITIES *(Continued)***1. Subsidiaries:** *(Continued)**(1) Subsidiaries incorporated by investments (Continued)*

Name of subsidiary	Type of the subsidiary	Principal place of business and place of incorporation	Nature of business	Registered capital	Business scope	Proportion		Consolidated statements or not
						of direct shareholding (%)	of indirect shareholding (%)	
Beijing Aerospace Cloud Education Technology Co., Ltd. (" Beijing Aerospace Cloud ")	LLC	Beijing	Technical Services	41,783,300.00	Computer software development and system services	70.00	-	Y
Beijing Huaxia Shengxuan Book Co., Ltd. (" Huaxia Shengxuan ")	LLC	Beijing	Sales of publications	15,000,000.00	Sales of publications, etc.	-	100.00	Y
Sichuan Winshare Xuankehui Cultural Development Co., Ltd. (" Stackway ")	LLC	Chengdu	Wholesale and retail	50,000,000.00	Book wholesale and retail	100.00	-	Y
Chengdu Gangqiong Online Technology Co., Ltd.	LLC	Chengdu	Technical Services	30,000.00	Computer system services; manufacturing, agency, etc.	-	100.00	Y
Sichuan Moyuan Cultural Communication Co., Ltd.	LLC	Chengdu	Sales	1,000,000.00	Sales of books	-	100.00	Y
Sichuan Xinyaxuan Cultural Communication Co., Ltd.	LLC	Chengdu	Sales	1,000,000.00	Sales of books	-	100.00	Y
Sichuan Aiyuecheng Cultural Communication Co., Ltd.	LLC	Chengdu	Sales	1,000,000.00	Sales of publications	-	100.00	Y
Sichuan Xingyueyue Cultural Communication Co., Ltd.	LLC	Chengdu	Sales	1,000,000.00	Sales of publications	-	100.00	Y
Sichuan Tianyuge Cultural Communication Co., Ltd.	LLC	Chengdu	Sales	1,000,000.00	Sales of publications	-	100.00	Y
Sichuan Xuehaizhizhou Cultural Communication Co., Ltd.	LLC	Chengdu	Sales	1,000,000.00	Sales of publications	-	100.00	Y

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

1. Subsidiaries: *(Continued)*

(2) Subsidiaries acquired in business combination involving enterprises under common control

RMB

Name of subsidiary	Type of the subsidiary	Principal place of business and place of incorporation	Nature of business	Registered capital	Business scope	Proportion of direct shareholding (%)	Proportion of indirect shareholding (%)	Consolidated statements or not
Xinhua Online	LLC	Chengdu	Sales of publications	50,000,000.00	Internet publishing, wholesale and retail of goods	100.00	-	Y
Beijing Shuchuan	LLC	Beijing	Sales of publications	2,000,000.00	Sales of publications	-	100.00	Y
Sichuan Culture Communication	LLC	Chengdu	Advertising agency and leasing	20,520,000.00	Advertising agency and leasing	100.00	-	Y

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

RMB

Name of subsidiary	Type of the subsidiary	Principal place of business and place of incorporation	Nature of business	Registered capital	Business scope	Proportion of direct shareholding (%)	Proportion of indirect shareholding (%)	Consolidated statements or not
Sichuan Xinhua Shang Paper Co., Ltd. (" Xinhua Shang ")	LLC	Chengdu	Paper sales	15,000,000.00	Sales of pulp, paper and paper products	51.00	-	Y
Winshare Sports Cultural Development Co., Ltd. (" Winshare Sports ")	LLC	Chengdu	Venue rental	100,000,000.00	Venue management services, advertising, self-owned housing rental	100.00	-	Y
Sichuan People's Publishing House Co., Ltd. (" People's Publishing House ")	LLC	Chengdu	Publication	34,000,000.00	Publication of books	100.00	-	Y
Sichuan Publication Printing Co., Ltd. (" Publication Printing ")	LLC	Chengdu	Publication	50,000,000.00	Plate-leased printing and supply of textbooks	100.00	-	Y
Sichuan Education Publishing House Co., Ltd. (" Education Publishing House ")	LLC	Chengdu	Publication	10,000,000.00	Publication and distribution of books	100.00	-	Y

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

1. Subsidiaries: *(Continued)*

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

Name of subsidiary	Type of the subsidiary	Principal place of business and place of incorporation	Nature of business	Registered capital	Business scope	RMB		Consolidated statements or not
						Proportion of direct shareholding (%)	Proportion of indirect shareholding (%)	
Youth and Children's Publishing House	LLC	Chengdu	Publication	110,000,000.00	Publication of books and periodicals	100.00	-	Y
Sichuan Science & Technology Publishing House Co., Ltd. ("Science & Technology Publishing House")	LLC	Chengdu	Publication	13,000,000.00	Publication of books	100.00	-	Y
Sichuan Discovery of Nature Magazine Press Co., Ltd.	LLC	Chengdu	Publication	300,000.00	Publication of periodicals	-	100.00	Y
Sichuan Fine Arts Publishing House Co., Ltd. ("Fine Arts Publishing House")	LLC	Chengdu	Publication	16,250,000.00	Sales of arts and crafts and publication of books	100.00	-	Y
Sichuan Lexicographical Publishing House Co., Ltd. ("Lexicographical Publishing House")	LLC	Chengdu	Publication	20,000,000.00	Publication of books	100.00	-	Y
Sichuan Literature & Art Publishing House Co., Ltd. ("Literature & Art Publishing House")	LLC	Chengdu	Publication	45,000,000.00	Publication of books	100.00	-	Y
Sichuan Tiandi Publishing House Co., Ltd. ("Tiandi Publishing House")	LLC	Chengdu	Publication	230,634,700.00	Publication of books	100.00	-	Y
Sichuan Times English Cultural Communication Co., Ltd.	LLC	Chengdu	Publication	600,000.00	Publication of domestic books, newspapers and	-	51.00	Y
Sichuan Bashu Publishing House Co., Ltd. ("Bashu Publishing House")	LLC	Chengdu	Publication	42,000,000.00	periodicals Publication of books	100.00	-	Y

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

1. Subsidiaries: *(Continued)*

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

RMB

Name of subsidiary	Type of the subsidiary	Principal place of business and place of incorporation	Nature of business	Registered capital	Business scope	Proportion of direct shareholding (%)	Proportion of indirect shareholding (%)	Consolidated statements or not
Sichuan Printing Materials Co., Ltd. (" Printing Materials ")	LLC	Chengdu	Wholesale and retail	30,000,000.00	Wholesale and retail of goods	100.00	-	Y
Digital Publishing	LLC	Chengdu	Publication	19,800,000.00	Publication of audio and video product, Internet publishing	100.00	-	Y
Sichuan Reader's Journal Press Co., Ltd. (" Reader's Journal Press ")	LLC	Chengdu	Publication	1,500,000.00	Reader's Journal Press-related publishing, advertising, wholesale and retail of goods, software and information technology services	100.00	-	Y
Sichuan Pictorial Co., Ltd. (" Pictorial ")	LLC	Chengdu	Publication	1,500,000.00	Publication of periodicals	100.00	-	Y
Sichuan Xinhua Printing Co., Ltd.	LLC	Chengdu	Publication	100,160,000.00	Printing of publications	100.00	-	Y
Sichuan Yunhan Internet and Media Co., Ltd. (" Sichuan Yunhan ")	LLC	Chengdu	Wholesale	50,000,000.00	Wholesale of publications	-	100.00	Y
Liangshanzhou Xinhua Bookstore	LLC	Liangshanzhou	Sales	683,000,000.00	Sales of books	51.00	-	Y
Liangshan Xinhua Winshare Education Technology Co., Ltd. (" Liangshan Winshare Education Technology ")	LLC	Liangshanzhou	Technology service	40,000,000.00	Sales of software and electronic equipment	49.00	51.00	Y
Liangshan Yuntu Xunjie Logistics Co., Ltd.	LLC	Liangshanzhou	Storage and distribution	10,000,000.00	Storage and distribution of goods	-	100.00	Y

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

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

RMB

Name of subsidiary	Proportion of ownership interests held by non-controlling shareholders (%)	Proportion of voting power held by non-controlling shareholders (%)	Gains or losses attributable to non-controlling shareholders		Non-controlling interests	
			Current period (Unaudited)	Same Period of Last Year (Unaudited)	30 June 2023 (Unaudited)	31 December 2022
Liangshanzhou Xinhua Bookstore	49.00	49.00	31,574,877.69	N/A	321,505,648.57	289,930,770.88
Winshare Online	25.00	25.00	516,020.92	425,674.22	(22,226,340.92)	(22,742,361.84)

a. *Liangshanzhou Xinhua Bookstore*

RMB

	30 June 2023 (Unaudited)	31 December 2022
Current assets	431,831,557.63	366,419,011.32
Non-current assets	371,053,268.97	377,755,480.80
Current liabilities	52,930,855.43	54,277,262.94
Non-current liabilities	93,819,994.49	98,201,778.40

RMB

	Amount incurred in the current period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Operating income	201,830,829.20	N/A
Net profit	64,438,525.90	N/A
Total comprehensive income	64,438,525.90	N/A
Net cash flow from operating activities	50,214,005.24	N/A

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

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

b. Winshare Online

	30 June 2023 (Unaudited)	<i>RMB</i> 31 December 2022
Current assets	2,746,704,404.69	2,782,719,758.53
Non-current assets	421,914,385.54	315,923,680.69
Current liabilities	3,256,730,553.93	3,188,983,886.60
Non-current liabilities	793,600.00	629,000.00

	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the Same Period of Last Year (Unaudited)
Operating income	1,451,072,216.65	1,410,243,921.55
Net profit	2,064,083.68	1,702,696.89
Total comprehensive income	2,064,083.68	1,702,696.89
Net cash flow from operating activities	(1,033,333.08)	(6,785,180.05)

3. Interests in joint ventures or associates

(1) Significant joint venture or associates

Name of joint venture or associates	Principal place of operation and place of incorporation	Nature of business	Proportion of ownership interests in investee (%)	Accounting method used for investment in joint venture or associates
Joint venture				
Hainan Publishing House	Haikou	Publication	50	Equity method
Associates				
Ren Min Eastern	Beijing	Wholesale of books, periodicals, newspapers and electronic publications	20	Equity method
Ming Bo Education	Beijing	Publication of internet education	20.4	Equity method
Winshare BLOGIS	Chengdu	Logistics transportation	45	Equity method

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

3. Interests in joint ventures or associates *(Continued)*

(2) Key financial information of significant joint venture

a. Hainan Publishing House

	30 June 2023/ Amount incurred in the current period (Unaudited)	<i>RMB</i> 31 December 2022/ Amount incurred in the Same Period of Last Year (Unaudited)
Current assets	610,584,582.78	595,019,215.22
Including: Cash and cash equivalents	39,323,504.90	52,623,047.60
Non-current assets	179,608,449.12	162,769,656.96
Total assets	790,193,031.90	757,788,872.18
Current liabilities	270,319,332.26	261,940,084.63
Non-current liabilities	21,060,000.00	21,060,000.00
Total liabilities	291,379,332.26	283,000,084.63
Equity attributable to the parent company's shareholders	494,457,671.63	470,244,860.36
Non-controlling interests	4,356,028.01	4,543,927.19
Net assets calculated on pro-rata basis of shareholding	247,228,835.82	235,122,430.18
Goodwill	30,735,530.98	30,735,530.98
Carrying amount of equity investments in joint venture	277,964,366.80	265,857,961.16
Operating income	140,725,160.05	104,874,785.39
Net profit	24,024,912.09	25,080,917.59
Total comprehensive income	24,024,912.09	25,080,917.59
Non-controlling interests	(187,899.18)	4,097,599.59
Interest income	-	39,499.96
Income tax	-	120,053.32

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

3. Interests in joint ventures or associates *(Continued)*

(3) Key financial information of significant associates

a. Ren Min Eastern

	30 June 2023/ Amount incurred in the current period (Unaudited)	<i>RMB</i> 31 December 2022/ Amount incurred in the Same Period of Last Year (Unaudited)
Current assets	74,825,970.15	92,126,640.10
Non-current assets	7,296,784.49	7,723,645.51
Total assets	82,122,754.64	99,850,285.61
Current liabilities	38,550,823.97	47,776,691.55
Non-current liabilities	831,100.59	1,962,008.25
Total liabilities	39,381,924.56	49,738,699.80
Equity attributable to the parent company's shareholders	42,740,830.08	50,111,585.81
Non-controlling interests	-	-
Net assets calculated on pro-rata basis of shareholding	8,548,166.02	10,022,317.16
Carrying amount of equity investments in associate	8,548,166.02	10,022,317.16
Operating income	11,273,920.27	7,322,206.48
Net loss	(1,370,755.73)	(2,244,798.88)
Total comprehensive income (loss)	(1,370,755.73)	(2,244,798.88)
Dividend receipts from associate for the current period	-	1,600,000.00
Dividend declared but not yet received for the current period	1,200,000.00	-

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

3. Interests in joint ventures or associates *(Continued)*

(3) Key financial information of significant associates *(Continued)*

b. Ming Bo Education

	30 June 2023/ Amount incurred in the current period (Unaudited)	<i>RMB</i> 31 December 2022/ Amount incurred in the Same Period of Last Year (Unaudited)
Current assets	43,827,167.06	67,250,324.26
Non-current assets	20,790,128.39	25,396,002.51
Total assets	64,617,295.45	92,646,326.77
Current liabilities	8,446,793.81	16,323,451.40
Non-current liabilities	2,885,366.29	963,357.07
Total liabilities	11,332,160.10	17,286,808.47
Equity attributable to the parent company's shareholders	53,284,108.48	75,359,518.30
Non-controlling interests	1,026.87	–
Net assets calculated on pro-rata basis of shareholding	10,869,958.13	15,373,341.73
Carrying amount of equity investments in associate	10,869,958.13	15,373,341.73
Operating income	5,007,795.35	4,755,376.32
Net loss	(22,074,382.95)	(46,276,705.35)
Total comprehensive income (loss)	(22,074,382.95)	(46,276,705.35)
Non-controlling interests	1,026.87	10.45

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

3. Interests in joint ventures or associates *(Continued)*

(3) Key financial information of significant associates (Continued)

c. Winshare BLOGIS

	30 June 2023/ Amount incurred in the current period (Unaudited)	<i>RMB</i> 31 December 2022/ Amount incurred in the Same Period of Last Year (Unaudited)
Current assets	392,015,554.64	504,108,359.90
Non-current assets	4,440,232.82	7,089,220.89
Total assets	396,455,787.46	511,197,580.79
Current liabilities	295,068,557.77	407,867,648.81
Total liabilities	295,068,557.77	407,867,648.81
Equity attributable to the parent company's shareholders	101,387,229.69	103,329,931.98
Non-controlling interests	-	-
Net assets calculated on pro-rata basis of shareholding	45,624,253.36	46,498,469.39
Carrying amount of equity investments in associate	45,624,253.36	46,498,469.39
Operating income	388,221,091.29	714,621,317.14
Net profit/(loss)	(1,942,702.29)	1,006,848.66
Total comprehensive income (loss)	(1,942,702.29)	1,006,848.66
Dividends received from associate for the current period	-	900,000.00

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

3. Interests in joint ventures or associates *(Continued)*

(4) Summarized financial information of insignificant joint ventures and associates

	30 June 2023/ Amount incurred in the current period (Unaudited)	<i>RMB</i> 31 December 2022/ Amount incurred in the Same Period of Last Year (Unaudited)
Insignificant joint ventures		
Total carrying amount of investments	11,595,260.94	11,679,854.64
Sum of net loss calculated according to proportion of investment	(84,593.70)	(621,419.09)
Sum of total comprehensive income calculated according to proportion of investment	(84,593.70)	(621,419.09)
Insignificant associates		
Total carrying amount of investments	413,657,672.24	398,961,760.31
Sum of net profit (loss) calculated according to proportion of investment	9,795,911.93	(6,978,845.20)
Sum of total comprehensive income (loss) calculated according to proportion of investment	9,795,911.93	(6,978,845.20)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group's major financial instruments consist of financial assets measured at amortized cost, financing receivables, financial assets at FVTPL, other equity instrument investments, short-term borrowings, notes payable, accounts payable and other payables. Risk exposures associated with these financial instruments and the risk management strategy adopted by the Group to reduce the risk is set out below. The management of the Group manages and monitors the risk exposures to ensure the risks are controlled at a certain level.

The Group adopts sensitivity analysis method to analyze the potential impact of reasonable and possible changes in risk variables on current profit and loss or on the owners' equity. As a risk variable seldom changes alone and correlation between variables greatly accounts for the final amount influenced by changes of a certain risk variable, the following content is based on the assumption that changes of each variable are independent of each other's.

1. Risk management objectives and policies

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimize the adverse impacts of risks on the Group's operation performance, and maximize the benefits of the shareholders. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyze the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, implement risk management, and monitor regularly and effectively these exposures to ensure the risks are monitored at a certain level.

1.1 Market risk

1.1.1 Currency risk

The Group mainly operates in the PRC, and the sales and purchases of the Group are mainly denominated and settled in RMB. At each balance sheet date, the balance of the Group's assets and liabilities are both denominated in RMB except that the assets and liabilities set out below. The management believes that the foreign exchange rates may have no significant impact on the net profit and the shareholders' equity of the Group.

Item	<i>RMB</i>	
	30 June 2023 (Unaudited)	31 December 2022
Cash and bank balances		
USD	132,759.98	227,968.14
EUR	541.08	509.88
HKD	49,668.53	48,298.67

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

(Continued)

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

1.1 Market risk *(Continued)*

1.1.2 Interest rate risk

As the changes in the short-term borrowings arising from the change in interest rate were relatively small, the Group was not exposed to material interest rate risk.

1.1.3 Other price risk

The Group measured the investment in listed shares of Wan Xin Media, HGZN and Bank of Chengdu at fair value, which was exposed to the stock price risk as the fair value is determined based on the quoted prices from the active market (Note (VI)12). The directors of the Company regularly monitor the share prices of Wan Xin Media, HGZN and Bank of Chengdu. For the current period, the Group's direct investments in Wan Xin Media, HGZN and Bank of Chengdu equity recognized in other comprehensive income resulted in a gain of RMB520,995,200.00, a loss of RMB209,665.56 and a loss of RMB247,200,000.00, respectively.

Assuming that other variables remain constant, the pre-tax effects of other reasonable changes in stock prices in other comprehensive income and shareholders' equity during the period are as follows:

		<i>RMB</i>	
		Effects on other comprehensive income and shareholders' equity	
Item	Price fluctuation	Current period (Unaudited)	Same Period of Last Year (Unaudited)
Other equity instrument investments			
Wan Xin Media	Stock prices rise 5%	58,518,480.00	30,100,560.00
HGZN	Stock prices rise 5%	35,750.67	49,795.57
Bank of Chengdu	Stock prices rise 5%	48,840,000.00	66,320,000.00
Other equity instrument investments			
Wan Xin Media	Stock prices fall 5%	(58,518,480.00)	(30,100,560.00)
HGZN	Stock prices fall 5%	(35,750.67)	(49,795.57)
Bank of Chengdu	Stock prices fall 5%	(48,840,000.00)	(66,320,000.00)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

(Continued)

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

1.2 Credit risk

As at 30 June 2023, the Group's maximum exposure to credit risk which will cause a financial loss to the Group is due to failure to discharge an obligation by the counterparties, including: the carrying amounts of financial assets such as cash and bank balances, accounts receivable, notes receivable, financing receivables, other receivables, other current assets (time deposits), non-current assets due within one year, long-term receivables and other non-current assets (time deposits), etc.

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

Details such as the Group's specific method of assessing credit risk since initial recognition, evidence for determination of credit impairment of financial assets, method of assessing expected credit loss on the basis of categorization, and accounting policies on direct write – down of financial instrument are set out in Note (III)10.2.

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

(Continued)

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

1.2 Credit risk *(Continued)*

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

Item	Future 12-month/full lifetime ECL	<i>RMB</i>
		Carrying amount 30 June 2023 (Unaudited)
Financial assets measured at amortized cost:		
Cash and bank balances	Future 12-month ECL	7,977,398,442.23
Contract assets	Full lifetime ECL (not credit-impaired)	8,827,611.11
	Full lifetime ECL (credit-impaired)	–
Accounts receivable	Full lifetime ECL (not credit-impaired)	1,833,317,510.49
	Full lifetime ECL (credit-impaired)	719,276,207.26
Notes receivable	Full lifetime ECL (not credit-impaired)	1,802,667.17
	Full lifetime ECL (credit-impaired)	–
Other receivables	Future 12-month ECL	222,524,769.47
	Full lifetime ECL (not credit-impaired)	–
Long-term receivables (including those expected to be recovered within one year)	Full lifetime ECL (not credit-impaired)	10,531,642.58
	Full lifetime ECL (credit-impaired)	156,161,585.41
Other current assets – time deposits	Future 12-month ECL	428,174,309.59
Other non-current assets - time deposits	Future 12-month ECL	470,785,405.44
Other non-current assets (quality guarantee money)	Future 12-month ECL	12,594,279.74
Financial assets at FVTOCI:		
Financing receivables	Full lifetime ECL (not credit-impaired)	9,565,793.55

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

(Continued)

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

1.2 Credit risk *(Continued)*

Accounts receivable

As part of the Group's credit risk asset management, the Group adopts the aging analysis to assess impairment losses of accounts receivable arising from the Group's operations. The Group's operations involve a large number of small customers with the same risk characteristics. Aging information may reflect these customers' solvency in regard of such accounts receivable.

As at 30 June 2023 and 31 December 2022, description of credits risks and expected credit losses of accounts receivable of the Group's operations is as follows:

Aging	30 June 2023 (Unaudited)			31 December 2022		
	Expected average loss rate	Amount RMB	Credit loss provision RMB	Expected average loss rate	Amount RMB	Credit loss provision RMB
Within 1 year	14.69%	1,833,317,510.49	269,253,371.65	13.69%	1,744,811,568.82	238,824,789.41
1 – 2 years	41.00%	269,218,594.83	110,379,623.88	42.74%	335,133,131.90	143,241,119.84
2 – 3 years	100.00%	181,448,805.08	181,448,805.08	100.00%	163,725,649.39	163,725,649.39
More than 3 years	100.00%	268,608,807.35	268,608,807.35	100.00%	188,284,332.45	188,284,332.45
Total		2,552,593,717.75	829,690,607.96		2,431,954,682.56	734,075,891.09

The expected average rate of loss is based on historical rate of bad debt, and takes into account of current circumstances and projections on future economic conditions. For the current period and last year, the Group's assessment method and significant assumptions did not change.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

(Continued)

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

1.7 Credit risk *(Continued)* Accounts receivable *(Continued)*

Accounts receivable (Continued)

Changes in credit loss provision for accounts receivable:

RMB

Credit loss provision	Full lifetime expected credit losses (not credit- impaired)	Full lifetime expected credit losses (credit- impaired)	Total
Balance as at 1 January 2023	238,824,789.41	495,251,101.68	734,075,891.09
Provision for the current period			
– by combination	33,103,983.35	39,072,485.72	72,176,469.07
Reversal for the current period			
– by combination	(2,675,401.11)	–	(2,675,401.11)
Other changes – transfer from			
long-term receivables	–	26,113,648.91	26,113,648.91
30 June 2023 (Unaudited)	269,253,371.65	560,437,236.31	829,690,607.96

Other receivables

Credit loss provision for other receivables:

RMB

Credit loss provision	Stage 1 Future 12-month expected credit losses	Stage 2 Full lifetime expected credit losses (not credit-impaired)	Stage 3 Full lifetime expected credit losses (credit- impaired)	Total
Balance as at 1 January 2023	611,099.12	–	17,247,430.80	17,858,529.92
Provision for the current period	844,831.64	–	–	844,831.64
Reversal for the current period	–	–	(3,804,243.75)	(3,804,243.75)
30 June 2023 (Unaudited)	1,455,930.76	–	13,443,187.05	14,899,117.81

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

(Continued)

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

1.2 Credit risk *(Continued)*

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

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

	Full lifetime expected credit losses (not credit-impaired)	Full lifetime expected credit losses (credit- impaired) (Note)	<i>RMB</i> Total
Balance as at 1 January 2023	–	22,478,605.98	22,478,605.98
Provision for the current period – by single items	–	26,206,803.94	26,206,803.94
Reversal for the current period	–	(8,571,641.47)	(8,571,641.47)
Other changes – transfer to accounts receivable	–	(26,113,648.91)	(26,113,648.91)
30 June 2023 (Unaudited)	–	14,000,119.54	14,000,119.54

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

1.3 Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group aims at maintaining a balance between capital return and flexibility through operating activities and the issuance of other interest-bearing borrowings as the main source of funding. The Group manages the financing activities by maintaining adequate cash so as to finance the Group's operations. The Group also ensures that bank credit facilities are available to meet any short-term funding needs.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

(Continued)

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

1.3 Liquidity risk *(Continued)*

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

End of the current period (Unaudited)

Item					<i>RMB</i>
	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
Short-term borrowings	18,325,800.00	-	-	-	18,325,800.00
Notes payable	5,000,000.00	-	-	-	5,000,000.00
Accounts payable	5,124,501,990.14	-	-	-	5,124,501,990.14
Other payables	556,004,168.03	-	-	-	556,004,168.03
Lease liabilities	107,541,237.98	87,866,164.80	183,725,893.37	47,614,018.18	426,747,314.33
Total	5,811,373,196.15	87,866,164.80	183,725,893.37	47,614,018.18	6,130,579,272.50

End of the prior year

Item					<i>RMB</i>
	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
Short-term borrowings	18,655,000.00	-	-	-	18,655,000.00
Notes payable	29,776,305.93	-	-	-	29,776,305.93
Accounts payable	5,424,399,662.93	-	-	-	5,424,399,662.93
Other payables	404,374,959.26	-	-	-	404,374,959.26
Lease liabilities	108,703,846.02	102,795,426.75	202,890,795.69	49,237,690.56	463,627,759.02
Total	5,985,909,774.14	102,795,426.75	202,890,795.69	49,237,690.56	6,340,833,687.14

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

(Continued)

2. Transfer of financial assets

At the end of the Period, the amount of bank acceptance bills that the Group had endorsed but not yet due was RMB10,024,896.67 (31 December 2022: RMB5,247,913.84), which was the accounts payable to the suppliers. The Group believes that substantially all the risks and rewards of the endorsed notes receivable have been transferred to the suppliers. Therefore, these endorsed notes receivable were derecognized. In the event that the accepting bank fails to accept the notes due, the Group is jointly and severally liable for the notes receivable in accordance with the relevant PRC laws and regulations. The Group considers that the accepting bank is of sound reputation and the risk of non-payment by the accepting bank on due date is remote.

At the end of the Period, if the accepting bank fails to accept the notes due, the maximum loss which may be incurred by the Group is equivalent to the same amount payable by the Group to the suppliers for such endorsed notes.

At the end of the Period, all notes receivable endorsed to suppliers will be due within six months from the end of the Reporting Period.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

1. DISCLOSURE OF FAIR VALUE

1. Fair value

1.1 Financial assets measured at fair value on a recurring basis

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

Financial assets	Fair value at the end of each reporting period/year	Fair value hierarchy	Valuation method and inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value	RMB
Other equity instrument investments – shares of A share listed company – Wan Xin Media	1,170,369,600.00	Level 1	Quoted prices in active markets	N/A	N/A	
Other equity instrument investments – shares of A share listed company – HGZN	715,013.32	Level 1	Quoted prices in active markets	N/A	N/A	
Other equity instrument investments – shares of A share listed company – Bank of Chengdu	976,800,000.00	Level 1	Quoted prices in active markets	N/A	N/A	
Other equity instrument investments – others	375,393.81	Level 3	Discounted cash flow	<ul style="list-style-type: none"> Expected cash flow Discount rate in line with expected risk level 	<ul style="list-style-type: none"> The higher the expected cash flow, the higher the fair value; The lower the discount rate, the higher the fair value. 	

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2023

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

Financial assets	Fair value at the end of each reporting period/year	Fair value hierarchy	Valuation method and inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value	RMB
						30 June 2023 (Unaudited)
Other non-current financial assets – Ningbo Meishan Free Trade Port Winshare Dingsheng Equity Investment Partnership (Limited Partnership)	97,069,238.93	Level 3	Market approach	<ul style="list-style-type: none"> Value ratio, liquidity discount 	<ul style="list-style-type: none"> The higher the value ratio, the higher the fair value; The lower the liquidity discount, the higher the fair value 	
Other non-current financial assets – CICC Qichen Phase II (Wuxi) Emerging Industry Equity Investment Fund Partnership (Limited Partnership)	119,403,332.46	Level 3	Market approach	<ul style="list-style-type: none"> Value ratio, liquidity discount 	<ul style="list-style-type: none"> The higher the value ratio, the higher the fair value; The lower the liquidity discount, the higher the fair value 	
Other non-current financial assets – Xinhua Internet	3,000,000.00	Level 3	Discounted cash flow	<ul style="list-style-type: none"> Expected cash flow Discount rate in line with expected risk level 	<ul style="list-style-type: none"> The higher the expected cash flow, the higher the fair value; The lower the discount rate, the higher the fair value. 	
	3,000,000.00					

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(X) DISCLOSURE OF FAIR VALUE *(Continued)*

1. Fair value *(Continued)*

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

1.1.1 Reconciliation of Level 3 fair value measurements

	Current period (Unaudited)	RMB Prior year
Opening balance of financial assets measured at Level 3 fair value	476,522,083.62	728,555,427.60
Included in gains or losses on fair value change in the current period	(4,637,313.55)	(135,132,509.90)
Purchases in the current period	149,486,243.53	23,107,789.21
Disposals in the current period	(154,568,295.54)	(140,008,623.29)
Closing balance of financial assets measured at Level 3 fair value (Unaudited)/year end	466,802,718.06	476,522,083.62

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

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

(XI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent company of the Company

Name of the parent company	Type of the entity	Place of incorporation	Legal representative	Nature of business	Registered capital	Proportion of the Company's ownership interest held by the parent (%)	Proportion of the Company's voting power held by the parent (%)	Ultimate controlling party of the Company	Unified social credit code
Sichuan Xinhua Publishing and Distribution Group	LLC	Chengdu	Zhou Qing	Goods wholesale and retail, house lease, real estate, project investment	59,382.20	55.40 (Note)	55.40 (Note)	SASAC of Sichuan	915100007089237087

Note: Sichuan Xinhua Publishing and Distribution Group holds 592,809,525 promoter's shares of the Company, accounting for 48.05% of the total share capital of the Company, and holds 90,780,000 H shares of the Company, accounting for 7.36% of the total share capital of the Company, resulting in an aggregate shareholding of 55.40% of the total share capital of the Company (the deviation in the odd percentage is due to rounding).

2. Subsidiaries of the Company

Please refer to Notes (VIII) "Interests in Other Entities" for details of the subsidiaries of the Company.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

3. Joint ventures and associates of the Company

Please refer to Notes (VIII) for details of the significant joint ventures or associates of the Company.

Information of other joint ventures or associates which have had balances through related party transactions with the Group for the current period or for the Same Period of Last Year is as follows:

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

4. Other related party relationships

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

5. Related party transactions

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

Purchase of goods/receipt of services

Related party	Type of related party transaction	Details of related party transaction	Pricing and decision-making procedures of related party transactions	RMB	
				Amount incurred in the current period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Sichuan Minzu Publishing House	Purchase of goods	Purchase of books	Price negotiated by both parties	26,796,582.73	33,115,199.73
Tianxi Zhongda	Purchase of goods	Purchase of books	Price negotiated by both parties	11,489,963.36	13,277,745.94
The Commercial Press	Purchase of goods	Purchase of books	Price negotiated by both parties	8,764,851.00	9,501,974.33
Ming Bo Education	Purchase of goods	Purchase of software and hardware	Price negotiated by both parties	1,372,878.00	4,873,973.69
Hainan Publishing House	Purchase of goods	Purchase of books	Price negotiated by both parties	4,424,456.97	2,395,883.30
Ren Min Eastern	Purchase of goods	Purchase of books	Price negotiated by both parties	3,343,554.00	1,462,618.48
Xinhua Cultural	Receipt of services	Receipt of property management services	Price negotiated by both parties	18,633,360.89	12,912,016.28
Hengxi Property	Receipt of services	Receipt of property management services	Price negotiated by both parties	-	981,530.45
Winshare Yinshi	Receipt of services	Receipt of drafting services	Price negotiated by both parties	-	550,000.00
Xinhua Haiyi	Receipt of services	Receipt of hotel and conference service	Price negotiated by both parties	3,113.21	85,528.30
Xinhua International Hotel	Receipt of services	Receipt of hotel and conference service	Price negotiated by both parties	8,899.00	41,607.89
Haiyi Hotel	Receipt of services	Receipt of hotel and conference service	Price negotiated by both parties	22,621.23	8,992.00
Winshare BLOGIS	Receipt of services	Purchase of paper and receipt of warehousing and printing service	Price negotiated by both parties	70,790.25	2,362.83
Sanxingdui Qushanyuan Cultural	Receipt of services	Receipt of hotel and conference service	Price negotiated by both parties	29,941.00	-
Cultural Investment Tianguang Hotel	Receipt of services	Receipt of hotel and conference service	Price negotiated by both parties	4,811.32	-
Total				74,965,822.96	79,209,433.22

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

5. Related party transactions *(Continued)*

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

Sales of goods/provision of services

Related party	Type of related party transaction	Details of related party transaction	Pricing and decision-making procedures of related party transactions	RMB	
				Amount incurred in the current period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Sichuan Minzu Publishing House	Sales of goods	Sales of paper	Price negotiated by both parties	8,804,805.99	4,502,921.44
Sichuan Xinhua Publishing and Distribution Group	Sales of goods	Sales of books and provision of services	Price negotiated by both parties	817,870.17	196,566.69
Winshare BLOGIS	Sales of goods	Sales of books and provision of services	Price negotiated by both parties	187,536.98	-
Hainan Phoenix	Sales of goods	Sales of books	Price negotiated by both parties	-	93,872.30
Sichuan Cultural Investment Group	Sales of goods	Sales of goods	Price negotiated by both parties	-	607.71
Tianxi Zhongda	Sales of goods	Provision of copyright	Price negotiated by both parties	480,692.36	-
Xinhua Wanyun	Provision of services	Provision of design services	Price negotiated by both parties	-	3,163.61
Cultural Land	Provision of services	Provision of design services	Price negotiated by both parties	-	233.96
Total				10,290,905.50	4,797,365.71

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

5. Related party transactions *(Continued)*

(2) Leases with related parties

The Group as lessor:

						<i>RMB</i>	
Name of lessor	Name of lessee	Type of leased assets	Commencement date of leases	Expiration date of leases	Basis of determining the lease income	Lease income	Lease income
						recognized in the current period (Unaudited)	recognized in the Same Period of Last Year (Unaudited)
The Company	Sichuan Xinhua Publishing and Distribution Group	Buildings	2022.1.1	2023.12.31	Contractual price negotiated by both parties	639,787.89	639,787.89
The Company	Sichuan Xinhua Publishing and Distribution Group	Buildings	2020.1.1	2023.12.31	Contractual price negotiated by both parties	651,243.43	651,243.43
The Company	Xinhua Yingxuan	Buildings	2021.3.1	2022.12.31	Contractual price negotiated by both parties	-	211,002.85
Total						1,291,031.32	1,502,034.17

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

5. Related party transactions *(Continued)*

(2) Leases with related parties *(Continued)*

The Group as lessee:

Name of lessor	Name of lessee	Type of leased assets	Commencement date of leases	Expiration date of leases	Basis of determining the lease income	RMB	
						Lease payment in the current period (Unaudited)	Lease payment in the prior period (Unaudited)
Sichuan Xinhua Publishing and Distribution Group (Note 1)	The Company	Buildings	2022.1.1	2027.12.31	Contractual price negotiated by both parties	-	-
Sichuan Xinhua Publishing and Distribution Group (Note 2)	The Group	Buildings	2022.1.1	2022.12.31	Contractual price negotiated by both parties	-	53,905.71
Sichuan Xinhua Publishing and Distribution Group (Note 2)	The Group	Buildings	2022.1.1	2022.12.31	Contractual price negotiated by both parties	-	62,133.00
Sichuan Cultural Investment Group (Note 3)	The Company	Buildings	2020.1.1	2022.12.31	Contractual price negotiated by both parties	-	3,490,057.34
Winshare Equity Investment Fund (Note 4)	The Group	Buildings	2020.6.1	2023.5.31	Contractual price negotiated by both parties	204,339.60	408,679.20
Winshare Equity Investment Fund (Note 4)	The Group	Buildings	2023.6.1	2026.6.30	Contractual price negotiated by both parties	204,339.60	-
Cultural Investment Huiwen (Note 5)	The Group	Buildings	2023.1.1	2023.12.31	Contractual price negotiated by both parties	479,834.86	-
Total						888,514.06	4,014,775.25

Note 1: During the current period, the Company as lessee rented buildings from Sichuan Xinhua Publishing and Distribution Group. Depreciation of right-of-use assets amounting to RMB16,146,309.54 was recognized during the current period. As agreed in the contract, the rent was payable in a lump sum within the third quarter of each year.

Note 2: During the current period, the Group did not renew the lease with Sichuan Xinhua Publishing and Distribution Group. During the prior period, the Group as lessee rented buildings from Sichuan Xinhua Publishing and Distribution Group and the lease had ended as of the end of last year.

Note 3: During the prior period, the Group as lessee rented buildings from Sichuan Cultural Investment Group and the lease contract had ended as of the end of last year.

Note 4: During the current period, the Group rented buildings from Winshare Equity Investment Fund. The increase in right-of-use assets amounting to RMB2,394,417.39 arising from newly signed agreement was incurred during the current period; whereas depreciation of right-of-use assets amounting to RMB384,055.88 was recognized during the current period.

Note 5: During the current period, the Group rented buildings from Cultural Investment Huiwen. Rent payment of RMB479,834.86 arising from newly signed agreement was incurred during the current period.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

5. Related party transactions *(Continued)*

(3) Advance payments from a related party

Name of entity	Amount incurred in the current period (Unaudited)		Amount incurred in the Same Period of Last Year (Unaudited)	
	Advance payments	Interest expense	Advance payments	Interest expense
	Winshare BLOGIS (Note)	-	-	1,049,692.40

Note: No advance payment was incurred between the Group and Winshare BLOGIS during the current period. Interest expenses incurred during the prior period amounted to RMB17,489.21, which was attributable to the advance payment of RMB1,049,692.40 by Winshare BLOGIS, a related party, for Beijing Winshare Commercial.

(4) Compensation for key management personnel

Item	Amount incurred in the current period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Compensation for key management personnel	3,403,005.42	3,121,426.96

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

6. Amount due to/from related parties

Item	Related party	<i>RMB</i>	
		30 June 2023 (Unaudited)	31 December 2022
Accounts receivable	Shanghai Jinjie	195,984.00	195,984.00
	Sichuan Minzu Publishing House	20,792,083.17	13,405,776.91
	Winshare BLOGIS	-	33,145.78
	Hainan Phoenix	10,148.70	110,598.14
	Sichuan Xinhua Publishing and Distribution Group	3,290.00	9,331.20
Total		21,001,505.87	13,754,836.03
Dividends receivable	Ren Min Eastern	1,200,000.00	-
	Education Forum	72,000.00	72,000.00
Total		1,272,000.00	72,000.00
Other receivables	Shanghai Jinjie	26,478.80	26,478.80
	Xinhua Yingxuan	-	773,677.12
	Sichuan Xinhua Publishing and Distribution Group	-	25,000.00
Total		26,478.80	825,155.92
Accounts payable	The Commercial Press	10,175,591.35	12,040,419.15
	Ming Bo Education	643,200.75	1,127,177.07
	Hanan Publishing House	82,858.75	86,125.67
	Winshare BLOGIS (Note)	2,687.62	61,357,301.57
	Sichuan Minzu Publishing House	50,955,488.80	65,887,678.20
	Tianxi Zhongda	36,522,998.17	37,045,236.24
Total		98,382,825.44	177,543,937.90

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

6. Amount due to/from related parties *(Continued)*

Item	Related party	<i>RMB</i>	
		30 June 2023 (Unaudited)	31 December 2022
Dividends payable	Sichuan Xinhua Publishing and Distribution Group	30,865,200.00	–
	Sichuan Cultural Investment Group	2,174,640.00	–
Total		33,039,840.00	–
Other payables	Ming Bo Education	8,993,692.06	13,440,862.08
	Xinhua Cultural	719,563.62	–
	Winshare BLOGIS	3,000.00	3,000.00
	Bank of Chengdu	10,138.89	2,000.00
Total		9,726,394.57	13,445,862.08
Non-current liabilities due within one year	Sichuan Xinhua Publishing and Distribution Group	31,929,557.96	31,204,931.83
	Winshare Equity Investment Fund	749,625.33	202,731.47
Total		32,679,183.29	31,407,663.30
Lease liabilities	Sichuan Xinhua Publishing and Distribution Group	143,440,974.35	140,185,649.62
	Winshare Equity Investment Fund	1,379,415.11	–
Total		144,820,389.46	140,185,649.62

Note: As at 30 June 2023, the amount payable was generated from related party transactions between the Company and Winshare BLOGIS. As at 31 December 2022, the amount payable represented the settlement amount with the Company arising from the supply chain financial services provided by Winshare BLOGIS to the Company's suppliers, which was not generated from related party transactions between the Company and Winshare BLOGIS.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

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

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

(1) Dividend income

Current period (Unaudited)		Same Period of Last Year (Unaudited)	
Amount	Proportion (%)	Amount	Proportion (%)
62,720,000.00	62.17	50,400,000.00	56.11

RMB

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

(2) Interest income

Current period (Unaudited)		Same Period of Last Year (Unaudited)	
Amount	Proportion (%)	Amount	Proportion (%)
8,828,763.02	10.65	8,124,424.81	10.54

RMB

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

(3) Handling fee expenses

Current period (Unaudited)		Same Period of Last Year (Unaudited)	
Amount	Proportion (%)	Amount	Proportion (%)
2,343.55	0.08	402,086.10	10.94

RMB

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

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

(4) *Amount due to/from*

	<i>RMB</i>	
Item	30 June 2023 (Unaudited)	31 December 2022
Bank balances	500,340,443.04	483,892,031.61
Other receivables – dividends receivable	62,720,000.00	–

(5) *Short-term borrowings*

	<i>RMB</i>	
Item	30 June 2023 (Unaudited)	31 December 2022
Short-term borrowing balances	18,000,000.00	18,000,000.00

(6) *Interest expenses*

	<i>RMB</i>	
Item	The current period (Unaudited)	The Same Period of Last Year (Unaudited)
Interest expenses	324,211.22	–

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(XII) CONTINGENCIES

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

(XIII) COMMITMENTS

Capital and other commitments

	30 June 2023 (Unaudited)	31 December 2022
		<i>RMB</i>
Commitment for acquisition and construction of long-term assets that are contracted but not yet recognized in the financial statements	65,909,549.10	97,720,408.35
Subscribed capital contribution commitments for investments in partnership	30,000,000.00	28,420,265.77
Total	95,909,549.10	126,140,674.12

(XIV) EVENTS AFTER THE BALANCE SHEET DATE

Significant non-adjusting items

Item	Content	Impact on financial position and operating results
Significant external investment	In July 2023, Winshare Investment, as a limited partner, subscribed for the share of Goldstone Growth Equity Investment (Hangzhou) Partnership (Limited Partnership) at RMB100,000,000.00.	No significant impact
	In August 2023, the Company, as a limited partner, subscribed for the share of Sichuan Culture Investment Jinwen Equity Investment Fund Partnership (Limited Partnership) at RMB40,000,000.00.	No significant impact

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(XV) OTHER SIGNIFICANT EVENTS

1. Capital management

The Group manages its capital principally aiming to secure the Group as going concern and achieve maximum income for shareholders through optimizing the combination structure of equity financing and debt financing. The Group's capital comprises the following components:

- Cash and cash equivalents;
- Paid-in capital, capital reserve, surplus reserve and undistributed profit.

The Group's management reviews the capital structure according to the interim or annual financial statements. During the review, the management considers the capital cost and risks associated with various type of capital. The Group optimizes the overall capital structure through issuing additional shares or borrowing or repayment of borrowings based on the choice of the management.

2. Segment reporting

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

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

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

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

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

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(XV) OTHER SIGNIFICANT EVENTS *(Continued)*

2. Segment reporting *(Continued)*

(1) Segment reporting information

For the current period (Unaudited)

	<i>RMB</i>					
	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
External revenue	420,200,810.50	4,879,491,464.33	127,855,353.44	-	-	5,427,547,628.27
Inter-segment revenue	832,628,014.35	209,124.15	57,116,552.42	-	(889,953,690.92)	-
Total operating income	1,252,828,824.85	4,879,700,588.48	184,971,905.86	-	(889,953,690.92)	5,427,547,628.27
Operating profit	214,924,548.88	527,381,157.77	(8,381,837.18)	29,062,811.57	52,509,977.52	815,496,658.56
Non-operating income	334,343.00	2,583,905.94	36,907.81	-	-	2,955,156.75
Non-operating expenses	62,721.09	16,871,394.39	0.54	-	-	16,934,116.02
Total profit	215,196,170.79	513,093,669.32	(8,344,929.91)	29,062,811.57	52,509,977.52	801,517,699.29
Total assets	8,654,121,389.51	13,522,409,109.57	1,247,865,178.37	2,147,169,600.00	(4,688,287,935.19)	20,883,277,342.26
Total liabilities	3,441,662,724.30	8,032,285,176.29	518,983,548.49	157,654,625.59	(4,572,385,546.09)	7,578,200,528.58
Supplementary information						
Depreciation	6,043,394.32	108,606,277.28	8,156,822.83	-	-	122,806,494.43
Amortization	1,849,305.39	24,680,590.56	2,122,146.08	-	-	28,652,042.03
Interest income	437,718.42	85,268,312.49	276,318.29	-	-	85,982,349.20
Loss on credit impairment recognized in the current period	16,583,464.11	67,334,562.79	258,791.42	-	-	84,176,818.32
Impairment losses of assets recognized in the current period	26,564,574.01	14,250,004.88	-	-	-	40,814,578.89
Investment income recognized from long-term equity investment under equity method	53,305.50	11,106,802.91	5,005,864.69	-	-	16,165,973.10
Long-term equity investment balances under equity method	27,421,100.25	684,824,539.26	56,014,037.98	-	-	768,259,677.49
Capital expenditure	1,273,058.24	38,868,126.81	259,308.07	-	-	40,400,493.12
Including: Construction in progress	-	9,607,697.20	-	-	-	9,607,697.20
Expenditure arising from purchase of fixed assets	1,273,058.24	13,004,873.47	259,308.07	-	-	14,537,239.78
Expenditure arising from purchase of intangible assets	-	15,576,749.50	-	-	-	15,576,749.50
Development expenditure	-	678,806.64	-	-	-	678,806.64

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(XV) OTHER SIGNIFICANT EVENTS *(Continued)*

2. Segment reporting *(Continued)*

(1) Segment reporting information *(Continued)*

For the Same Period of Last Year (Unaudited)

	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	<i>RMB</i> Total
External revenue	377,520,262.56	4,452,837,776.81	149,446,971.55	-	-	4,979,805,010.92
Inter-segment revenue	734,063,991.44	2,261,472.95	63,034,851.82	-	(799,360,316.21)	-
Total operating income	1,111,584,254.00	4,455,099,249.76	212,481,823.37	-	(799,360,316.21)	4,979,805,010.92
Operating profit	285,797,069.64	424,121,363.09	(89,901,418.12)	23,561,909.41	66,128,379.51	709,707,303.53
Non-operating income	874,633.27	2,064,541.84	203,150.65	-	-	3,142,325.76
Non-operating expenses	384,617.72	11,286,077.94	1.79	-	-	11,670,697.45
Total profit	286,287,085.19	414,899,826.99	(89,698,269.26)	23,561,909.41	66,128,379.51	701,178,931.84
Total assets	7,853,397,826.66	11,756,647,285.05	1,213,574,281.98	2,147,094,577.77	(4,103,287,818.01)	18,867,426,153.45
Total liabilities	2,938,791,301.68	7,487,794,172.67	520,960,570.70	186,447,452.68	(4,017,453,693.05)	7,116,539,804.68
Supplementary information						
Depreciation	6,882,914.09	95,538,081.14	10,979,934.73	-	-	113,400,929.96
Amortization	2,364,576.67	24,292,162.12	1,310,273.76	-	-	27,967,012.55
Interest income	314,415.50	82,951,531.07	562,736.61	-	-	83,828,683.18
Loss on credit impairment recognized						
in the current period	15,750,856.63	98,614,729.68	(1,047,930.13)	-	-	113,317,656.18
Impairment losses of assets						
recognized in the current period	15,442,481.40	3,904,847.14	-	-	-	19,347,328.54
Investment income (loss) recognized						
from long-term equity investment						
under equity method	16,978.12	6,880,786.52	(13,442,697.83)	-	-	(6,544,933.19)
Long-term equity investment balances						
under equity method	21,579,515.62	626,065,036.50	99,714,390.77	-	-	747,358,942.89
Capital expenditure	3,044,688.79	81,658,323.57	8,745,544.38	-	-	93,448,556.74
Including: Construction in progress	101,274.04	47,594,908.90	-	-	-	47,696,182.94
Expenditure arising from						
purchase of fixed assets	2,640,065.23	28,101,596.57	8,654,393.94	-	-	39,396,055.74
Expenditure arising from						
purchase of intangible						
assets	-	1,717,507.03	91,150.44	-	-	1,808,657.47
Development expenditure	303,349.52	4,244,311.07	-	-	-	4,547,660.59

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

(XV) OTHER SIGNIFICANT EVENTS *(Continued)*

2. Segment reporting *(Continued)*

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

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

(3) Concentration on major customers

The Group's revenue from its single largest customer for the current period is RMB484,287,425.11 (Same Period of Last Year: RMB483,911,769.99), 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 period and the Same Period of Last Year.

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

1. Cash and bank balances

Item	30 June 2023 (Unaudited)			31 December 2022		
	Amount in the	Exchange	Amount in RMB	Amount in the	Exchange	Amount in RMB
	original currency	rate		original currency	rate	
Cash:						
RMB	119,760.72	1.0000	119,760.72	125,970.58	1.0000	125,970.58
Bank balances:						
RMB (Note 1)	6,517,152,978.15	1.0000	6,517,152,978.15	6,262,040,303.77	1.0000	6,262,040,303.77
USD	4,502.48	7.2258	32,534.02	4,501.34	6.9646	31,350.03
HKD	53,870.42	0.9220	49,668.53	54,067.69	0.8933	48,298.67
Other cash and bank balances:						
RMB (Note 2)	10,084,953.17	1.0000	10,084,953.17	11,326,278.78	1.0000	11,326,278.78
Total			6,527,439,894.59			6,273,572,201.83

Note 1: At the end of the current period, the bank balances include 3-month above term deposits and interests amounting to RMB3,269,562,926.03 (31 December 2022: RMB3,135,000,000.00) with an interest rate of 2.10%-3.85%. During the current period, the management held the term deposits 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 period, other cash and bank balances include the total balances with Alipay App account and WeChat App account and securities account of RMB2,194,412.13 (31 December 2022: RMB485,672.60), and the rest are restricted currency funds. Restricted currency funds are set out in Note (XVI)37.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

2. Accounts receivable

(1) Accounts receivable by aging:

Aging	30 June 2023 (Unaudited)				31 December 2022				RMB
	Amount	Proportion (%)	Credit loss provision	Carrying amount	Amount	Proportion (%)	Credit loss provision	Carrying amount	
Within 1 year	1,077,478,040.91	89.38	320,711,378.93	756,766,661.98	1,009,462,891.34	89.86	184,567,028.87	824,895,862.47	
More than 1 year but not exceeding 2 years	50,906,166.29	4.22	43,832,326.37	7,073,839.92	55,194,238.01	4.91	45,768,289.75	9,425,948.26	
More than 2 years but not exceeding 3 years	26,986,824.72	2.24	26,986,824.72	-	12,528,246.79	1.12	12,528,246.79	-	
More than 3 years	50,128,124.17	4.16	50,128,124.17	-	46,180,096.22	4.11	46,180,096.22	-	
Total	1,205,499,156.09	100.00	441,658,654.19	763,840,501.90	1,123,365,472.36	100.00	289,043,661.63	834,321,810.73	

(2) Credit loss provision made or reversed in the current period

During the current period, the credit loss provision was RMB136,859,821.53, and the amount of credit loss provision for long-term receivables reversed was RMB15,755,171.03. The total additional credit loss provision for the current period was RMB152,614,992.56.

(3) Accounts receivable actually written off in the current period

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

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

Name of entity	Relationship with the Company	30 June 2023 (Unaudited)	As a percentage of the total accounts receivable		Credit loss provision as at 30 June 2023 (Unaudited)
			(%)	(%)	
Customer F	Subsidiary	248,645,566.07	20.63		-
Customer G	Subsidiary	104,680,972.75	8.68		104,680,972.75
Customer D	Third party	56,302,910.56	4.67		39,504,452.58
Customer J	Third party	31,463,926.48	2.61		3,091,859.80
Customer K	Third party	27,305,626.80	2.27		2,683,236.94
Total		468,399,002.66	38.86		149,960,522.07

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

3. Prepayments

(1) Aging analysis of prepayments:

Aging	30 June 2023 (Unaudited)		31 December 2022	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	14,184,129.94	94.69	17,034,667.56	94.55
1-2 years	683,859.59	4.57	464,610.36	2.58
2-3 years	5,708.45	0.04	12,304.01	0.07
More than 3 years	105,778.31	0.70	504,359.74	2.80
Total	14,979,476.29	100.00	18,015,941.67	100.00

RMB

Prepayment amounts aged more than one year are mainly prepayments for goods that are not settled by the suppliers.

(2) Top five entities with the largest closing balances of prepayments by subjects of prepayment

Name of entity	Relationship with the Company	30 June 2023 (Unaudited)	Proportion to total prepayments (%)	Reasons for unsettlement
Sichuan Guangshunda Technology Co., Ltd.	Third party	931,320.00	6.22	Service not yet completed
Kejie Intelligent Technology Co., Ltd.	Third party	848,991.60	5.67	Service not yet completed
Guangdong Lisen Automation Co., Ltd.	Third party	579,600.00	3.87	Service not yet completed
Chengdu Bozhi Weixun Information Technology Co., Ltd.	Third party	229,245.28	1.53	Service not yet completed
Sichuan Fuyu Hongsheng Architectural Design Co., Ltd.	Third party	109,553.40	0.73	Service not yet completed
Total		2,698,710.28	18.02	

RMB

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

4. Other receivables

4.1 Other receivables summary

(1) Other receivables by categories

Item	<i>RMB</i>	
	30 June 2023 (Unaudited)	31 December 2022
Dividend receivables	86,978,400.00	–
Other receivables	655,149,058.99	664,903,769.32
Total	742,127,458.99	664,903,769.32

4.2 Dividend receivables

(1) Dividend receivables

Item	<i>RMB</i>	
	30 June 2023 (Unaudited)	31 December 2022
Bank of Chengdu	62,720,000.00	–
Wan Xin Media	23,058,400.00	–
Ren Min Eastern	1,200,000.00	–
Total	86,978,400.00	–

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

4. Other receivables *(Continued)*

4.3 Other receivables

(1) Other receivables by aging

Aging	30 June 2023 (Unaudited)				31 December 2022				<i>RMB</i>
	Amount	Proportion	Credit loss provision	Carrying amount	Amount	Proportion	Credit loss provision	Carrying amount	
		(%)				(%)			
Within 1 year	472,690,982.95	69.62	280,732.68	472,410,250.27	564,632,851.28	84.81	280,233.07	564,352,618.21	
More than 1 year but not exceeding 2 years	118,524,760.57	17.46	-	118,524,760.57	32,129,462.26	4.83	1,900.00	32,127,562.26	
More than 2 years but not exceeding 3 years	25,776,507.74	3.80	1,900.00	25,774,607.74	29,495,411.65	4.43	-	29,495,411.65	
More than 3 years	61,983,884.09	9.12	23,544,443.68	38,439,440.41	39,512,565.23	5.93	584,388.03	38,928,177.20	
Total	678,976,135.35	100.00	23,827,076.36	655,149,058.99	665,770,290.42	100.00	866,521.10	664,903,769.32	

(2) Credit loss provision made or reversed in the current period

The amount of credit loss provision for the current period was RMB22,960,555.26, and no credit loss provision was reversed for the current period.

(3) Other receivables actually written off in the current period

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

4. Other receivables *(Continued)*

4.3 Other receivables *(Continued)*

(4) Other receivables by their nature

Nature of other receivables	<i>RMB</i>	
	30 June 2023 (Unaudited)	31 December 2022
Receivables from related parties	604,925,841.76	585,263,727.49
Deposit/security deposit	55,281,362.33	69,183,625.04
Petty cash	846,277.92	604,114.20
Others	17,922,653.34	10,718,823.69
Total	678,976,135.35	665,770,290.42

(5) Top five entities with the largest balances of other receivables at the end of the Period

Name of entity	Nature	<i>RMB</i>			
		30 June 2023 (Unaudited)	Aging	As a percentage of the total other receivables (%)	Credit loss provision as at 30 June 2023 (Unaudited)
Printing Materials	Receivables from subsidiaries	179,000,000.00	Within 1 year	26.36	-
Winshare Education Technology	Receivables from subsidiaries	138,015,619.87	Within 1 year, 1-2 years, 2-3 years, more than 3 years	20.33	-
Winshare Investment	Receivables from subsidiaries	105,912,123.29	Within 1 year, 1-2 years	15.60	-
Reader's Journal Press	Receivables from subsidiaries	39,810,269.21	Within 1 year, 1-2 years, 2-3 years, more than 3 years	5.86	-
Winshare Logistics	Receivables from subsidiaries	37,323,000.00	Within 1 year, 1-2 years, 2-3 years, more than 3 years	5.50	-
Total		500,061,012.37		73.65	-

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

5. Inventories

(1) Categories of inventories

Item	30 June 2023 (Unaudited)			31 December 2022		RMB
	Gross carrying amount	Provision for decline in value	Carrying amount	Gross carrying amount	Provision for decline in value	Carrying amount
Goods on hand	354,284,729.42	97,720,611.14	256,564,118.28	700,931,384.58	88,382,051.97	612,549,332.61
Raw materials	4,163,310.95	-	4,163,310.95	4,762,849.37	-	4,762,849.37
Total	358,448,040.37	97,720,611.14	260,727,429.23	705,694,233.95	88,382,051.97	617,312,181.98

The Group had no inventories pledged as collaterals at the end of the Period.

(2) Provision for decline in value of inventories

Category of inventories	1 January 2023	Increase in the current period		Decrease in the current period		30 June 2023 (Unaudited)
		Reversals	Write-off	Reversals	Write-off	
Goods on hand	88,382,051.97	9,369,344.73	-	30,785.56		97,720,611.14

6. Other current assets

Item	30 June 2023 (Unaudited)	31 December 2022
Return cost receivable (Note 1)	69,762,341.49	60,693,338.12
VAT credit tax to be deducted and to be refunded	6,950,482.11	7,069,192.20
Time deposits	428,174,309.59	256,936,775.34
Total	504,887,133.19	324,699,305.66

Note 1: As at the end of the Period, the return cost receivable was RMB69,762,341.49, including the original value of the return cost receivable of RMB81,319,384.40, and the impairment provision for assets was RMB11,557,042.91, of which the impairment loss provision for assets of the current period was RMB1,555,841.37.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

6. Other current assets *(Continued)*

(1) Details of impairment provision

Category	31 December 2022	<i>RMB</i>	
		Provision of the current period	30 June 2023 (Unaudited)
Return cost receivable	10,001,201.54	1,555,841.37	11,557,042.91

7. Long-term equity investment

(1) Long-term equity investment

Item	<i>RMB</i>	
	30 June 2023 (Unaudited)	31 December 2022
Book balance of long-term equity investments	4,561,211,049.43	4,500,169,646.52
Less: Provision for impairment of long-term equity investments	106,268,194.00	93,872,032.00
Carrying amount of long-term equity investments	4,454,942,855.43	4,406,297,614.52

(2) Classification of long-term equity investments

Item	<i>RMB</i>	
	30 June 2023 (Unaudited)	31 December 2022
Investment in subsidiaries	3,770,118,316.17	3,777,614,478.17
Investment in joint ventures or associates	684,824,539.26	628,683,136.35
Total	4,454,942,855.43	4,406,297,614.52

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

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

(3) Investment in subsidiaries

Investee	1 January 2023	Change for the current period			RMB	
		Addition in investment	Reduction in investment	Provision for impairment	30 June 2023	Provision for impairment as at
					(Unaudited)	30 June 2023 (Unaudited)
Xinhua Online	40,000,000.00	-	-	-	40,000,000.00	(2,072,032.00)
Winshare Media	3,990,000.00	-	-	-	3,990,000.00	-
Winshare Sports	124,915,135.82	-	-	-	124,915,135.82	-
Winshare Education Technology	333,840,776.30	-	-	-	333,840,776.30	-
Xinhua Shang	12,396,162.00	-	-	(12,396,162.00)	-	(12,396,162.00)
Arts Investment	20,680,000.00	-	-	-	20,680,000.00	-
Winshare Online	45,000,000.00	-	-	-	45,000,000.00	-
Beijing Winshare Commercial (Note)	-	-	-	-	-	(91,800,000.00)
Winshare Logistics	350,000,000.00	-	-	-	350,000,000.00	-
Watch Panda	2,000,000.00	-	-	-	2,000,000.00	-
Publication Printing	598,185,830.79	-	-	-	598,185,830.79	-
Printing Materials	40,944,463.95	-	-	-	40,944,463.95	-
People's Publishing House	42,189,167.92	-	-	-	42,189,167.92	-
Education Publishing House	211,321,291.49	-	-	-	211,321,291.49	-
Youth and Children's Publishing House	361,878,541.53	-	-	-	361,878,541.53	-
Digital Publishing	5,605,427.63	4,900,000.00	-	-	10,505,427.63	-
Literature & Art Publishing House	60,731,819.65	-	-	-	60,731,819.65	-
Fine Arts Publishing House	17,559,756.46	-	-	-	17,559,756.46	-
Science & Technology Publishing House	24,294,897.94	-	-	-	24,294,897.94	-
Lexicographical Publishing House	27,809,021.68	-	-	-	27,809,021.68	-
Bashu Publishing House	45,244,860.20	-	-	-	45,244,860.20	-
Tiandi Publishing House	239,379,050.03	-	-	-	239,379,050.03	-
Reader's Journal Press	866,830.73	-	-	-	866,830.73	-
Pictorial	7,521,475.38	-	-	-	7,521,475.38	-

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

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

(3) Investment in subsidiaries *(Continued)*

Investee	1 January 2023	Change for the current period			RMB	
		Addition in investment	Reduction in investment	Provision for impairment	Provision for impairment as at	
					30 June 2023 (Unaudited)	30 June 2023 (Unaudited)
Winshare Investment	300,000,000.00	-	-	-	300,000,000.00	-
Sichuan Xinhua Printing	248,599,490.28	-	-	-	248,599,490.28	-
Beijing Aerospace Cloud	29,248,300.00	-	-	-	29,248,300.00	-
Winshare International	50,000,000.00	-	-	-	50,000,000.00	-
Winshare Quan Media	10,000,000.00	-	-	-	10,000,000.00	-
Sichuan Culture Communication	30,710,006.28	-	-	-	30,710,006.28	-
Stackway	50,000,000.00	-	-	-	50,000,000.00	-
Liangshanzhou Xinhua Bookstore	423,846,006.00	-	-	-	423,846,006.00	-
Liangshan Winshare Education Technology	18,856,166.11	-	-	-	18,856,166.11	-
Total	3,777,614,478.17	4,900,000.00	-	(12,396,162.00)	3,770,118,316.17	(106,268,194.00)

Note: During the Reporting Period, Beijing Winshare Commercial, a subsidiary of the Company, held a shareholders' meeting, during which all shareholders unanimously passed the resolution to cease operations and dissolve. Relevant work is ongoing.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

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

(4) Investment in joint ventures or associates

RMB

Investee	1 January 2023	Changes for the Period								30 June 2023 (Unaudited)	Provision for impairment as at 30 June 2023 (Unaudited)
		Increase in investment	Decrease 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		
Joint Venture											
Hainan Publishing House	265,857,961.16	-	-	12,106,405.64	-	-	-	-	-	277,964,366.80	-
Subtotal	265,857,961.16	-	-	12,106,405.64	-	-	-	-	-	277,964,366.80	-
Associates											
The Commercial Press	4,199,405.80	-	-	115,508.04	-	-	-	-	-	4,314,913.84	-
Ren Min Eastern	10,022,317.16	-	-	(274,151.14)	-	-	(1,200,000.00)	-	-	8,548,166.02	-
Ming Bo Education	15,373,341.73	-	-	(4,503,383.60)	-	-	-	-	-	10,869,958.13	-
Preschool Education	6,855,485.40	-	-	(231,159.79)	-	-	-	-	-	6,624,325.61	-
Xinhua Yingxuan	-	-	-	-	-	-	-	-	-	-	-
Winshare Yinshi	390,421.32	-	-	(117,913.56)	-	-	-	-	-	272,507.76	-
Hainan Phoenix	325,984,203.78	-	-	4,549,788.64	-	-	-	-	-	330,533,992.42	-
Cuiya Education	-	-	-	72,055.32	-	-	-	-	-	72,055.32	-
Winshare BLOGIS (Note)	-	-	-	(610,346.64)	-	-	-	-	46,234,600.00	45,624,253.36	-
Subtotal	362,825,175.19	-	-	(999,602.73)	-	-	(1,200,000.00)	-	46,234,600.00	406,860,172.46	-
Total	628,683,136.35	-	-	11,106,802.91	-	-	(1,200,000.00)	-	46,234,600.00	684,824,539.26	-

Note: On 20 April 2023, Winshare Logistics, a subsidiary of the Company, signed a property rights transaction contract with the Company, transferring its 45% equity interest in Winshare BLOGIS to the Company at RMB46,234,600.00.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

8. Investment properties

Investment properties measured at cost

Item	<i>RMB</i> Buildings
I. Cost	
1. 1 January 2023 and 30 June 2023 (Unaudited)	28,114,334.47
II. Accumulated depreciation	
1. 1 January 2023	13,937,114.40
2. Increase in the Period	380,883.04
(1) Provision	380,883.04
3. 30 June 2023 (Unaudited)	14,317,997.44
III. Carrying amount	
1. 30 June 2023 (Unaudited)	13,796,337.03
2. 1 January 2023	14,177,220.07

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

9. Fixed assets

(1) Details of fixed assets

RMB

Item	Buildings	Machinery and equipment	Electronic equipment and others	Transportation vehicles	Total
I. Cost					
1. 1 January 2023	2,248,629,997.21	128,919,745.69	179,591,636.19	85,233,177.39	2,642,374,556.48
2. Increase in the Period	3,656,075.43	719,952.55	4,627,415.62	2,593,710.35	11,597,153.95
(1) Acquisition	3,656,075.43	719,952.55	4,627,415.62	2,593,710.35	11,597,153.95
3. Decrease in the Period	–	431,453.84	6,895,098.24	3,357,723.75	10,684,275.83
(1) Disposal	–	431,453.84	6,895,098.24	3,357,723.75	10,684,275.83
4. 30 June 2023 (Unaudited)	2,252,286,072.64	129,208,244.40	177,323,953.57	84,469,163.99	2,643,287,434.60
II. Accumulated depreciation					
1. 1 January 2023	578,922,255.42	86,202,653.23	123,301,943.75	48,131,753.96	836,558,606.36
2. Increase in the Period	35,616,604.43	3,517,611.36	9,651,846.22	4,520,264.10	53,306,326.11
(1) Provision	35,616,604.43	3,517,611.36	9,651,846.22	4,520,264.10	53,306,326.11
3. Decrease in the Period	–	416,854.69	6,866,953.33	3,256,992.04	10,540,800.06
(1) Disposal	–	416,854.69	6,866,953.33	3,256,992.04	10,540,800.06
4. 30 June 2023 (Unaudited)	614,538,859.85	89,303,409.90	126,086,836.64	49,395,026.02	879,324,132.41
III. Carrying amount					
1. 30 June 2023 (Unaudited)	1,637,747,212.79	39,904,834.50	51,237,116.93	35,074,137.97	1,763,963,302.19
2. 1 January 2023	1,669,707,741.79	42,717,092.46	56,289,692.44	37,101,423.43	1,805,815,950.12

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

9. Fixed assets *(Continued)*

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

RMB

Item	Carrying amount	Reasons why certificates of title have not been obtained
Office building (Beijing Branch)	53,996,733.10	In process
Warehouse and office building (Sichuan Nanchong)	13,098,699.35	In process
Warehouse and office building (Sichuan Longquan)	7,126,828.02	In process
Warehouse and office building (Sichuan Peng'an)	4,342,934.61	In process
Warehouse and office building (Sichuan Guang'an)	7,953,489.42	In process
Warehouse and office building (Bazhong)	13,731,561.74	In process
Warehouse and office building (Suining)	21,797,673.19	In process
Total	122,047,919.43	

The above fixed assets of which certificates of title have not been obtained had no significant influence on the Company's operations.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

10. Right-of-use assets

(1) Presentation of right-of-use assets

Item	<i>RMB</i> Buildings
I. Cost:	
1. 1 January 2023	646,216,518.40
2. Increase in the Period	6,678,695.76
3. Decrease in the Period	6,992,079.77
4. 30 June 2023 (Unaudited)	645,903,134.39
II. Accumulated depreciation	
1. 1 January 2023	283,798,916.25
2. Increase in the Period	44,459,678.27
(1) Provision	44,459,678.27
3. Decrease in the Period	2,043,984.19
4. 30 June 2023 (Unaudited)	326,214,610.33
III. Carrying amount	
1. 30 June 2023 (Unaudited)	319,688,524.06
2. 1 January 2023	362,417,602.15

The lease term of buildings of the Company ranged from one to fifteen years.

(2) Amount recognized in the profit or loss

Building	<i>RMB</i> Amount recognized in the current period (Unaudited)
Depreciation expense for right-of-use assets (Note 1)	44,459,678.27
Interest expense on lease liabilities (Note 2)	8,649,922.37
Short-term lease expenses	7,924,047.74
Variable lease payments not included in the measurement of lease liabilities	682,587.96

Note 1: During the current period, there was no depreciation expense for right-of-use assets capitalized (2022: nil).

Note 2: During the current period, there was no interest expense on lease liabilities capitalized (2022: nil).

(3) The total cash outflow for leases in the current period was RMB45,153,628.89 (the Same Period of Last Year: RMB45,945,197.14).

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

11. Intangible assets

Item				<i>RMB</i>
	Land use rights	Software	Others	Total
I. Cost				
1. 1 January 2023	188,928,114.76	104,325,344.51	167,700.00	293,421,159.27
2. Increase in the Period	13,836,505.00	1,601,545.58	138,698.92	15,576,749.50
(1) Acquisition	13,836,505.00	1,601,545.58	138,698.92	15,576,749.50
3. 30 June 2023 (Unaudited)	202,764,619.76	105,926,890.09	306,398.92	308,997,908.77
II. Accumulated amortization				
1. 1 January 2023	83,404,092.48	72,939,722.28	167,700.00	156,511,514.76
2. Increase in the Period	2,637,744.45	3,250,253.11	3,467.47	5,891,465.03
(1) Provision	2,637,744.45	3,250,253.11	3,467.47	5,891,465.03
3. 30 June 2023 (Unaudited)	86,041,836.93	76,189,975.39	171,167.47	162,402,979.79
III. Carrying amount				
1. 30 June 2023 (Unaudited)	116,722,782.83	29,736,914.70	135,231.45	146,594,928.98
2. 1 January 2023	105,524,022.28	31,385,622.23	–	136,909,644.51

12. Long-term prepaid expenses

Item	1 January 2023	<i>RMB</i>		
		Increase amount in the current period	Amortization amount in the current period	30 June 2023 (Unaudited)
Leasehold improvement	29,350,654.42	3,399,872.22	4,160,318.77	28,590,207.87
Others	305,776.55	–	113,422.99	192,353.56
Total	29,656,430.97	3,399,872.22	4,273,741.76	28,782,561.43

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

13. Other non-current assets

Item	<i>RMB</i>	
	30 June 2023 (Unaudited)	31 December 2022
Receivables from subsidiaries	321,000,000.00	481,000,000.00
VAT input tax to be deducted	4,231,583.16	3,156,359.29
Prepaid purchase price for property	18,521,803.90	7,796,319.82
Prepaid land funds	–	11,790,042.00
Time deposits (Note)	51,899,871.20	264,368,405.45
Quality warranty	7,500,218.08	7,863,447.01
Total	403,153,476.34	775,974,573.57

Note: Time deposits are fixed deposits that the Company is unable or does not intend to withdraw in advance within one year, the rate of which is 3.55% (31 December 2022: 3.55%-4.015%).

14. Accounts payable

Details of aging analysis of accounts payable are as follows:

Item	<i>RMB</i>	
	30 June 2023 (Unaudited)	31 December 2022
Within 1 year	3,417,158,190.90	3,545,727,244.66
1-2 years	196,450,417.46	240,864,663.98
2-3 years	98,297,291.87	136,484,397.91
More than 3 years	116,673,894.79	125,740,999.18
Total	3,828,579,795.02	4,048,817,305.73

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

15. Contract liabilities

(1) *Presentation of contract liabilities:*

Item	<i>RMB</i>	
	30 June 2023 (Unaudited)	31 December 2022
Advanced receipts for sold goods	345,557,440.36	358,053,201.55
Membership card points	3,621,989.91	3,197,828.27
Total	349,179,430.27	361,251,029.82

- (2) During the current period, the Company recognized revenue of RMB162,641,733.93 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 the Period will be recognized as revenue in the coming year.

16. Employee benefits payable

(1) *Presentation of employee benefits payable*

Item	1 January 2023	<i>RMB</i>		
		Increase in the current period	Decrease in the current period	30 June 2023 (Unaudited)
I. Short-term benefits	473,723,336.30	511,252,916.35	680,724,592.26	304,251,660.39
II. Post-employment benefits – defined contribution plan	3,817,045.31	79,638,880.68	79,356,153.90	4,099,772.09
III. Termination benefits	-	2,366,862.26	2,366,862.26	-
Total	477,540,381.61	593,258,659.29	762,447,608.42	308,351,432.48

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

16. Employee benefits payable *(Continued)*

(2) Presentation of short-term benefits

		<i>RMB</i>		
Item	1 January 2023	Increase in the current period	Decrease in the current period	30 June 2023 (Unaudited)
I. Wages or salaries, bonuses, allowance and subsidies	405,142,226.95	426,656,629.57	595,993,295.71	235,805,560.81
II. Staff welfare	-	8,221,249.01	8,221,249.01	-
III. Social security contributions	73,248.87	26,051,252.35	26,040,030.33	84,470.89
Including: Medical insurance	63,135.59	24,893,645.91	24,883,734.04	73,047.46
Work-related injury insurance	10,113.28	1,156,111.44	1,154,801.29	11,423.43
Other insurances	-	1,495.00	1,495.00	-
IV. Housing funds	645,740.13	34,479,880.18	34,471,284.58	654,335.73
V. Union running costs and employee education costs	67,768,768.91	14,933,553.80	15,088,381.19	67,613,941.52
VI. Others	93,351.44	910,351.44	910,351.44	93,351.44
Total	473,723,336.30	511,252,916.35	680,724,592.26	304,251,660.39

(3) Defined contribution plan

		<i>RMB</i>		
Item	1 January 2023	Increase in the current period	Decrease in the current period	30 June 2023 (Unaudited)
I. Basic pension insurance	113,417.89	48,260,812.48	48,243,184.48	131,045.89
II. Unemployment insurance	4,784.89	1,866,661.56	1,865,980.63	5,465.82
III. Enterprise annuity	3,698,842.53	29,511,406.64	29,246,988.79	3,963,260.38
Total	3,817,045.31	79,638,880.68	79,356,153.90	4,099,772.09

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

17. Taxes payable

Item	<i>RMB</i>	
	30 June 2023 (Unaudited)	31 December 2022
City construction and maintenance tax	14,215.19	720.93
Education surcharges	12,235.77	2,597.04
Individual income tax	638,359.83	1,280,611.09
Others	17,512,138.74	17,523,363.17
Total	18,176,949.53	18,807,292.23

18. Other payables

18.1 Total other payables

Item	<i>RMB</i>	
	30 June 2023 (Unaudited)	31 December 2022
Dividend payables	150,258,614.00	–
Other payables	1,506,809,175.41	1,576,780,335.57
Total	1,657,067,789.41	1,576,780,335.57

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

18. Other payables *(Continued)*

18.2 Other payables by nature of payment

Item	<i>RMB</i>	
	30 June 2023 (Unaudited)	31 December 2022
Amounts due to related parties	954,254,735.97	893,556,303.25
Funds of member units consolidated to the Company's account due to centralized management of funds	386,029,797.98	531,565,081.08
Security deposit/deposit/quality warranty/performance security	25,728,859.56	27,234,254.72
Construction and infrastructure construction expenses	58,984,026.16	70,491,967.54
Others	81,811,755.74	53,932,728.98
Total	1,506,809,175.41	1,576,780,335.57

Other payables of large amounts and aged more than 1 year were mainly security deposits and deposits.

19. Lease liabilities

Item	<i>RMB</i>	
	30 June 2023 (Unaudited)	31 December 2022
Rents	362,697,220.25	388,824,858.94
Less: Lease liabilities included in non-current liabilities due within one year	89,287,497.70	86,912,530.06
Total	273,409,722.55	301,912,328.88

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

20. Capital reserve

Current period

Item	1 January 2023			<i>RMB</i>
		Increase in the current period	Decrease in the current period	30 June 2023 (Unaudited)
Share capital premium	2,607,708,268.43	-	-	2,607,708,268.43
Including: Capital contributed by investors	2,622,033,862.15	-	-	2,622,033,862.15
Differences arising from business combination involving enterprises under common control	(14,325,593.72)	-	-	(14,325,593.72)
Other capital reserve	23,349,059.67	-	-	23,349,059.67
Including: Transfer from capital reserve under the previous accounting system	23,349,059.67	-	-	23,349,059.67
Total	2,631,057,328.10	-	-	2,631,057,328.10

Same Period of Last Year

Item	1 January 2022			<i>RMB</i>
		Increase in the current period	Decrease in the current period	30 June 2022 (Unaudited)
Share capital premium	2,607,708,268.43	-	-	2,607,708,268.43
Including: Capital contributed by investors	2,622,033,862.15	-	-	2,622,033,862.15
Differences arising from business combination involving enterprises under common control	(14,325,593.72)	-	-	(14,325,593.72)
Other capital reserve	23,349,059.67	-	-	23,349,059.67
Including: Transfer from capital reserve under the previous accounting system	23,349,059.67	-	-	23,349,059.67
Total	2,631,057,328.10	-	-	2,631,057,328.10

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

21. Other comprehensive income

Current period

Item	1 January 2023	Changes for the Period					RMB					
		Amount for the current period before income tax	Less: Income tax expenses	Post-tax amount attributable to owners of the parent company	Post-tax amount attributable to non-controlling shareholders	Less: Other comprehensive income that is transferred to retained earnings	30 June 2023 (Unaudited)					
Other comprehensive income that cannot be reclassified into profit or loss	1,446,959,072.00	273,795,200.00	-	273,795,200.00	-	-	1,720,754,272.00					
Changes in fair value of other equity instrument investments	1,446,959,072.00	273,795,200.00	-	273,795,200.00	-	-	1,720,754,272.00					

Same Period of Last Year

Item	1 January 2022	Changes for the period					RMB					
		Amount for the current period before income tax	Less: Income tax expenses	Post-tax amount attributable to owners of the parent company	Post-tax amount attributable to non-controlling shareholders	Less: Other comprehensive income that is transferred to retained earnings	30 June 2022 (Unaudited)					
Other comprehensive income that cannot be reclassified into profit or loss	1,180,466,272.00	321,529,600.00	-	321,529,600.00	-	-	1,501,995,872.00					
Changes in fair value of other equity instrument investments	1,180,466,272.00	321,529,600.00	-	321,529,600.00	-	-	1,501,995,872.00					

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

22. Surplus reserve

Current period

		<i>RMB</i>		
Item	1 January 2023	Increase in the current period	Decrease in the current period	30 June 2023 (Unaudited)
Statutory surplus reserve	1,153,589,764.02	-	-	1,153,589,764.02

Same Period of Last Year

		<i>RMB</i>		
Item	1 January 2022	Increase in the current period	Decrease in the current period	30 June 2022 (Unaudited)
Statutory surplus reserve	1,008,375,729.16	-	-	1,008,375,729.16

23. Undistributed profits

Item	Current period (Unaudited)	Prior year	<i>RMB</i> Proportion of appropriation or distribution
Undistributed profits at the beginning of the Period/year	4,920,487,357.70	4,008,390,164.00	
Add: Net profit for the Period/year	354,372,532.09	1,452,140,348.56	
Less: Appropriation of statutory surplus reserve	-	145,214,034.86	
Distribution of dividends on ordinary shares	419,505,940.00	394,829,120.00	Note (VI)38(2)
Internal carry-over within equity	-	-	
Undistributed profits at the end of the Period/year	4,855,353,949.79	4,920,487,357.70	

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

24. Operating income and operating costs

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the Same Period of Last Year (Unaudited)
Principal operating income	3,327,308,641.61	3,121,335,563.05
Other operating income (Note)	81,416,908.12	83,541,556.75
Total income	3,408,725,549.73	3,204,877,119.80
Principle operating cost	1,956,424,223.14	1,853,854,378.23
Other operating cost	1,274,092.24	902,506.50
Total costs	1,957,698,315.38	1,854,756,884.73

Note: Included in other operating income was net income from concessionaire sales of RMB13,539,350.53. Among which, revenue from concessionaire sales was RMB93,052,436.99 and cost from concessionaire sales was RMB79,513,086.46. (The Same Period of Last Year: net income from concessionaire sales of RMB14,835,037.28. Among which, revenue from concessionaire sales was RMB99,733,287.68 and cost from concessionaire sales was RMB84,898,250.40.)

25. Taxes and surcharges

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the Same Period of Last Year (Unaudited)
City construction and maintenance tax	59,127.78	20,672.25
Education surcharges	42,234.10	14,765.90
Property tax	254,247.69	9,539,917.41
Urban land use tax	9,443.67	1,092,209.64
Stamp duty	392,435.50	417,515.01
Others	116,656.00	129,671.73
Total	874,144.74	11,214,751.94

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

26. Selling expenses

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i>
		Amount incurred in the Same Period of Last Year (Unaudited)
Wages and other labor costs	268,845,400.78	259,238,050.06
Transportation costs	12,930,739.53	52,944,629.71
Entrusted logistics fees	45,860,641.89	44,882,443.84
Business conference fees	1,449,628.31	10,336,659.84
Vehicle fees	6,270,765.38	6,918,168.20
Travel expenses	7,662,985.25	6,573,797.26
Handling fees	8,751,303.34	5,447,807.08
Promotion fees	61,916,356.25	29,844,171.09
Packing expenses	13,864,505.95	14,461,600.96
Others	13,786,859.98	8,785,670.43
Total	441,339,186.66	439,432,998.47

27. Administrative expenses

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i>
		Amount incurred in the Same Period of Last Year (Unaudited)
Wages and other labor costs	322,123,411.87	243,589,161.48
Business entertainment fees	19,928,096.33	23,093,830.71
Lease payments	8,606,635.70	7,914,391.39
Depreciation and amortization expenses	104,945,446.46	100,094,365.32
Conference fees	4,874,080.18	4,925,910.48
Property management fees	30,388,098.75	24,220,035.86
Travel expenses	5,442,011.37	2,250,229.68
Energy costs	7,059,729.92	6,595,529.81
Repair charge	5,314,405.85	3,224,956.58
Office expenses	2,196,403.21	2,473,024.44
Audit and other non-audit service fees	720,000.00	720,000.00
Others	36,016,104.90	29,659,154.65
Total	547,614,424.54	448,760,590.40

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

28. Finance expenses

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the Same Period of Last Year (Unaudited)
Interest expenses	13,702,395.41	8,890,855.03
Interest expenses on lease liabilities	8,649,922.37	10,406,291.18
Less: Interest income	62,699,327.42	58,709,451.76
Less: Interest income from long-term receivables	711,955.37	2,912,499.11
Others	1,053,967.29	2,074,600.55
Total	(40,004,997.72)	(40,250,204.11)

29. Other income

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the Same Period of Last Year (Unaudited)
Other fiscal subsidies	5,867,687.17	2,479,461.98

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

30. Investment income

Item	Amount incurred in the current period (Unaudited)	RMB
		Amount incurred in the Same Period of Last Year (Unaudited)
Income from long-term equity investments	11,106,802.91	106,880,786.52
Including: Investment income under cost method	–	100,000,000.00
Investment income under equity method	11,106,802.91	6,880,786.52
Investment income from other equity instrument investments	85,778,400.00	71,588,800.00
Investment income from disposal of financial assets at FVTPL	46,767.90	24,772,049.54
Total	96,931,970.81	203,241,636.06

31. Gains (losses) on credit impairment

Item	Amount incurred in the current period (Unaudited)	RMB
		Amount incurred in the Same Period of Last Year (Unaudited)
Impairment losses for accounts receivable	(136,859,821.53)	(61,453,106.47)
Impairment losses for other receivables	(22,960,555.26)	(18,502.20)
Credit impairment losses of long-term receivables (including those expected to be recovered within one year)	(14,851,423.10)	(1,713,146.44)
Total	(174,671,799.89)	(63,184,755.11)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

32. Impairment gains (losses) of assets

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i>
		Amount incurred in the Same Period of Last Year (Unaudited)
Losses of decline in value of inventories	(9,369,344.73)	(6,404,579.17)
Losses on impairment of long-term equity investments	(12,396,162.00)	-
Losses on impairment of return cost receivable	(1,555,841.37)	-
Total	(23,321,348.10)	(6,404,579.17)

33. Non-operating income

Details of non-operating income are as follows:

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i>
		Amount incurred in the Same Period of Last Year (Unaudited)
Total gains on retirement of non-current assets	155,779.22	252,635.75
Including: Gains on retirement of fixed assets	155,779.22	252,635.75
Others	2,070,282.08	1,752,837.89
Total	2,226,061.30	2,005,473.64

34. Non-operating expenses

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i>
		Amount incurred in the Same Period of Last Year (Unaudited)
Total losses on retirement of non-current assets	15,917.95	78,133.92
Including: Losses on retirement of fixed assets	15,917.95	78,133.92
Donations	14,699,599.29	10,788,101.27
Penalties	288.67	1,003.35
Others	27,312.35	390,982.06
Total	14,743,118.26	11,258,220.60

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

35. Notes to items in the cash flow statement

(1) Other cash receipts relating to operating activities

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the Same Period of Last Year (Unaudited)
Interest income	53,538,738.38	50,609,514.78
Others	65,729,859.94	4,334,476.63
Total	119,268,598.32	54,943,991.41

(2) Other cash payments relating to operating activities

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the Same Period of Last Year (Unaudited)
Selling expenses	172,493,785.88	180,194,948.41
Including: Transportation costs	12,930,739.53	52,944,629.71
Entrusted logistics fees	45,860,641.89	44,882,443.84
Business conference fees	1,449,628.31	10,336,659.84
Vehicle fees	6,270,765.38	6,918,168.20
Travel expenses	7,662,985.25	6,573,797.26
Promotion fees	61,916,356.25	29,844,171.09
Administrative expenses	120,545,566.21	105,077,063.60
Including: Business entertainment fees	19,928,096.33	23,093,830.71
Lease payment	8,606,635.70	7,914,391.39
Conference fees	4,874,080.18	4,925,910.48
Property management fees	30,388,098.75	24,220,035.86
Energy costs	7,059,729.92	6,595,529.81
Repair charges	5,314,405.85	3,224,956.58
Others	25,681,429.63	47,988,707.44
Total	318,720,781.72	333,260,719.45

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

36. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Supplementary information	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the Same Period of Last Year (Unaudited)
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	354,372,532.09	630,387,603.10
Add: Impairment loss of assets	23,321,348.10	6,404,579.17
Credit impairment losses	174,671,799.89	63,184,755.11
Depreciation of fixed assets	53,306,326.11	44,618,479.55
Depreciation of right-of-use assets	44,459,678.27	47,841,233.76
Depreciation of investment properties	380,883.04	415,489.03
Amortization of intangible assets	5,891,465.03	5,733,537.39
Amortization of long-term prepaid expenses	4,273,741.76	4,681,873.12
Asset disposal losses (gains)	(220,533.96)	(2,096,212.61)
Asset retirement losses (gains)	(139,861.27)	(174,501.83)
Losses (gains) from fair value change	36,821,468.35	(10,450,275.32)
Finance expenses	13,191,728.74	11,197,209.23
Investment loss (income)	(96,931,970.81)	(203,241,636.06)
Decrease in inventories	347,215,408.02	517,551,712.20
Decrease (increase) in receivables from operating activities	25,965,087.65	(257,513,547.21)
Increase (decrease) in payables from operating activities	(425,148,191.03)	(349,132,298.22)
Net cash flow from operating activities	561,430,909.98	509,408,000.41
2. Material investment and financing activities not involving cash receipts and payments:		
Right-of-use assets recognized on leased fixed assets	6,678,695.76	106,322,421.94
3. Net changes in cash and cash equivalents:		
Closing balance of cash and cash equivalent	6,519,549,353.55	5,062,399,645.78
Less: Opening balance of cash and cash equivalent	6,262,731,595.65	4,812,923,667.75
Net increase in cash and cash equivalents	256,817,757.90	249,475,978.03

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2023

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

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

(2) Cash and cash equivalents

Item	<i>RMB</i>	
	30 June 2023 (Unaudited)	31 December 2022
Cash	6,519,549,353.55	6,262,731,595.65
Including: Cash on hand	119,760.72	125,970.58
Bank deposits readily available for payment	6,517,235,180.70	6,262,119,952.47
Other cash and bank balances readily available for payment	2,194,412.13	485,672.60
Balance of cash and cash equivalents	6,519,549,353.55	6,262,731,595.65

37. Assets with restricted ownership

Assets with restricted ownership	<i>RMB</i>	
	30 June 2023 (unaudited)	31 December 2022
Cash and bank balances (Note)	7,890,541.04	10,840,606.18

Note: At the end of the current period, the Company's cash and bank balances with restricted ownership consist of security deposit placed in bank for the issuance of guarantee letter of RMB7,890,541.04 (31 December 2022: RMB10,840,606.18).

Supplementary Information

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

Item	RMB	
	Current period	
Profit on disposal of assets	267,758.40	
Government grants recognized in profit or loss (other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	10,959,635.20	
In addition to the effective hedging business related to the Company's normal business operations, gain/loss from changes in fair value of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities, other non-current financial assets, and investment income from disposal of the above financial assets/liabilities (Note 1)	(36,774,700.45)	
Other non-operating income and expenses other than the aforesaid items	(13,978,959.27)	
Income tax effects	(533,283.58)	
Effects attributable to non-controlling shareholders (after tax)	755,026.43	
Total	(39,304,523.27)	

Note 1: The principal business of Winshare Investment Co., Ltd., a subsidiary of Xinhua Winshare Publishing and Media Co., Ltd. ("Xinhua Winshare"), is investment holding. Its investment income from disposal and holding of financial assets at FVTPL and gains or losses from fair value changes are not recognized as non-recurring profit or loss, the gains (losses) of such investments and gains (losses) from fair value changes for the current period amounted to nil (prior period: nil) and RMB32,184,154.80 (prior period: RMB(67,594,178.64)), respectively.

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE ("EPS")

The return on net assets and EPS have been prepared by Xinhua Winshare in accordance with Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised 2010) issued by China Securities Regulatory Commission.

Profit for the Reporting Period	Weighted average return on net assets (%)	EPS (RMB)	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the parent company	5.86	0.62	N/A
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	6.16	0.65	N/A

Xinhua Winshare has no dilutive potential ordinary shares.

winshare 文軒

新華文軒出版傳媒股份有限公司

XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.*

成都市錦江區三色路238號新華之星A座
郵編：610000

Xinhua Star Tower A, 238 Sanshe Road, Jinjiang District, Chengdu, the PRC

Postal code: 610000

Website 網址: www.winshare.com.cn