

Stock Code: 603899

Short Name: M&G Corporation

SHANGHAI M&G STATIONERY INC.

Annual Report 2025



Rising to Challenges, Thriving with Resilience

Letter to Shareholders

In 2025, the world moved forward amid change and challenges. Uncertainty in the external environment has imposed higher requirements on corporate operations, yet the fundamental conditions and long-term trends for growth remain intact. Under the leadership of the Board, we keep steady while exploring innovation, rise to external change with clear strategy, and strive to stay resilient and focused. All M&G people rise to challenges head-on. We hone our skills under pressure and seek opportunities in change. We ground ourselves firmly while reaching high. Through our actions, we have demonstrated what true resilient growth looks like.

This year, we recorded revenue of RMB25,064 million, an increase of 3.45%, and the net profit attributable to our shareholders reached RMB1,310 million. Our business remained stable and healthy.

This year, we responded to expectations with innovation. Centered on consumers, we made product strength the engine of high-quality growth. By enhancing both functional and emotional value, we achieved significant results in R&D, technology application, and IP integration. We rolled out a series of standout products, including the on-off pen, meeboki, Da Fu Da Gui, and San Hao backpack, winning both praise and market success.

This year, we connected people to cultural creativity. As the bridgehead for brand upgrade, our independent brand, Jiumu Store, now has more than 860 stores nationwide and over 10 million members. It creates accessible spaces for cultural creativity, and brings tangible joy to more consumers.

This year, we build excellence through digital intelligence. As a leading provider of general office supplies procurement and digital supply chain services in China, Colipu Group has become a pioneer in digital corporate procurement and an industry leader, with revenue surpassing RMB15,000 million.

This year, we strengthened our foundation for the future. We continued to implement the MBS management system, continuously improving operational efficiency and organizational resilience in technology, products, production, logistics, and sales. Through enhanced quality and efficiency and refined operations, we continued to create value for our shareholders.

This year, we launched the special initiative themed “Enhance Quality and Efficiency

and Strengthen Shareholder Return”, and continued to reinforce shareholder value. Guided by a scientific, consistent, and steady dividend policy, we increased the cash dividend payout ratio while taking into account our current development stage and long-term capital needs. In February 2025, we completed our second share repurchase since listing, and in June 2025, re-purposed and retired shares from the first repurchase. These proactive actions have protected the Company’s value and safeguarded the overall and long-term interests of our shareholders.

Persistence and innovation give us the strength to navigate cyclical ups and downs. Our faith in long-termism drives us forward with steady, confident steps.

The stage is set for 2026. The road ahead is full of challenges, yet also holds vast opportunities. We will make resilience our guiding principle, combining careful judgment with bold action. We will adhere to long-termism, “dig 10,000 meters deep from a 1-meter-wide opening”, and thrive by helping our partners thrive.

Building on the “Enhance Quality and Efficiency and Strengthen Shareholder Return” initiative, we will focus on our core traditional business, continue to enhance products, brands, and our reach across channels (including both online and offline channels, and both at home and abroad). Step by step, we will solidify our foundation and expand our competitive edges. In terms of our large retail stores, we will continue to grow our store network and membership base. These stores should aim not only to serve as the bridgehead for upgrading the M&G brand and products but also to carve out our own space in the cultural creativity market. As for our general materials digital procurement service business, Colipu Group is set to embark on a new journey with a planned spin-off listing on the Hong Kong Stock Exchange. Leveraging the capital market’s role in optimizing resource allocation, we will strengthen our business landscape to drive high-quality, sustainable development.

We are deeply grateful to our hardworking employees, loyal partners, and supportive shareholders. M&G people will keep moving forward with a pragmatic mindset, an innovative spirit, and resilient determination. Every step will be taken with care, every commitment honored, as we create long-term value and boldly advance toward a world-class M&G!

Board of Directors of Shanghai M&G Stationery Inc.

March 30, 2026

Important Notice

I. The Board of Directors, directors, and senior management of the Company warrant that the contents of this report are true, accurate and complete, without any misrepresentation, misleading statements or material omissions, and severally and jointly bear the legal responsibilities thereof.

II. All directors of the Company attended the Board meeting.

III. BDO China Shu Lun Pan CPAs (LLP) has issued the audit report with unqualified opinions to the Company.

IV. Chen Huwen, the chairman of the Company, Liu Jiaqi, CFO of the Company and Zhai Yu, the head of the accounting department (person in charge of accounting), warrant the truthfulness, accuracy and completeness of the financial report in this annual report.

V. Profit distribution plan or plan to convert surplus reserves into share capital approved by the Board of Directors during the Reporting Period

The Company proposes to distribute cash dividend of RMB10 (tax inclusive) per 10 shares based on the Company's total share capital (exclusive of shares in the Company's special securities account for repurchased shares) registered as at the registration date for the implementation of dividend distribution. The profit distribution plan is subject to being submitted to the Company's 2025 Annual Meeting of Shareholders for deliberation.

Indicate whether the parent company had unrecovered losses as of the end of the Reporting Period and the impact on the Company's dividends and other matters.

Applicable Not applicable

VI. Risks statement of the forward-looking statements

Applicable Not applicable

Forward-looking statements including future plans and development strategies involved in this annual report do not constitute the Company's substantive commitments to investors. The investors are advised to pay attention to investment risks.

VII. Is there any non-operating misappropriation of funds of the Company by any controlling shareholders and their related parties

No

VIII. Has the Company provided any external guarantees in violation of the decision-making procedures

No

IX. Are there more than half of the directors who cannot warrant the truthfulness, accuracy and completeness of the annual report disclosed by the Company

No

X. Warning on significant risks

The Company has illustrated various risks and corresponding measures that the Company might face in the production and operation. Please refer to the “Potential Challenges and Risks” set out in “Section III Management Discussion and Analysis”. Investors are advised to pay attention to risk of investment.

XI. Others

Applicable Not applicable

本报告分别以中、英文编制，在对中外文文本的理解上发生歧义时，以中文文本为准。

This English version is converted from the Chinese version.

In case of any discrepancy between the Chinese version and the English version, the Chinese version shall prevail.

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References	Financial statements signed and sealed by the legal representative, the person in charge of accounting work, and the person in charge of the accounting agency.
	Original of the auditor's report with the seal of the accounting firm and the signature and seal of the certified public accountant.
	Originals of all company documents and announcements publicly disclosed on the designated information disclosure media by CSRC during the Reporting Period.

Section I Definition

I. Definition

In this report, unless the content requires otherwise, the following terms shall have the following meanings:

Definition of common terms		
The Report	Refers to	Annual Report 2025
Company, the Company, M&G Stationery, M&G Corporation	Refers to	SHANGHAI M&G STATIONERY INC.
M&G Group	Refers to	M&G Holdings (Group) Co., Ltd.
Colipu Group (科力普集团)	Refers to	Colipu Technologies Group Co., Ltd. (科力普科技集团股份有限公司)
M&G Life (晨光生活馆)	Refers to	M&G Life Enterprise Management Co., Ltd. (晨光生活馆企业管理有限公司) /Large retail store of the Company
Colipu Information Technology	Refers to	Shanghai Colipu Information Technology Co., Ltd. (上海科力普信息科技有限公司)
M&G Technologies	Refers to	Shanghai M&G Information Technology Co., Ltd. (上海晨光信息科技有限公司)
Jiekui Investment	Refers to	Shanghai Jiekui Investment Management Firm (L.P.)
Keying Investment	Refers to	Shanghai Keying Investment Management Office (L.P.)
Jiumu Store (九木杂物社)	Refers to	Jiumu M&G Store Enterprise Management Co., Ltd. (九木杂物社企业管理有限公司) /Large retail store of the Company
M&G Office Stationery (晨光办公)	Refers to	Shanghai M&G Office Stationery Co., Ltd.
Axus Stationery	Refers to	Axus Stationery (Shanghai) Company Ltd.
Beckmann	Refers to	Back to School Holding AS, a Norwegian subsidiary that is principally engaged in schoolbags
Qizhihaowan (奇只好玩)	Refers to	Shanghai Qizhihaowan Culture and Creativity Co., Ltd. (上海奇只好玩文化创意有限公司)
Jiangsu Marco (江苏马可)	Refers to	Jiangsu Marco Pen Co., Ltd. (江苏马可笔业有限公司)
MRO	Refers to	Maintenance, repair and operation, i.e. industrial consumables required by an industrial enterprise to ensure normal production, except raw materials
KA	Refers to	Key Account, usually referring to large cross-regional retailers with large operating space and dense customer flow, including RT-MART, Walmart, and Carrefour.
Core traditional business	Refers to	The designing, developing, manufacturing and selling writing instruments, student stationery, office supplies and other products under M&G brands, and also the e-commerce business M&G Technologies
New business	Refers to	General materials digital procurement service business and large retail store business
Reporting period	Refers to	Year 2025, from January 1, 2025 to December 31, 2025
Yuan, ten thousand Yuan, hundred million Yuan	Refers to	RMB, RMB10,000, RMB100 million

Section II Company Profile and Key Financial Indicators

I. Company Information

Chinese name of the Company	上海晨光文具股份有限公司
Short name of the Company in Chinese	晨光股份
English name of the Company	SHANGHAI M&G STATIONERY INC.
Abbreviation of English name of the Company	M&G
Legal representative of the Company	Chen Huwen

II. Contact Information

	Board Secretary	Securities Affairs Representative
Name	Bai Kai	
Office address	No.5, Lane 288, Qianfan Road, Xinqiao Town, Songjiang District, Shanghai	
Telephone	021-57475621	
Fax	021-57475621	
E-mail	ir@mg-pen.com	

III. Introduction to General Information

Registered address	Building 3, No. 3469 Jinqian Road, Fengxian District, Shanghai
Historical change of the Company's registered address	No
Office address	No.5, Lane 288, Qianfan Road, Xinqiao Town, Songjiang District, Shanghai
Postal code of office address	201612
Website of the Company	http://www.mg-pen.com
E-mail	ir@mg-pen.com

IV. Information Disclosure and Place for Obtaining the Report

Media for the Company's information disclosure	Shanghai Securities News, China Securities Journal, Securities Daily, Securities Times
CSRC's designated website for the Company's Annual Report disclosure	www.sse.com.cn
The Company's Annual Report may be obtained at	Board of Directors' Office

V. Stock Information

Stock Information				
Share class	Exchanges on which the stocks are listed	Stock short name	Stock code	Stock short name before change
A share	Shanghai Stock Exchange	M&G Corporation	603899	M&G Stationery

VI. Other Relevant Information

Auditor of the Company (domestic)	Name	BDO China Shu Lun Pan CPAs (LLP)
	Office address	4F, No. 61, Nanjing East Road, Shanghai
	Name of the signing accountant	Chen Luying, Yuan Yang

VII. Major Accounting Data and Financial Indicators for the Past Three Years**(I) Major accounting data**

Unit: Yuan Currency: RMB

Major accounting data	2025	2024	Year-on-year change (%)	2023
Revenue	25,063,909,836.47	24,228,248,698.65	3.45	23,351,304,328.03
Total profits	1,708,704,232.97	1,821,257,986.53	-6.18	1,979,472,772.78
Net profit attributable to shareholders of the listed companies	1,310,448,991.96	1,395,844,392.50	-6.12	1,526,801,727.16
Net profit attributable to shareholders of the listed companies, net of non-recurring gains and losses	1,123,919,630.87	1,233,936,105.87	-8.92	1,398,219,856.97
Net cash flow generated from operating activities	2,282,072,468.65	2,289,340,796.79	-0.32	2,616,600,617.09
	End of 2025	End of 2024	Year-on-year change (%)	End of 2023
Net assets attributable to shareholders of the listed companies	9,287,670,689.65	8,909,859,173.13	4.24	7,833,178,803.52
Total assets	18,074,966,731.15	16,586,785,179.43	8.97	15,313,962,312.00

(II) Key financial indicators

Key financial indicators	2025	2024	Year-on-year change (%)	2023
Basic earnings per share (Yuan/share)	1.4306	1.5162	-5.65	1.6577
Diluted earnings per share (Yuan/share)	1.4306	1.5162	-5.65	1.6577
Basic earnings per share, net of non-recurring gains and losses (Yuan/share)	1.2270	1.3404	-8.46	1.5181
Weighted average ROE (%)	14.56	16.64	Decrease by 2.08 percentage points	20.97
Weighted average ROE, net of non-recurring gains and losses (%)	12.48	14.71	Decrease by 2.23 percentage points	19.20

Explanation of major accounting data and financial indicators for the past three years by the end of the Reporting Period

□ Applicable √ Not applicable

VIII. Difference in the Accounting Information under the PRC Accounting Standards for Business Enterprise (“PRC GAAP”) and Overseas Accounting Standards

(I) Difference in net profit and net asset attributable to shareholders of the listed company in financial reports disclosed under International Accounting Standards and PRC GAAP

Applicable Not applicable

(II) Differences in net profit and net assets attributable to shareholders of the listed company in financial reports disclosed under International Accounting Standards and PRC GAAP

Applicable Not applicable

(III) Explanation on the differences between PRC GAAP and Overseas Accounting Standards:

Applicable Not applicable

IX. Key Financial Data for the Year of 2025 by Quarter

	Unit: Yuan Currency: RMB			
	1 st Quarter (January - March)	2 nd Quarter (April - June)	3 rd Quarter (July - September)	4 th Quarter (October - December)
Revenue	5,244,822,850.50	5,563,956,883.73	6,519,079,058.51	7,736,051,043.73
Net profit attributable to shareholders of the listed companies	318,201,988.44	238,977,253.84	391,123,106.00	362,146,643.68
Net profit attributable to shareholders of the listed company after deducting non-recurring profit or loss	281,286,321.74	180,269,262.55	340,645,119.25	321,718,927.33
Net cash flow generated from operating activities	112,010,716.73	542,057,218.18	732,298,018.45	895,706,515.29

Explanation on difference between information by quarter and information disclosed in periodical reports

Applicable Not applicable

X. Items and Amounts of Non-recurring Gains or Losses

Applicable Not applicable

	Unit: Yuan Currency: RMB			
Items of Non-recurring Gains or Losses	Amounts in 2025	Notes (if applicable)	Amounts in 2024	Amounts in 2023
Gains or losses on disposal of non-current assets (inclusive of impairment allowance write-offs)	4,652,094.85	During the Reporting Period, the Company made additional investments in an equity investee, which constituted a business combination not under common control. Gains were generated	-10,284.89	4,135,364.06

		from the remeasurement of the formerly held equity interests at fair value before the acquisition date.		
Government subsidies included in profits and losses for the current period, excluding those that are closely related to the Company's normal business operations and given in accordance with defined criteria and in compliance with government policies, and have a continuing impact on the Company's profits or losses	186,963,410.61	Mainly including government subsidies received during the Reporting Period and government subsidies transferred from deferred income	156,328,395.64	148,088,250.88
Gains or losses on fair-value changes in financial assets and liabilities held by a non-financial enterprise, as well as on disposal of financial assets and liabilities (exclusive of the effective portion of hedges that is related to the Company's normal business operations)	59,958,649.02	Mainly due to the revenue generated from purchase of wealth management products	57,959,220.58	28,908,931.81
Reversal of provision for impairment of receivables which are individually tested for impairment.	2,298,338.54	Provision reversal of bad debts on individual receivables during the Reporting Period	1,638,145.92	3,232,256.86
Other net non-operating income and expenses, other than the above items	-11,760,712.53	Mainly due to the donations made for public welfare	12,141,547.09	-2,669,713.78
Minus: Effect of income tax	41,525,443.98		46,319,092.93	33,479,316.16
Effect of minority equity (after tax)	14,056,975.42		19,829,644.78	19,633,903.48
Total	186,529,361.09		161,908,286.63	128,581,870.19

Items unlisted in the *Explanatory Announcement on Information Disclosure by Companies Offering Securities to the Public No. 1: Non-Recurring Profits and Losses* are identified as non-recurring profit and loss items and the items are of a significant amount, and non-recurring profit and loss items listed in the *Explanatory Announcement on Information Disclosure by Companies Offering Securities to the Public No. 1: Non-Recurring Profits and Losses* are defined as recurring profits and losses

Applicable Not applicable

XI. Companies with equity incentive plans or employee stock ownership plans may choose to disclose net profit net of the impact of share-based payments.

Applicable Not applicable

XII. Items Measured at Fair Values

Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Opening balance	Closing balance	Changes in the Period	Effect on profit for the Period
Held-for-trading financial assets	2,569,112,993.22	4,108,620,317.14	1,539,507,323.92	58,155,252.93
Receivables financing	28,475,371.64	31,211,919.98	2,736,548.34	
Investments in other equity instruments	10,579,958.34	10,817,798.40	237,840.06	
Derivative financial liabilities		46,320.08	46,320.08	
Total	2,608,168,323.20	4,150,696,355.60	1,542,528,032.40	58,155,252.93

XIII. Others

Applicable Not applicable

Section III Management Discussion and Analysis

I. The Company's Businesses during the Reporting Period

1. Principal business

M&G Stationery is a comprehensive stationery supplier and an office servicer. The Company integrates the value of creativity into its products and service advantages, advocates fashionable stationery lifestyle, and provides solutions for study and work. Its core traditional businesses include designing, developing, manufacturing and selling writing instruments, student stationery, office supplies and other products under **M&G晨光** brands, and also the e-commerce business M&G Technologies; its new businesses mainly comprise of general materials digital procurement service business – Colipu Group, and large retail store business - Jiumu Store and M&G Life. During the Reporting Period, there were no significant changes in the Company's operation model.

2. Principal operation model

The Company has an independent and complete operation from design and development of brands and products, procurement of raw materials and accessories, product manufacturing, supply chain management and warehouse and logistics, to distribution network management. The Company is capable of performing independent operation of business in the market. For R&D model, the Company has an "entire design system" covering the whole process starting from customer value proposition to product design, product mold to brand image design, incorporating trend-, theme and experience-oriented R&D model to develop new products with a comprehensive categories approach based on consumer insight. For manufacturing model, the Company uses the brand manufacturing model that features sales-driven production, in-house and OEM outsourcing. The Company has an independent system from raw material procurement to manufacturing and selling, and has established its brands in the market. We have the advantages from participating in the whole value chain from design, research and developing, manufacturing and selling stationery. For sales model, based on features of stationery products and current situations of stationery consumption at home and abroad, the Company has developed its sales model that relies on regional distributors, complemented by direct sales to offices 2B customers, direct-sale store, KA sales, online sales, as well as international distribution. We are the one of leading companies in China's stationery business that engage in large-scale brand sales management and franchise management. In addition to operations on platforms such as Tmall, JD, and Pinduoduo, M&G Technologies also conducts live streaming on platforms such as Douyin and Kuaishou through its own live streaming room or cooperation with KOLs on the platforms. M&G Technologies is also responsible for online full platform marketing and management of authorized online stores.

M&G large retail store businesses include two store types: Jiumu Store and M&G Life. Targeting female consumers aged 15-29, Jiumu Store primarily sells stationery, cultural and recreative products, educational and entertainment products, and daily household and home products. Jiumu Stores are mostly located in high-quality shopping malls in prime urban districts. Jiumu Store represents the Company's ongoing exploration in new retail model in lifestyle products with a distinct cultural element. Jiumu Store started franchising in July 2018, where franchisees pay contract deposit and decoration fee according to contracts, and store rent, store staff salary, utilities and other costs incurred in franchising stores. M&G Life mainly targets students aged 8-15, primarily selling stationery products. M&G Life stores are mostly located in Xinhua Bookstore and compound bookstores. M&G Life represents the Company's efforts to move beyond the dominant traditional channels of retail stationery shops nearby schools.

Colipu Group provides cost-effective one-stop supplies procurement service for a diverse range of customers, including central SOE groups, financial institutions, government agencies, Global 500 companies, as well as top 500 SOEs and private enterprises in China. Colipu Group has a rich product offering, with application scenarios covering one-stop office supplies, MRO industrial products, marketing gifts, and employee benefits, which include more than one million product categories such as office paper, office stationery, office supplies, office equipment, computers and accessories, digital and communications, office appliances, daily necessities, business gifts, food and beverages, office furniture, labor protection supplies, and industrial supplies. By shortening the supply chain, it provides customers

with cost-effective, digital procurement solutions for various scenarios and customized value-added services.

With changing demographics of China in particular the decreasing birth rate, it becomes increasingly difficult to achieve revenue growth from unit volume growth in the future, and stationery industry growth is increasingly driven by consumption upgrade and product upgrade. The Company's core traditional businesses are challenged with demands from more individualized population born after 2000 and 2010. Stationery consumption in China is becoming more brand conscious, innovative, individualized and more premium. There is a clear growth in demand for better cultural and creative products, which accelerates industry transformation towards one with more cultural and creative elements. M&G Technologies reflects channel diversification trend and helps the Company's omni-channel strategy by expansion of online business. Jiumu Store serves as the Company's bridgehead to continue products and channels upgrading of its core traditional business, and it plays an important role in promoting the Company's brands and products upgrade. Colipu Group meets the purchasing demands for office supplies of corporations and institutions, which helps boost the sales of writing instruments and office stationery in the Company's core traditional business.

3. Major driver for revenue growth

Driven by policy

The continuous investment of the state in education, the three-child policy, the increased childcare subsidies and fee reductions, as well as a favorable policy context for the development of the cultural industry encourage and promote the integrated development of the cultural industry and upstream and downstream industries, invigorate economic transformation and social development, and drive the steady development of the stationery industry. A series of national policies on the centralized procurement industry have been promulgated, rapid progress was made in centralized procurement of large- and medium-sized enterprises, the transparency of procurement information and the competitive mechanism of centralized procurement promoted the concentration of office supplies industry and promoted the vigorous development of direct office supplies industry.

Driven by market force

With the changes in the way of life and consumption habit of consumers, the mix of "people, product, and place" in retail industry has been reconstructed, sales channels have become more diversified, and channel upgrades and channel competition have become increasingly fierce. As the domestic market demand for mid- to high-end stationery products keeps increasing, this provides opportunities for mid- to high-end stationery products. China's population of 1.4 billion accounts for about 18% of global population, while leading stationery companies in China can continue to mostly rely on the huge domestic market, they also have room for international expansion in international markets, which could reinforce each other under favorable conditions.

Driven by industry integration

With continued development in the market, market concentration of stationery industry becomes greater, leaving more room for industry consolidation. Leading companies in the stationery industry with good brand recognition are in a strong position, and more market share is gained by leading companies. Through mergers and acquisitions of high-quality targets at home and abroad, the Company further enhanced its competitiveness and brand power in segmented categories.

Driven by innovation

Innovation as one of driving forces for continuous development with a focusing on consumers. The Company continued to promote technological innovation, product innovation, channel innovation and business model innovation. Through product innovation and business model innovation, the Company has formed a pattern of coordinated development, high-quality development and sustainable development of multi-business model. Meanwhile, it actively promoted the high-end, digital, intelligent and green transformation in its business operations, and coordinated the upgrading of traditional businesses, the growth of emerging businesses and the cultivation of future businesses.

Driven by the Company's competitive advantages

With professional teams, market insights, unique brand advantages, channel advantages, supply chain advantages, R&D and design advantages, the Company continued to promote technological innovation and product innovation, and maintained a strong forward driving force through high-end, omni-channel, digitalization, lean production and dynamic organization.

New important non-principal business during the Reporting Period

□ Applicable √ Not applicable

II. Industry Situation of the Company during the Reporting Period

1. Industry situation of the Company

According to *Industrial Classification and Codes for National Economic Activities* (GB/T 4754-2017) issued by the National Bureau of Statistics, the Company is classified to stationery, arts, sports and entertainment products industry in the manufacturing sector. The Company is a member of China Stationery & Sporting Goods Association, and China Writing Instrument Association.

In 2025, China's sports and stationery goods industry generally maintained stable operations against the backdrop of an increasingly complex external environment and a slower pace of recovery in domestic demand. The industry's resilience further emerged, but structural contradictions such as pressure on profits, homogenized product competition, and fluctuations in external demand remained prominent. The Executive Meeting of the State Council emphasized the need to strengthen the domestic economic cycle and promote the continued release of domestic demand potential, providing policy guidance for the industry to tap incremental opportunities in cultural consumption, health consumption, and education consumption.

China encourages art education and quality education for students, deepens the integration of sports and education, and promotes the healthy development of teenagers. The Ministry of Education has launched the Aesthetic Education Infiltration Action in schools, which brings about new development opportunities for painting and calligraphy supplies, educational books, cultural and creative student supplies, and digital and intelligent stationery. Five departments including the Ministry of Education jointly issued the *Opinion on Implementing the Student Physical Fitness Improvement Plan*. Coupled with the policy orientation of integrating sports and education as well as the development of campus sports, this has created new market space for teenagers' sports equipment and training aids tailored to campus physical exercise scenarios.

According to the *China Public Procurement Development Report (2024)* compiled and released by China Federation of Logistics & Purchasing, the scale of public procurement transactions in China in 2024 amounted to RMB45 trillion. With the accelerated development of China's unified public resource trading platforms, the market for public resource transactions has been increasing centralization in trading, regulation, and data management. In the broader context of the digital economy, digitalization, e-commerce, and centralized procurement have become the main forms of public resource transactions from central to local governments. These practices began with transparent procurement by government agencies, central and state-owned enterprises ("SOEs"), and financial institutions, are gradually extending to large private enterprises and local SOEs. The government continues to strengthen its commitment to green procurement, expanding both the scope and scale of green product purchasing, and is incorporating carbon footprint requirements into government procurement criteria in a timely manner.

2. Industry features

(1) Periodicity

Writing instruments, student stationery and office supplies are less affected by economic fluctuations. With low unit price, writing instruments and student stationery are more of necessity goods with relatively low income elasticity, relatively less sensitive to economic fluctuations.

(2) Seasonality

There is seasonality in the demand for student stationery. Months before a new semester (summer and winter vacation) is what the stationery industry calls "schooling peak season", during which sales of student stationery usually peaks. Students and their parents will buy a lot of stationery in advance and stationery manufacturers promote their products.

3. Development trend of the industry

With the changes in the way of life and consumption habit of consumers, China's retail industry entered a new stage of redevelopment and innovation. Stationery industry faces challenges with uncertainty of external environment, diversification of retail channels, and more individualized demands from main customers group (now being the post-00s and post-10s). With the changing demographics of China in particular the decreasing birth rate, stationery industry revenue growth comes less from by unit volume growth, and more from consumption upgrade and product upgrade. Domestic consumption for stationery in China becomes more brand conscious, innovative, IP-oriented, individualized and more

premium. There is a growing demand for premium cultural and creative products, driving the industry to transform from functional satisfaction to value consumption. Demand for mid-to-high-end products that combine aesthetic design, cultural connotations, and quality has continued to rise, providing broad opportunities for high-quality enterprises that emphasize the integrated capabilities of R&D, design, branding, and supply chain management.

Sales channels for stationery in the domestic market are continuously expanding and improving. Traditional retail stationery shops nearby school are still the dominant channel for China's stationery industry, and shares of other retail formats are increasing faster. Sales terminals and channels of the industry are becoming more diversified, upgrading and competition in channels becomes more obvious. With the popularity of the Internet, smart phones, and online transactions, people's consumption habits and consumption scenarios have changed. New-generation marketing means are becoming more diversified, including online media platforms (such as Weibo, WeChat, Xiaohongshu, and Douyin) and IP topic creation, which further tests enterprises' ability to make quick response to industry trends. Compared with small- and medium-sized enterprises, leading enterprises boast stronger and richer whole network marketing and operation capabilities. They formulate refined marketing strategies by city to reach consumers. In addition to online traffic, offline channels are also required to realize refined management by empowering channels through organizational reform and information system. According to the National Bureau of Statistics, online retail sales across the country recorded RMB15.9 trillion in 2025, an increase of 8.6%. Outstanding companies in the consumer industry seized the development opportunities of online consumption and achieved continuous sales growth through online and offline integration.

The new generation of young people has become a major force in driving new consumption. The consumption concepts of the youth group are changing, shifting from material fulfillment to emotional resonance, and from standardized supply to personalized customization. With the shift from a focus on the practicality of goods to an increasing emphasis on the emotional value of consumption, they are more eager to achieve emotional resonance and psychological satisfaction through their purchases. Emotional value has evolved from an added consumption benefit into a core factor influencing consumption decisions among contemporary young consumers, who seek more than just emotional value and cultural connection from IP collaborations, but also see consumption as a way to express their identity and engage with communities built around shared interests. They value the sense of joy, belonging, and companionship that products bring. What they purchase is not just stationery, but a vehicle for emotion and self-expression. ACGN and cultural and creative merchandise have already broken through traditional boundaries, reflecting youth consumers' recognition of excellent cultural works such as animation and comics. This trend reflects a shift in consumption demand from "pragmatism" to "emotional value".

With continued development in the stationery industry, there could be higher industry consolidation, and leading companies could gain larger market shares. China's population of 1.4 billion accounts for about 18% of global population, while leading stationery companies in China can continue to mostly rely on the huge domestic market, they also have room for international expansion in international markets, which could reinforce each other under favorable conditions. The global influence of Chinese culture continues to rise. Not only do domestic consumers seek emotional resonance by purchasing "Chinese trend" products, but overseas consumers are also beginning to embrace Chinese elements, showing a positive outlook on Chinese goods.

In the broader context of the digital economy, China's public procurement sector has made significant progress in digitalization, e-commerce, and centralized procurement, driven by favorable factors such as supportive policies, the rapid expansion of centralized procurement by large- and medium-sized enterprises, and increased competition among various digital procurement service providers. These forms of procurement have become the main form of public resource transactions from central to local governments. According to the *2025 Smart Procurement Supply Chain Development Report* released by the China Federation of Logistics & Purchasing, the total procurement amount for enterprises reached RMB188.3 trillion in 2024, an increase of 7.3%. Among this, the total amount of digitalized procurement accounted for RMB21.7 trillion, an increase of 16.2%, with a penetration rate of 11.5%, up by 0.9% from 2023. According to Ebrun Think Tank analysis, the growth in digital procurement penetration is driven by two key factors. First, continued policy support: governments at all levels have introduced targeted digital transformation initiatives that provide clear guidance and financial incentives for adopting digital procurement. Second, technological advancement: the deeper application of big data and AI not only streamlines procurement processes, but also significantly

improves efficiency through features such as intelligent matching and automated approvals. As supply chain digitalization accelerates, digital procurement is expected to play an increasingly important role in helping enterprises reduce costs and improve operational efficiency. More than 70 central enterprises have established online stores, with a clear trend of product diversification. In addition to office supplies and industrial products, these procurement e-commerce platforms are expanding into production materials and engineering equipment.

With the further development and application of information technology, data have become a new production element. *Recommendations of the Central Committee of the Communist Party of China for Formulating the 15th Five-Year Plan for National Economic and Social Development* call for upgrading and optimizing traditional industries, advancing the quality and transformation of key sectors, promoting technological upgrading, and accelerating the digital and intelligent transformation of manufacturing. It also emphasizes the development of intelligent manufacturing, green manufacturing, and service-oriented manufacturing, while speeding up changes in industrial models and corporate organizational structures. The investment in the manufacturing industry has shifted from the investment in equipment and assembly lines to the transformation of digital processes and digital transformation of products, in a bid to apply digital technology to reduce channel costs and management costs and become a digital-driven modern enterprise.

The future of stationery products will be shaped by personalization, smart functionality, and sustainability. As the new generation of consumers expresses stronger individuality and more diverse needs, personalized stationery is gaining increasing popularity. At the same time, advances in technology are bringing intelligent features deeper into learning and office scenarios. Intelligent stationery enables users to complete tasks more efficiently, while offering support for learning and personalized guidance. Influenced by national policies and a shifting social landscape, consumers are also paying closer attention to product safety, environmental impact, and sustainability. As a result, green, environmental and sustainable development has become a key direction for the future of the stationery industry.

4. Company position in the industry

As a leader of “own brand + domestic demand” in China’s stationery industry, the Company has a strong first-mover and leading advantage, with a wide and deep distribution network coverage in China’s stationery market. At the end of the Reporting Period, the Company has a national distribution network covering approximately 70,000 retail stationery shops using the store sign “M&G Stationery” across China, enabling the Company to establish market leading position for its own brand products amidst competitions. The Company ranked first in “Top Ten Enterprises in China’s Light Industry and Writing Instrument” for 13 consecutive years.

Colipu Group is a benchmark enterprise in general materials digital procurement service in China. With 13 years of dedicated development, and leveraging its electronic transaction system, intelligent warehousing and logistics management system, high-quality supply chain management and customized service, Colipu Group has become a pioneer and industry leader in enterprise digital procurement. Over the years, Colipu Group has won many awards such as the Outstanding E-commerce Platform in China’s Stationery and Office Supplies Industry, the Outstanding Supplier of Government Procurement, and the Most Influential E-commerce Platform in Financial Procurement.

III. Discussion and Analysis of Operation

In 2025, amid a complex external environment, the Company adhered to long-termism, and maintained strategic resolve and operational resilience. In response to evolving consumer preferences, buying habits, and consumption scenarios, it focused on product development, technological innovation, original design, IP empowerment, green development, digitalization and globalization. The Company fully implemented measures to enhance quality and efficiency, accelerated the fostering of new quality productive forces, steadily advanced the development of its core traditional business, and continued to develop new business. It continuously enhanced organizational efficiency and execution capacity, further strengthening its overall competitiveness.

In the Reporting Period, the Company recorded revenue of RMB25,064 million, an increase of 3.45%, and a net profit attributable to its shareholders of RMB1,310 million, a decrease of 6.12%. Operation of the Company in 2025 is reported as follows:

1. Core traditional business focused on product capability enhancement to meet diversified

consumer needs

During the Reporting Period, the Company adhered to consumer-centric, innovation-driven development. Through product innovation driven by consumer insights and promotion innovation that resonated more closely with users' inner world, it improved the alignment between its products and consumer needs at functional, appearance, and emotional levels, strengthened the connection between the brand and consumers, and met the diverse needs of consumers. The Company emphasized quality over quantity in product development to increase the on-shelf ratio and sales contribution of single products. The product structure was optimized, further expanding the brand lineup and enriching the product line to increase the on-shelf ratio of must-have products. New products were developed from the perspective of consumers, cultivating high-quality, highly functional products with strong IP appeal that are both attractive and easy to use. By combining internal independent cultivation and collaboration with external IPs and leveraging international design resources, the Company has provided consumers with a wider range of purchasing options.

Mass market stationery segment. The strategy of “exploitation of potential, collaboration, and product capability” and the consumer-centric principle were followed, continuously developing products that meet the essential needs of the general public. Adopting a bestseller-oriented mindset, the Company has brought customers a full range of stationery products of reliable quality and essential functions, whilst scientifically managing the products across their lifecycle. It has optimized the product structure and maintained competitiveness. The Company continued to delve deeply into the needs in core categories such as writing instruments and student stationery. On the one hand, it has established a well-structured product portfolio, strengthening the on-shelf and sell-through performance of key flagship and mid-tier products; on the other hand, it focused on developing long-term bestsellers and building strong functional capabilities, while staying agile in capturing opportunities across niche segments. Through ongoing improvements in quality and user experience, it strove for sustainable business growth.

Premium stationery segment. The Company actively optimized its product mix and increased the on-shelf ratio of best-selling items at key stores. In addition to continuing to focus on the development of highly functional products, it also kept pace with market trends and develop products that provide emotional value and align with market hotspots. It stayed attuned to evolving consumption trends, exploring market dynamics, consumer behavior, and preferences for IP collaborations. By gaining deeper insights into changing tastes, mindsets, and habits, it has been better positioned to deliver both practical value and emotional resonance to consumers.

Arts and kids drawing segment. The Company focused on the needs of children's learning and creative scenarios, using technological innovation to strengthen product capabilities and reinforce its competitive edge in core categories. It continued to make breakthroughs in direct-ink flow control technology, and has developed the “Da Mo Wang” (High-Capacity) direct-ink acrylic marker series, enhancing both category competitiveness and market performance. Based on the completeness of category structure and positioning, the Company has enhanced product layout and developed product tiers. Through in-depth exploration and quick response to consumers' new pain points and expectations when using stationery, the Company has consistently launched high-quality products that resonate with consumers.

Office stationery segment. The Company has strengthened the development and promotion of office products, combining traffic price-quality ratio with differentiated innovation in product development to tap into practical structural innovations, continuing to create distinctive products that stand out in the market. It has upgraded and refined existing products across key categories, better meeting the needs of channel partners and enhancing overall product competitiveness. Offline, it focused on core office SKUs, driving the on-shelf ratio and promotion of office supplies across key stores nationwide through coordinated and integrated efforts. Online, it mapped traffic entry points and built omni-channel coverage for priority categories, continuously strengthening its office product portfolio.

IP-powered products. The Company has built a diversified IP collaboration ecosystem, focusing on independent IP incubation, IP operation, joint brand development, and trendy toy derivatives. It operates IPs based on long-termism, stays in sync with young people at all times, and keeps IPs fresh, relevant and engaging, while building lasting loyalty among fans. By combining independent IP incubation and collaborations with popular domestic and international IPs, the brand has deeply operated an IP product matrix. It empowers stationery through IPs, creating products that combine practical value (easy to use), aesthetic appeal (visually engaging), and emotional enjoyment (fun to use). In doing so, it is evolving from a provider of function to a provider of emotional value. During the Reporting Period,

the Company launched several new IP collaboration series, which received positive market feedback.

2. Core traditional business continued omni-channel, and improved retail service capabilities

During the Reporting Period, the Company continued to promote omni-channel development of its core traditional business. Based on changes in consumer demand and habits, the Company continued to optimize retail operation towards a channel structure with a multi-level distribution system as core. This omni-channel and multiple contact point enabled more direct access to customers through new offline channels, online channels and direct supply channels. Further the change from a wholesaler toward a brand retail service provider.

Develop traditional channels with a focus on improving the quality of single stores and the construction of positions. Efforts have been made to improve the quality of single model stores, thus empowering stores to enhance business quality. The Company highlighted the promotion of the best-selling product offering, and established more precise merchandising standards and optimized product mix at the stores, advancing in-store position building and ensuring effective shelf placement for key categories. Guided by the strategy of “expanding positions and deepening categories”, it broadened position coverage, improved sell-through at stores, expanded business district coverage, and increased market share. Moreover, it standardized the daily management and visit mechanisms for stores to improve the service quality and operational efficiency of key stores and consolidate the fundamentals of channel operations.

Improve the operational efficiency of channels with digital tools. The information-based channels and high data effectiveness have effectively assisted in enhancing operational efficiency. M&G Alliance APP’s role of linking the headquarters to stationery store owners was leveraged to empower store owners through information sharing and private domain live streaming, which enhances store engagement. The “JUBAOPEN” APP acts as a fundamental operational tool for daily business checks, providing real-time and accurate sell-through data to empower the real-time promotion decisions on business of stationery shops and enhancing their capability in “the right match between right shops and right products”. Keeping pace with the times in advancing the pilot of the instant retail system, the Company has established functions for rapid onboarding across multiple platforms and enhanced store merchandise management capabilities, building a moat for instant retail operations within the industry.

Continuously promote direct model. Continued efforts were made to promote headquarters direct supply, partner direct supply, office direct supply and premium stationery, and increase efficiency to create incremental sales. The office direct supply model further empowered business and developed and tapped the potential of offline professional channels. The Company continued to expand M&G office stores and model office stores, and enhance the service capabilities in order to meet the demands of professional channels. The premium stationery segment followed the core strategy of “focusing on priorities, building benchmarks, and replicating successful models” to boost per-store revenue from existing customers and achieve seamless on-shelf placement for all M&G product categories. Additionally, the Company output the product offerings of large stores at retail summits to enhance the cooperative engagement with leading large stores in the industry, leading the ways of high-quality stores next to schools.

Increase online channels. The Company vigorously developed online business, with the online direct sales model and distribution model working in synergy. It promoted omni-channel development integrating online and offline operations, adopted multiple measures to tap into the potential for online growth, and accelerated its transformation and development. On one hand, the Company strove to strengthen its collaborative operation system. By integrating inventory across its direct-operated stores on all e-commerce platforms and implementing centralized inventory management, it achieved cross-platform inventory sharing and complementary assortments of best-selling products, thereby improving operational efficiency. On the other hand, with a greater focus on the exploitation of product line arrangements and product capability of online categories, the Company has developed platform-specific products, joint creations, and customised products, offering a range of new products to meet the differentiated consumer demands of various platforms. Meanwhile, the Company optimized its marketing strategies. Through scenario and customer base analysis of competing products, it developed more targeted marketing strategies to support the creation of channel bestsellers. During the Reporting Period, M&G Technologies’ revenue was RMB1,204 million, an increase of 5%.

3. Actively promote overseas markets layout and deepen localized operations in overseas markets

The Company has actively developed overseas markets, deepening its localized layout in international markets. Centered on the strategy of “the right stores with the right products”, the Company focused on key cities in priority, seizing channel entry opportunities and driving business growth through deep, store-by-store development. Meanwhile, category-based promotion was advanced, and category position momentum was gradually built. Through coordinated efforts in product selection and allocation, merchandising standards, display tools, and execution, a strong presence has been established for both highly functional core products and IP-driven series, meeting the diversified needs of overseas consumers. The Company coordinated category-based promotion planning, focused on identifying core products for overseas markets, and implemented a unified ToC marketing strategy. Orders and execution plans were prepared in advance, and its overseas product competitiveness continued to be strengthened. The Company refined its overseas business models, channel models, team models, and product models, establishing a solid foundation for the continuous development of the Company’s overseas market.

4. Continue to strengthen brand presence

The Company focused on high-end products that are “exquisite and thoughtful” and meet “upgraded consumer needs”, using thoughtful scenarios such as Jiumu Store and flagship stores as channel matrices, and platforms such as Douyin, Xiaohongshu, and personal media as communication matrices. This has deepened consumers’ impressions of a cost-effective, exquisite and high-quality brand. Through content formats such as “store visits”, “product recommendations”, and “emotional value”, it has positioned product functionality as the core selling point and emotional value as the key communication hook, continuously enhanced brand awareness and conversion efficiency, and drove brand upgrading. During the Reporting Period, the Company joined hands with Tencent Video to launch a new co-branded series featuring Chinese animation IPs. The integrated innovation of domestic products, trend culture, and homegrown animation, a more youthful and refreshed M&G has been brought to consumers. As a leader in embracing ACG culture within the stationery and creative products industry, the Company stands alongside younger consumers. It listens closely to their voices, collaborates with the IPs they love, and connects through shared emotions, thus building deeper, more meaningful engagement with its users. Through its co-branded partnership with People’s Education Press, it continued to reinforce its positioning as a provider of professional stationery products, enhanced awareness and trust at stores, and strengthened the overall brand presence.

5. Consolidate and improve the Company’s middle-end and back-end platform capabilities to strengthen the operational foundation

Promote design and R&D. The Company consistently upheld a consumer-centric approach, focusing on integrating technological breakthroughs with consumers’ actual needs. Guided by both foundational technology development and the conversion of new innovations into market-ready products, it conducted forward-looking fundamental research in materials, structures, and processes, continuously enhancing its technology accumulation and the efficiency of commercializing research results. It has built an international design team, and strengthened innovative design capabilities, continuously injecting new content and design possibilities into traditional stationery. Based on category structure and category positioning completeness, the Company has improved its product layout and created product tiered groups, offering consumers high-quality, aesthetically appealing, cost-effective and competitive products to meet consumers’ needs across multiple scenarios and enhance their usage experience. During the Reporting Period, M&G Premium Safety Scissors with Rotating Blade Sheath won the 2025 iF Design Award.

MBS Business System (MBS). The Company has comprehensively and deeply promoted the MBS system, integrating it with business operations and further improving the system. Through structural reforms and capability platform building, the Company has established an MBS-driven lean operation system across R&D, production, supply chain, sales and other links, continuously introducing lean improvement methods and standardized management mechanisms, and driving a shift in management from being “experience-driven” to being “data-driven and mechanism-driven”, while carrying out systematic improvements in quality enhancement, cost reduction, efficiency improvement, and risk control. As the MBS system continued to deepen, the Company has been strengthening lean talent management model and refining MBS mechanisms. Employees were increasingly proactive in identifying and driving improvements, with initiatives becoming more routine and standardized, fostering a culture of broad participation and continuous iteration. The “continuous improvement +

talent development” dual-drive model has provided sustained momentum for the Company’s high-quality development.

Coordinate supply chain. The Company advanced “intelligent manufacturing + quality manufacturing” as its core approach, continuously upgrading intelligent technologies across both production and inspection. By applying tools such as machine vision, key parameters can be identified and automatically assessed, which has significantly improved efficiency and consistency. It fed data back into process optimization and yield improvement to strengthen its quality control systems, and empowered core and high-potential suppliers through manufacturing support and on-site improvement to enhance quality stability and delivery reliability. Adhering to “managing demands internally and resources externally”, it refined the coordination mechanism across R&D, production, and sales, constructed a product capability based on high quality, optimal cost, fast delivery, and strong innovation, and integrated ESG requirements into supply chain management, continuously reinforcing supply chain resilience and supporting sustainable development.

Logistics support. The Company continued to build a tiered, demand-driven logistics service system around the differentiated needs of diverse business models (including B2B, B2C, e-commerce, distribution, and retail), providing differentiated, refined and efficient logistics service support for each business department based on their business types and requirements. It has achieved the national distribution layout covering “five warehouses across four regions, including East China, South China, North China, and Central China”, with coordination between trunk lines and last-mile delivery optimized, coverage expanded, and peak capacity flexibility enhanced for better cross-regional allocation and prompt replenishment. Utilizing digital tools and launching an intelligent scheduling system, the Company has visualized and digitalized logistics services, driving simultaneous improvements in operational efficiency and stability. Its fulfillment capabilities that are “fast, cost-efficient, stable, and scalable” have provided strong support for business development.

Digitalization development. The Company has fully advanced digital transformation and continuously strengthened the construction of its big data platform, focusing on the core demands of “business empowerment, efficiency enhancement, ecosystem collaboration, and internal control compliance”. Data from all businesses, markets, and customers are aggregated and made visualized and useful to provide scientific support for business decisions. On this basis, by collaborating with departments such as finance, supply chain, sales, business segments, logistics, and human resources, the Company is able to connect processes and share data, advancing the comprehensive online integration, standardization, and visualization of processes including front-end customer engagement, transaction fulfillment, R&D and manufacturing, supply chain operations, financial accounting, and organizational management, so as to ensure faster decision-making, more reliable delivery, better services, and the exploration of more room for incremental growth. Actively leveraging AI to empower business, the Company promoted the in-depth application of AI across all business areas.

Construction of organization and talent. The Company has always regarded talent as the first resource. Centered on its operational strategic objectives, it promoted talent and organizational development along the main lines of role planning, capability building, performance incentives, cultural atmosphere, and shared services, establishing a systematic and multi-level talent management system, and gradually forming a virtuous cycle mechanism for “attracting, developing, utilizing, and retaining talent”. It is committed to building a dynamic organization. Guided by revitalizing talent, energizing teams, understanding current situations, and driving improvement, the Company kept refining its organizational structure and operating mechanisms to enhance agility and collaboration. It has fostered a people-oriented and inclusive corporate culture, while building an efficient human resources service platform, using data as the foundation to optimize role alignment and talent development pathways. This has strengthened coverage for critical roles and the talent pipeline, providing solid organizational support for the Company’s steady operations.

6. Large retail store business steadily developed

Jiumu Store has a clear positioning in the Company’s strategy, which is to become the bridgehead for the M&G brand and product upgrading, and also to become a national leading premium recreation and creativity retail brand. More exposure of the M&G brand can help drive development of M&G’s premium stationery products, strengthen retail capabilities, provide timely consumer insights, and provide feedback for the brand’s continuous upgrading and market expansion.

The stores made further improvements in product portfolios, refined operations and consumer insights and services, establishing a continuous mechanism for checking people, products, and stores.

Through the coordinated development of online and offline channels, the Company is able to provide consumers with a convenient omni-channel shopping experience, which has further solidified its leading position in the mid-to-high-end cultural and creative retail market for stationery.

During the Reporting Period, the offline network of Jiumu Store continued to expand. Efforts across multiple dimensions, including store upgrades, themed pop-up campaigns, IP collaborations and category expansion, and deeper membership operations, were deployed in a coordinated and systematic way. Together, these initiatives have formed a powerful growth engine, driving brand renewal, enhancing the consumer experience, and expanding market scale, thus ensuring sustained vitality and competitive strength on top of an already scaled platform.

Jiumu Store has initiated multi-format store testing across its offline network, tailoring product assortments and in-store scenarios to different commercial districts to achieve a strong fit between store positioning and target customer segments. A new large-store format has been introduced and rolled out, with comprehensive upgrades to visual identity and spatial experience at the store. By optimizing visual space, display flow, and service experience, it has significantly enhanced customer dwell time and loyalty.

In terms of membership operations, Jiumu Store focused on its membership base, establishing a complete and efficient membership management system. It refined its management model, enhanced membership benefits, and diversified member activities, so as to improve member satisfaction. By upgrading the mini-program store and integrating multi-channel membership benefits, it boosted member royalty and engagement. The membership base has surpassed ten million, laying a solid foundation for the long-term development of the brand.

In terms of IP and product expansion, investments in and sales of IP-related (ACGN, goods, and related merchandise) products have increased. Jiumu Store continued to drive themed pop-ups and other event-led campaigns, extending the reach of its IP beyond core circles, attracting more young consumers, and building strong brand buzz. The proportion of M&G and other own-branded products has also increased, with more original categories and products from Jiumu Store brought to market, offering consumers a richer and more diverse selection. While deepening and refining its core categories, Jiumu Store also actively introduced IP-derived products with high relevance. Through collaborations with popular IPs, it has increased interactions with consumers, and further enhanced its brand presence and member loyalty.

During the Reporting Period, M&G Life (including Jiumu Store) recorded revenue of RMB1,585 million, an increase of 7%, among which Jiumu Store's revenue was RMB1,537 million, an increase of 9%. As of the end of the Reporting Period, the Company had over 860 Jiumu Stores in China.

Unit: RMB 0'000

M&G Life (including Jiumu Store)	2025	2024	2023	3-year average
Revenue	158,509.88	147,921.38	133,535.55	146,655.60
Net profit	-7,894.92	-1,629.11	2,291.32	-2,410.90
Of which, Jiumu Store	2025	2024	2023	3-year average
Revenue	153,734.90	140,645.45	124,043.08	139,474.48
Net profit	-8,451.04	-1,244.28	2,572.81	-2,374.17

7. General materials digital procurement service business experienced steady development

As a pioneer and industry leader in enterprise procurement digitalization, Colipu Group aligns with the government's push for transparent, open, and well-regulated procurement, while also addressing enterprises' needs to improve procurement efficiency and reduce procurement costs for non-production office and administrative supplies. Colipu Group continues to set the benchmark for the industry through its distinctive one-stop digital procurement solutions, cutting-edge digital and intelligent applications, comprehensive product portfolio, as well as efficient supply chain, warehousing and distribution management.

In terms of business scenarios, Colipu Group has focused on four business segments, including one-stop office supplies procurement, MRO industrial products, marketing gifts, and employee benefits. It has placed particular emphasis on expanding the supply chain for MRO industrial products and marketing gifts, with the proportion of these emerging business segments increasing rapidly.

In terms of customer development, Colipu Group adhered to the professional spirit of “digging 10,000 meters deep from a 1-meter-wide opening”. Colipu Group pursued a coordinated strategy of deepening existing customer relationships while expanding new business opportunities, continuously enhancing its market penetration and project acquisition capabilities across key industries and among leading customer groups.

In the central and state-owned enterprise (“SOE”) sector, Colipu Group has further expanded the depth and breadth of its business presence and strengthened its competitiveness in core sectors, successfully secured key projects with major clients such as China Yajiang Group and Power Construction Corporation of China, further broadening service coverage and enhancing industry influence.

In the government sector, Colipu Group further advanced its regional strategic deployment by successfully being shortlisted for projects with the Jiangsu Provincial Government and Huainan Mining Industry, gaining broader market recognition for its service capabilities and brand credibility in the public sector.

In the financial sector, Colipu Group expanded and upgraded its portfolio of leading institutional clients by successfully establishing partnerships with top-tier institutions such as Bank of China, China Life, and China Everbright Bank, further increasing both market share and brand value.

In the MRO industrial products segment, Colipu Group continued to unlock value from existing customer relationships by deepening collaboration with clients including China Electronics Technology, China Energy Conservation Investment, and China National Building Material, further expanding application scenarios and extending service boundaries.

Middle-end and back-end platforms. Colipu Group advanced on two fronts: digital empowerment and category specialization. It continued to strengthen its digital transformation initiatives by developing innovative digital platform systems and promoting digital development centered around the “four online capabilities” — online organization, online collaboration, online business operations, and online management. By leveraging AI to empower business operations, the Group enhanced operational efficiency, customer experience, and decision-making capabilities, ensuring that its business solutions remain efficient, flexible, and scalable, while driving the in-depth application and continuous innovation of large-model technologies.

At the same time, Colipu Group accelerated the development of core products and proprietary brands, while further improving a stable, high-quality, and sustainable supplier ecosystem. These efforts supported the transition from scenario-based supply to more specialized operations and enabled the integration of the entire supply-demand value chain.

On the fulfillment side, Colipu Group continued to optimize its nationwide warehousing footprint and transportation network and made innovations in the data-driven and intelligent warehousing. Through the enhancement of its self-operated warehousing and distribution system, expansion of urban warehouse deployment, and strengthening of last-mile delivery and diversified fulfillment capabilities, it further improved cross-regional service coverage and delivery reliability, providing strong support for the expansion of new business initiatives.

During the Reporting Period, challenging as the environment was, Colipu Group maintained its strategic focus and firm development confidence, achieving steady and positive business performance. It recorded revenue of RMB15,048 million, an increase of 9%.

Unit: RMB 0'000

Colipu Group	2025	2024	2023	3-year average
Revenue	1,504,820.63	1,383,143.57	1,330,699.41	1,406,221.20
Net profit	33,464.83	32,178.31	40,120.65	35,254.59

8. Enhance quality and efficiency and strengthen shareholder return

Increase the dividend payout ratio to safeguard the interests of shareholders. The Company attaches great importance to investor return, safeguards shareholders’ rights and interests and adopts a consistent dividend policy. It brings investors long-lasting and stable return on investment through cash dividends and other profit distribution ways, and shares with shareholders the operating results of the Company. It has increased the cash dividend payout ratio for quite a few consecutive years. The Company’s cash dividend per 10 shares for 2025 is expected to be RMB10 (to be deliberated by the meeting of shareholders), and cash dividends are expected to account for 70% of the net profit attributable to the parent company in the year. Since the Company went public, the cumulative dividends and share repurchases (including the profit distribution plan for 2025) have exceeded RMB5.6 billion.

Retire repurchased shares to boost market confidence. To effectively improve investment returns for shareholders, further convey to investors its firm confidence in its long-term intrinsic value, enhance its long-term investment value and strengthen investor confidence, the Company retired 2,858,043 shares held in the special securities account for repurchased shares and reduced the registered capital accordingly during the Reporting Period.

9. Sustainable development

During the Reporting Period, the Company released its sustainable development strategic goals for 2030, integrating the sustainable development strategy into its core business and operating model, and promoting the transformation of ESG from a concept into measurable, trackable actions. In terms of sustainable products, it launched the eco-conscious stationery series and the low-carbon office stationery series. In response to climate change, it systematically advanced emissions reduction efforts, increased investment in renewable energy such as photovoltaic power generation and green electricity procurement, and raised the proportion of renewable energy used. In terms of sustainable supply chain, it continuously implemented supplier ESG assessments, improved the admission mechanism for new suppliers, and organized special training sessions for key suppliers. In empowering employees and communities, it mobilized executives and employees to actively participate in charitable donations and carry out volunteer services. With outstanding performance in ESG practice, the Company's MSCI ESG rating was upgraded to "AA", and it was included in S&P Global's Sustainability Yearbook, the Ministry of Ecology and Environment's 2025 Model Cases of Biodiversity Conservation in Industry and Commerce, the China Association for Public Companies' 2025 Best Practices in Sustainability among Listed Companies, and the "2025 China Enterprise ESG 100 Index" list.

IV. Analysis on Core Competitiveness during the Reporting Period

Applicable Not applicable

As one of the largest stationery manufacturers in the world, the Company enjoys unique competitive advantages in terms of brand, channel, supply chain, design, and R&D in its core traditional business. Colipu Group leads the way as a supplier for governments and enterprises in the online channel. During the Reporting Period, no significant change occurred to the core competitive edges of the Company, which are summarized as follows:

1. Corporate culture and team

M&G is a company with a strong sense of mission and social responsibility, with an aim to "make study and work more joyful and effective". The Company has been in business for more than 30 years and has always kept its original aspiration in mind. It has promoted development through innovation and breakthroughs, and provided consumers with high-quality products and services. It is committed to providing Chinese students with affordable good domestic stationery, and continues to devote itself to various social welfare undertakings, thereby promoting its continuous development. At the same time, the Company has cultivated an excellent team that highly recognizes the Company's values, has passion and technology, is good at innovation and competitive in the industry, is united and enterprising, and keeps unremitting struggle.

2. Brand advantage

As a leader of "own brand + domestic demand" in China's stationery industry, the Company has established a leading position for its own brand products amidst competitions of domestic market. The Company ranked the first in "Top Ten Enterprises in China's Light Industry and Writing Instrument" for 13 consecutive years. M&G brand has sound brand recognition among consumers, and served as the designated stationery brand for Boao Forum for Asia for many years. The Company was selected as one of the "Excellent Products of the Era" in the light industry among the first batch of China's Famous Consumer Products by the Ministry of Industry and Information Technology. The Company has won the title of "China's 500 Most Valuable Brands" for eight straight years and the title of "China Annual No.1 Stationery Brand Award" again in 2025, winning international praise with excellent quality and brand reputation and showing the brand value of Chinese stationery to the world.

3. Channel advantage

The Company has a strong first-mover and leading advantage with a wide and deep coverage of distribution network across China. The Company has established an efficient distribution management system and a domestic terminal network with deep penetration. During the Reporting Period, the Company continued to broaden and deepen the national network and perfected online and offline channels, establishing an omni-channel, multi-level and multi-contact marketing network. At the end of the Reporting Period, the Company has 35 tier-one distributor partners, and about 1,200 tier-two and tier-three distributor partners across China, covering approximately 70,000 retail stationery shops with “M&G Stationery” logo across China, over 900 large retail stores, and more than one thousand of authorized stores in Taobao system, JD.com, Pinduoduo, Douyin, and other e-commerce channels.

4. Supply chain advantage

The Company benefits from experience of large-scale manufacturing accumulated throughout the past years, independent mold development capability, stable supply chain, sound quality control system and introduction of advanced information management systems. The Company has the capability of large-scale manufacturing with high quality control standard. The good and stable product quality has won general recognition and favorable comments from consumers. The Company promotes the application of intelligent manufacturing technology in the production and inspection links of the stationery industry, and applies machine vision technology in various key links to greatly improve the efficiency of production and inspection, thus serving as a benchmark and demonstration role for transforming the extensive industrial mode into an intensive and intelligent one.

With the idea of partnership in its business operation, the Company has strived to build a high standard supply chain ecosystem. By continuously iterating and upgrading its scientific management for supply chain, the Company has obtained new practice achievements in information collaboration across the value chain, inventory optimization, financial support for supply chain, management informatization of quality and order, and optimization of supplier performance to help business partners get stronger operation system and simultaneously improve both loyalty and operation capability of its business partners. By doing so, it has achieved win-win development together with its ecosystem partners.

5. Design and R&D advantage

The Company has the capability to respond timely to market and strong R&D capacity for new products. The Company conducts market research for new product development and identifies market trends. The Company launches about one thousand new products each year to meet consumer needs. The Company has been awarded with such four major international industrial design awards as German iF Award, Red Dot Design Award, G-mark, and IDEA for its product design. The Company has a design studio in Israel, highlighting the world-class design capabilities of M&G Stationery. As of the end of the Reporting Period, the Company owned more than 1,400 patents for invention, design and utility models.

The Company has broken through the foreign technical barriers and got hold of the raw material formula and production technology with domestic independent intellectual property rights, greatly enhancing the percentage of home-made raw materials and finished products. The Company has been recognized as a national high-tech enterprise since 2010, and has built a number of national or provincial level technology platforms such as National Industrial Design Center, China Key Laboratory of Light Industry and Writing Instrument Engineering Technology, Shanghai Writing Instrument Engineering Technology Research Center. The testing laboratory of the Company had CNAS certification qualification and its testing capabilities have reached a world-class level.

6. Colipu Group’s competitive advantages

Colipu Group is committed to providing highly influential large-scale customers in China, including central state-owned enterprise groups, large financial institutions, government departments, and Global 500 companies, with full-scenario digital procurement solutions covering one-stop office supplies, MRO industrial products, marketing gifts, and employee benefits. It has long been deeply engaged in the government and enterprise procurement services sector, and has accumulated rich service experience, project experience and customer resources. Over time, it has established a stable customer base and strong market reputation, becoming one of the most influential enterprise procurement service providers in China, recognized and trusted by both customers and suppliers.

Over the years, Colipu Group has built a deep and well-established manufacturer supply chain network, with product offerings covering renowned domestic and international brands and a comprehensive product portfolio capable of meeting customers’ diverse procurement needs across

multiple scenarios. By continuously advancing supply chain management and capabilities in merchandise governance, it has achieved end-to-end visualization and traceability from procurement to fulfillment and improved the efficiency of resource allocation and supply chain collaboration. Leveraging data analysis capabilities, it is able to better understand changes in customer demand, continuously optimize merchandise mix and supply strategies, and constantly improve the product system.

Colipu Group has established an efficient nationwide logistics and distribution network. Through the coordinated integration of its self-operated warehousing and distribution capabilities with third-party logistics providers, it effectively covers major regions across the country, enabling prompt order response and reliable fulfillment. It continues to advance the digitalization and automation of warehousing and logistics systems, improving order processing efficiency and fulfillment stability. In addition, it offers a variety of online procurement solutions, including the enterprise-specific e-commerce platform and the marketing gift & benefits redemption platform, supporting system integration and digital tool applications to provide customers with a convenient and efficient procurement experience.

Colipu Group keeps advancing the digitalization of its procurement services, and has been recognized as both a National E-commerce Demonstration Enterprise and a Shanghai E-commerce Demonstration Enterprise. It has a technical R&D team of approximately one hundred members, and leverages intelligent systems to manage the full business cycle from “business opportunity to payment collection”. Both its digital business systems and system integration capabilities are independently developed in-house and have been certified as Information System Security Protection Grade III, ensuring the security and integrity of transaction data.

Colipu Group is supported by an experienced professional team, providing end-to-end services from pre-sales to after-sales, with a service network covering all 31 provinces, autonomous regions, and municipalities in China. Leveraging long-standing brand influence, a solid financial foundation, a stable supply chain fulfillment system, and continuously improving system capabilities, it strengthens compliance management throughout its operations and enhances the transparency and traceability of business processes, enabling it to meet the complex procurement needs of large customers across multiple organizations, regions, and scenarios, while continuously improving service capabilities and delivering sustained value to customers.

Rooted in the enterprise procurement service sector, Colipu Group continues to explore high-quality development pathways and is committed to driving the sustainable transformation of the industry. It upholds high-quality development by continuously improving its sustainable procurement service system, advancing green operations and optimized supply chain management, deepening digital and intelligent enablement, supporting employee growth, and actively contributing to community development. During the Reporting Period, Colipu Group published its *Environmental, Social and Governance (ESG) White Paper*.

V. Financial Performance during the Reporting Period

In 2025, the Company recorded revenue of RMB25,064 million, an increase of 3.45%, and a net profit attributable to its shareholders of RMB1,310 million, a decrease of 6.12%, while net profit attributable to its shareholders after deducting non-recurring profit and loss amounted to RMB1,124 million, a decrease of 8.92%. As at the end of 2025, the total asset of the Company amounted to RMB18,075 million, an increase of 8.97%. The net asset attributable to shareholders of the listed company amounted to RMB9,288 million, an increase of 4.24%. The Company has maintained healthy growth and its assets are in a good condition.

(I) Analysis of principal operation

1. Analysis of change in certain items in income statement and cash flow statement

Item	Unit: Yuan Currency: RMB		
	Amount in the current period	Amount in the same period last year	Change in the proportion (%)
Revenue	25,063,909,836.47	24,228,248,698.65	3.45
Operation cost	20,462,813,963.30	19,649,752,559.47	4.14
Selling expenses	1,860,144,631.03	1,738,039,609.61	7.03
Administrative expenses	966,231,850.63	981,802,848.21	-1.59

Financial expenses	-5,076,226.98	-39,623,735.02	Not applicable
R&D expenses	189,639,354.87	189,145,980.66	0.26
Net cash flow generated from operating activities	2,282,072,468.65	2,289,340,796.79	-0.32
Net cash flow generated from investing activities	-1,715,924,885.85	-1,574,839,557.15	Not applicable
Net cash flow from financing activities	-1,352,914,770.08	-698,573,860.33	Not applicable
Income from investment	9,895,830.01	-364,758.05	Not applicable
Gains from asset disposal	-2,847,905.15	-10,284.89	Not applicable
Non-operating expenses	20,142,203.88	15,492,461.01	30.01

Explanation on the reason for change in financial expenses: Interest income during the Reporting Period decreased compared with the same period last year.

Explanation on the reason for change in net cash flow from financing activities: Dividend distributions and loan repayments increased during the Reporting Period, and capital contributions from minority shareholders were received in the same period last year.

Explanation on the reason for change in income from investment: During the Reporting Period, the Company made additional investments in an equity investee, which constituted a business combination not under common control. Gains were generated from the remeasurement of the formerly held equity interests at fair value before the acquisition date.

Explanation on the reason for change in gains from asset disposal: Losses from the Company's disposal of certain outdated equipment increased during the Reporting Period.

Explanation on the reason for change in non-operating expenses: Public welfare donations made by the Company during the Reporting Period increased compared with the same period last year.

A detailed description of the major changes in the Company's business type, profit composition or profit source in the current period

Applicable Not applicable

2. Analysis of revenue and cost

Applicable Not applicable

During the Reporting Period, exclusive of related-party transactions, the Company's core traditional business decreased by 5% as compared to the corresponding period of last year, and new business increased by 9% as compared to the corresponding period of last year.

(1) Result of principal business by industry, product, region and sales model

Unit: Yuan Currency: RMB

Result of principal business by industry						
By industry	Revenue	Operation cost	Gross margin (%)	Change in revenue from last year (%)	Change in cost from last year (%)	Change in gross profit margin from last year (%)
Manufacturing and sales of stationery and office supplies	8,787,849,273.38	5,733,426,445.11	34.76	-4.97	-7.17	Increase by 1.55 percentage points
Retail industry	16,216,302,425.98	14,691,168,352.98	9.40	8.68	9.29	Decrease by 0.51 percentage point
Service industry	485,849.00			-73.79		
Result of principal business by product						
By product	Revenue	Operation cost	Gross margin (%)	Change in revenue from last year (%)	Change in cost from last year (%)	Change in gross profit margin from last year (%)

Writing instruments	2,424,275,548.59	1,335,198,920.75	44.92	-0.20	-3.69	Increase by 1.99 percentage points
Student stationery	3,246,143,580.72	2,081,715,902.30	35.87	-6.49	-9.22	Increase by 1.93 percentage points
Office stationery	3,301,497,877.29	2,386,764,946.84	27.71	-7.57	-7.60	Increase by 0.03 percentage point
Other products	984,028,392.69	552,019,684.22	43.90	13.76	13.86	Decrease by 0.05 percentage point
Direct office supplies	15,048,206,300.07	14,068,895,343.98	6.51	8.80	9.30	Decrease by 0.43 percentage point
Management fee for franchising	485,849.00			-73.79		
Result of principal business by region						
By region	Revenue	Operation cost	Gross margin (%)	Change in revenue from last year (%)	Change in cost from last year (%)	Change in gross profit margin from last year (%)
China	23,904,618,821.92	19,740,199,409.52	17.42	3.34	4.24	Decrease by 0.71 percentage point
Other countries and regions	1,100,018,726.44	684,395,388.57	37.78	5.90	0.36	Increase by 3.44 percentage points

Principal business by industry, product, region, and sales model

1. Revenue from principal business of the Company includes revenue from manufacturing and selling stationery and office supplies, revenue from retail industry and revenue from service industry.
2. Revenue from retail industry refers to revenue gained by Colipu Group and M&G Life through selling non-M&G products.
3. Revenue from service industry refers to management fee for franchising. During the Reporting Period, the decrease in service revenue was mainly due to the corresponding reduction in management fee for franchising charged to franchisees as the number of franchisees increased.
4. Writing instruments refer to products of writing utensil sold by the Company (excluding Colipu Group).
5. Student stationery refers to products of student stationery sold by the Company (excluding Colipu Group).
6. Office stationery refers to products of office supplies sold by the Company (excluding Colipu Group).
7. Other products refer to products sold by the Company (excluding Colipu Group) apart from writing instruments, student stationery and office supplies.
8. Direct office supplies refer to products in all categories sold by Colipu Group.

Unit: RMB 0'000

Result of revenue by business				
Business	Revenue in 2025	Revenue in 2024	Change in amount	Change
Core traditional business	884,532.27	932,576.30	-48,044.03	-5%
Direct office supplies business	1,504,820.63	1,383,143.57	121,677.06	9%
Large retail store business	158,509.88	147,921.38	10,588.50	7%
Transactions offset	-41,471.80	-40,816.38	-655.42	Not applicable
Total	2,506,390.98	2,422,824.87	83,566.11	3%

(2) Analysis of production and sales volume

√ Applicable □ Not applicable

Major products	Unit	Production	Sales	Inventory	Change in	Change in	Change in
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					production from last year (%)	sales from last year (%)	inventory from last year (%)
Writing instruments	Piece/Numbers	1,769,191,818	1,828,140,098	404,334,673	-4.19	-3.61	-12.72
Student stationery	Piece/Numbers	4,580,085,818	4,648,464,897	472,581,840	-10.03	-9.80	-12.64
Office stationery	Piece/Numbers	1,919,604,222	1,923,051,820	177,026,370	-3.56	-3.19	-1.91
Other products	Piece/Numbers	28,003,385	27,379,780	11,564,900	9.96	15.73	5.70
Direct office supplies	Numbers	748,426,905	747,204,568	16,478,591	44.42	44.22	8.01

Explanation on production and sales volume
No

(3) Performance of major procurement contracts and major sales contracts

Applicable Not applicable

(4) Analysis of cost

Unit: RMB Yuan

By industry							
By industry	Cost item	Amount in the current period	Percentage of total costs for the current period (%)	Amount in the same period last year	Percentage of total costs for the same period last year (%)	Percentage change in the amount for the current period as compared to the same period last year (%)	Explanation on the situation
Manufacturing and sales of stationery and office supplies	Cost of principal business	5,733,426,445.11	28.07	6,176,303,519.87	31.48	-7.17	
Retail industry	Cost of principal business	14,691,168,352.98	71.93	13,442,763,378.60	68.52	9.29	
Service industry	/	/	/	/	/	/	
By product							
By product	Cost item	Amount in the current period	Percentage of total costs for the current period (%)	Amount in the same period last year	Percentage of total costs for the same period last year (%)	Percentage change in the amount for the current period as compared to the same period last year (%)	Explanation on the situation
Writing instruments	Cost of principal business	1,335,198,920.75	6.54	1,386,323,149.56	7.07	-3.69	
Student stationery	Cost of principal business	2,081,715,902.30	10.19	2,293,212,791.68	11.69	-9.22	
Office stationery	Cost of principal business	2,386,764,946.84	11.69	2,583,183,210.58	13.17	-7.60	
Other products	Cost of principal	552,019,684.22	2.70	484,826,976.29	2.47	13.86	

	business						
Direct office supplies	Cost of principal business	14,068,895,343.98	68.88	12,871,520,770.36	65.61	9.30	
Management fee for franchising	/	/	/	/	/	/	

Explanation on other situations of cost analysis

No

(5) Change in the scope of consolidation due to change in the equity of major subsidiaries during the Reporting Period

Applicable Not applicable

(6) Major change in or adjustment to the Company's business, products or services during the Reporting Period

Applicable Not applicable

(7) Major customers and suppliers

Customers or suppliers under the same controller are presented on a consolidated basis as a single customer or supplier, except for those actually controlled by the same state-owned asset management authority.

Explanation on consolidation of the following information of customers and suppliers under the same control

No

A. Major customers and suppliers of the Company

Sales of the top 5 customers amounted to RMB6,107.37 million, accounting for 24.37% of the total annual sales. Of the sales of the top 5 customers, sales of related parties amounted to RMB0, accounting for 0% of the total annual sales.

Unit: RMB Yuan

Rank	Customer name	Sales amount	As % of the annual total sales
1	First	2,980,567,654.47	11.89
2	Second	983,083,166.54	3.92
3	Third	886,396,719.62	3.54
4	Fourth	630,399,331.72	2.52
5	Fifth	626,927,640.45	2.50
	Total	6,107,374,512.80	24.37

Purchase amount of the top 5 suppliers amounted to RMB1,421.84 million, accounting for 6.89% of the total annual purchase amount. Of the purchase amount of the top 5 suppliers, purchase amount of related parties amounted to RMB0, accounting for 0% of the total annual purchase amount.

Unit: RMB Yuan

Rank	Supplier name	Procurement amount	As % of the annual total procurement
1	First	495,514,373.98	2.40
2	Second	357,525,457.36	1.73
3	Third	260,301,539.97	1.26
4	Fourth	162,622,610.39	0.79
5	Fifth	145,872,589.08	0.71
	Total	1,421,836,570.78	6.89

B. During the Reporting Period, the sales attributable to a single customer exceeded 50% of the total sales, there are new customers among the top 5 customers, or a small number of customers were heavily depended on.

Applicable Not applicable

During the Reporting Period, the procurement from a single supplier exceeded 50% of the total amount, and there were new suppliers among the top 5 suppliers or a small number of suppliers were heavily depended on.

Applicable Not applicable

C. Indicate whether the Company's stock was subject to the delisting risk warning or other risk warnings during the Reporting Period.

Top 5 customers

Applicable Not applicable

Top 5 suppliers

Applicable Not applicable

D. Trading revenue during the Reporting Period

Applicable Not applicable

Unit: 0'000 Currency: RMB

Trading operations	Revenue in the current period	Revenue in the same period last year	Change (%)
Sale of office supplies	1,504,820.63	1,383,143.57	8.80

Top 5 customers where trading revenue accounts for more than 10% of total revenue

Applicable Not applicable

Unit: 0'000 Currency: RMB

Rank	Customer name	Sales amount	As % of the annual total sales
1	First	298,056.74	11.89
2	Second	98,303.48	3.92
3	Third	88,644.55	3.54
4	Fourth	63,039.93	2.52
5	Fifth	62,692.76	2.50
Total	/	610,737.47	24.37

Top 5 suppliers where trading revenue accounts for more than 10% of total revenue

Applicable Not applicable

Unit: 0'000 Currency: RMB

Rank	Supplier name	Procurement amount	As % of the annual total procurement
1	First	16,262.26	1.16
2	Second	14,587.26	1.04
3	Third	9,244.56	0.66
4	Fourth	8,946.02	0.64
5	Fifth	8,046.38	0.58
Total	/	57,086.48	4.08

Other descriptions

No

3. Expenses

Applicable Not applicable

Unit: RMB Yuan

Item in statement	Amount in the	Amount in the last	Change in the	Reason for change
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	current period	period	proportion (%)	
Selling expenses	1,860,144,631.03	1,738,039,609.61	7.03	
Administrative expenses	966,231,850.63	981,802,848.21	-1.59	
R&D expenses	189,639,354.87	189,145,980.66	0.26	
Financial expenses	-5,076,226.98	-39,623,735.02	Not applicable	Interest income during the Reporting Period decreased compared with the same period last year.

4. R&D investment

(1) Table of R&D investment

Applicable Not applicable

Unit: Yuan Currency: RMB

Expensed R&D investment in the current period	189,639,354.87
Capitalized R&D investment in the current period	0.00
Total R&D investment	189,639,354.87
Proportion of total R&D investment in revenue (%)	0.76
Percentage of capitalized R&D investment (%)	0.00

(2) Details of R&D personnel

Applicable Not applicable

Number of the Company's R&D staff	450
Percentage of the number of R&D staff to the Company's total number of employees (%)	8.18
Educational background structure of R&D personnel	
Category	Number of people
Doctor's degree	0
Master's degree	47
Bachelor	236
College degree	87
High school and below	80
Age structure of R&D personnel	
Category	Number of people
< 30 years old (exclusive)	130
30 - 40 years old (including 30 years old, excluding 40 years old)	222
40 - 50 years old (including 40 years old, excluding 50 years old)	75
50 - 60 years old (including 50 years old, excluding 60 years old)	23
> 60 years old	0

(3) Explanation

Applicable Not applicable

The total R&D investment of the parent company accounted for 3.43% of the parent company's revenue.

(4) Reasons for the major changes in the composition of R&D personnel and the impact on the future development of the Company

Applicable Not applicable

5. Cash flow

Applicable Not applicable

Unit: RMB Yuan

Item	Amount in the current period	Amount in the same period last year	Change in the proportion (%)	Reason for change
Net cash flow generated from operating activities	2,282,072,468.65	2,289,340,796.79	-0.32	
Net cash flow generated from investing activities	-1,715,924,885.85	-1,574,839,557.15	Not applicable	
Net cash flow from financing activities	-1,352,914,770.08	-698,573,860.33	Not applicable	Dividend distributions and loan repayments increased during the Reporting Period, and capital contributions from minority shareholders were received in the same period last year.

(II) Explanation on significant change of profit caused by non-core business

□ Applicable √ Not applicable

(III) Analysis of assets and liabilities

√ Applicable □ Not applicable

1. Assets and liabilities

Unit: Yuan Currency: RMB

Items	Amount as at the end of the current period	Percentage of total assets at the end of current period (%)	Amount as at the end of last period	Percentage of total assets at the end of last period (%)	Change in percentage for the current period over the last period (%)	Explanation
Held-for-trading financial assets	4,108,620,317.14	22.73	2,569,112,993.22	15.49	59.92	During the Reporting Period, the purchased bank's wealth management products increased.
Bills receivable	59,999,337.34	0.33	17,425,526.65	0.11	244.32	During the Reporting Period, Colipu Group's commercial acceptance bills increased compared with the beginning of the year.
Non-current assets due within one year	215,660.65	0.00	862,796.30	0.01	-75.00	During the Reporting Period, the compensation from the former shareholder of Axis Stationery was received.
Other current assets	152,292,696.29	0.84	243,981,456.14	1.47	-37.58	During the Reporting Period, term deposits due within one year were due as performance bonds.
Construction in progress	44,073,444.33	0.24	148,515,963.08	0.90	-70.32	This is mainly due to the completion of the Central China Base Project during the Reporting Period and

						the corresponding transfer from construction in progress to fixed assets.
Goodwill	105,404,838.99	0.58	63,529,740.20	0.38	65.91	During the Reporting Period, the Company made additional investments in an equity investee, which constituted a business combination not under common control. Goodwill arose from the difference between the purchase cost and the fair value of the acquiree's identifiable net assets.
Other non-current assets	4,753,846.49	0.03	19,704,965.34	0.12	-75.87	During the Reporting Period, prepayments for equipment and engineering decreased compared with the beginning of the year.
Derivative financial liabilities	46,320.08	0.00	/	/	/	During the Reporting Period, the Company entered into forward foreign exchange contracts, which resulted in losses from changes in fair value.
Accounts received in advance	3,378,737.08	0.02	/	/	/	Lease payments received in advance during the Reporting Period.
Other current liabilities	164,408,891.88	0.91	98,936,760.02	0.60	66.18	The estimated sales return amount for the Reporting Period increased.
Long-term borrowings	35,998,000.00	0.20	6,000,000.00	0.04	499.97	During the Reporting Period, Axis Stationery's long-term borrowings increased.
Estimated liabilities	500,000.00	0.00	369,927.50	0.00	35.16	This is mainly due to the addition of new pending lawsuits during the Reporting Period.
Deferred income	15,887,633.60	0.09	34,963,559.04	0.21	-54.56	Some projects were completed and accepted during the Reporting Period, and their related income was recognized in the current period.
Less: Treasury shares	150,041,006.57	0.83	251,095,546.75	1.51	-40.25	During the Reporting Period, shares were repurchased, some of which were retired. For details, see the Announcement on the Implementation Results of Share Repurchase and Changes in Shares (Announcement No.: 2025-003) and the Announcement on Re-purposing Part of the Repurchased Shares and Their Retirement (Announcement No.: 2025-010).
Other comprehensive income	-590,724.83	-0.00	-11,423,451.31	-0.07	Not applicable	This is mainly due to the effect of differences in the translation of the financial statements of Back to

						School Holding AS in foreign currencies during the Reporting Period.
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Other descriptions

No

2. Overseas assets

Applicable Not applicable

(1) Asset size

Including: overseas assets of 572,549,693.17 (unit: Yuan, currency: RMB), accounting for 3.17% of the total assets.

(2) Explanation for the high proportion of overseas assets

Applicable Not applicable

3. Major restricted assets as at the end of the Reporting Period

Applicable Not applicable

1. Mortgaged assets and assets in pledge

(1) The subsidiary, Axus Stationery, entered into the *Maximum Mortgage Contract* numbered ZD9874202200000005 with Shanghai Pudong Development Bank Co., Ltd. Fengxian Sub-branch on September 15, 2022 and the *Supplemental Contract to the Maximum Mortgage Contract* numbered ZD9874202200000005-01 with Shanghai Pudong Development Bank Co., Ltd. Fengxian Sub-branch on September 22, 2025, under which it pledges its lands and plants under Property HFDQ Zi (2013) No. 015437, Property HFDQ Zi (2013) No. 013396 and Property HFDQ Zi (2015) No. 015718 at the maximum secured claim amount of RMB200 million and for the term of credit line from September 15, 2022 to December 31, 2027.

(2) The subsidiary Jiangsu Marco (江苏马可) entered into the *Maximum Mortgage Contract* numbered BD133202411010001201 with Jiangsu Siyang Rural Commercial Bank Co., Ltd. on October 30, 2024, under which it pledges its lands and plants under Su (2019) Siyang County Real Estate No. 0018047, Su (2019) Siyang County Real Estate No. 0018032, Su (2019) Siyang County Real Estate No. 0017990 and Su (2019) Siyang County Real Estate No. 0017993 at the maximum principal limit of RMB49,507,300 and for the term of credit line from October 30, 2024 to October 17, 2027.

(3) The subsidiary Jiangsu Marco (江苏马可) entered into the *Maximum Mortgage Contract* numbered DY131425000031 with Bank of Jiangsu Co., Ltd. Suqian Branch on June 4, 2025, under which it pledges its Su (2019) Siyang County Real Estate No. 0017990, Su (2019) Siyang County Real Estate No. 0018047, Su (2019) Siyang County Real Estate No. 0018032, and Su (2019) Siyang County Real Estate No. 0017993, at the maximum secured claim amount of RMB45.78 million and for the term of credit line from June 4, 2025 to May 21, 2028.

(4) The subsidiary Jiangsu Marco (江苏马可) entered into the *Maximum Mortgage Contract* numbered 110011125001C001 with Industrial Bank Suqian Branch on December 19, 2025, under which it pledges its patents including Automatic Plate Flipping Device (Patent No.: CN109850536B), Automatic Feeding Circular Stack Planking Device (Patent No.: CN107253613B), Defect Detection and Sorting Device in Wooden Pencil Slat Processing (Patent No.: CN105548209B), and Manufacturing Method of Colored Pencil Lead (Patent No.: CN101412867B), at the maximum principal limit of RMB10 million and for the term of credit line from December 19, 2025 to December 19, 2026.

2. As of the end of the Reporting Period, the Company had restricted monetary funds of RMB1,039,079,333.49, mainly including term deposits over three months.

4. Other descriptions

Applicable Not applicable

(IV) Analysis on industry operating information

√ Applicable Not applicable

For details, see “II. Description of the Company’s industry conditions during Reporting Period” in “Section III Management Discussion and Analysis” of this report.

(V) Analysis of investment

Overall analysis of external equity investment

Applicable Not applicable

For details, see “1. Business combination not under common control” under “IX. Change in Consolidation Scope” in “Section VIII Financial Report” of this report.

1. Significant equity investment

Applicable Not applicable

2. Significant non-equity investment

Applicable Not applicable

3. Financial assets measured at fair value

Applicable Not applicable

Securities investment

Applicable Not applicable

Description of securities investment

Applicable Not applicable

Private equity fund investment

Applicable Not applicable

Derivatives investment

Applicable Not applicable

(1) Derivatives investments for hedging purposes during the Reporting Period

Applicable Not applicable

On April 28, 2025, the Company held the 11th Meeting of the 6th Board of Directors, which reviewed and approved the Proposal on Conducting Foreign Exchange Derivative Transactions. The outstanding balance of foreign exchange derivative transactions to be conducted by the Company and its subsidiaries shall not exceed RMB750 million (or other equivalent amounts in foreign currencies) at any time during the transaction period. The total balance of trading margins and premiums occupied at any time during the said period shall not exceed RMB70 million (or other equivalent amounts in foreign currencies). The transaction period shall be valid for 12 months from the date of approval at the 11th Meeting of the 6th Board of Directors. The transaction amount at any time within the transaction

period (including the relevant amount from reinvestment of earnings generated from the aforesaid transactions) shall not exceed the above-mentioned limits. For details, please refer to the Announcement on Conducting Foreign Exchange Derivative Transactions (Announcement No.: 2025-017) disclosed by the Company on April 29, 2025.

As of the end of the Reporting Period, the carrying value of the Company's forward foreign exchange contracts stood at RMB-46,000. The gain or loss arising from foreign exchange derivatives during the Reporting Period amounted to RMB-2,294,000. The Company conducts foreign exchange derivative transactions in accordance with the principle of prudence. Based on its production and operation activities, such transactions are entered into for hedging purposes only. The Company does not engage in speculative or arbitrage transactions purely for profit, nor do such transactions affect the development of its principal business.

(2) Derivatives investments for speculative purposes during the Reporting Period

Applicable Not applicable

Other descriptions

No

4. Progress of major asset restructuring and integration during the Reporting Period

Applicable Not applicable

Opinion of independent directors

No

(VI) Sale of significant assets and equity interests

Applicable Not applicable

(VII) Analysis of major controlled companies and shareholding companies

Applicable Not applicable

Major subsidiaries and shareholding companies with an over 10% effect on the Company's net profit

Applicable Not applicable

Unit: 0'000 Currency: RMB

Company name	Type of company	Principal operations	Registered capital	Total assets	Net assets	Revenue	Operating profits	Net profit
Shanghai M&G Zhenmei Stationery Co., Ltd. (上海晨光珍美文具有限公司)	Subsidiary	Stationery and office supplies	1,000.00	4,317.37	-251.77	13,323.93	-480.80	-474.86
Colipu Technologies Group Co., Ltd. (科力普科技集团股份有限公司)	Subsidiary	Office supplies	59,400.00	826,448.19	271,581.00	1,504,820.63	45,665.85	33,464.83

司)								
Shanghai M&G Stationery & Gift Co., Ltd. (上海晨光文具礼品有限公司)	Subsidiary	Stationery and office supplies	19,941.94	158,181.12	93,815.60	356,328.63	13,678.84	10,080.74
M&G Life Enterprise Management Co., Ltd. (晨光生活馆企业管理有限公司)	Subsidiary	Stationery and office supplies	10,000.00	131,881.23	-13,574.37	158,509.88	-7,816.80	-7,894.92
Shanghai M&G Jiamei Stationery Co., Ltd. (上海晨光佳美文具有限公司)	Subsidiary	Stationery and office supplies	3,000.00	4,568.60	4,199.14	12.66	38.68	42.51
Shanghai M&G Information Technology Co., Ltd. (上海晨光信息科技有限公司)	Subsidiary	Office supplies	5,000.00	45,590.56	-1,477.75	120,360.72	-793.71	-712.79
Shenzhen Erya Creative and Cultural Development Co., Ltd. (深圳尔雅文化创意发展有限公司)	Subsidiary	Design, office supplies and so forth	2,000.00	1,460.03	1,013.95	1,475.67	-25.73	-25.71
Shanghai M&G Office Stationery Co., Ltd.	Subsidiary	Office supplies	5,000.00	92,647.69	68,486.42	164,676.29	15,863.18	11,939.20
Axus Stationery (Shanghai) Company Ltd.	Subsidiary	Stationery and office supplies	8,100.00	60,433.67	6,294.15	50,590.51	-2,024.10	-2,437.28
Shanghai Chenxun Enterprise Management Co., Ltd. (上海晨讯企业管理有限公司)	Subsidiary	Information Consultation	23,500.00	47,807.21	29,400.57	55,208.11	3,863.16	2,960.50
Shanghai Qizhihaowan Culture and Creativity Co., Ltd. (上海奇只好玩文化创意有限公司)	Subsidiary	Creative service	10,000.00	10,196.21	4,976.34	23,169.84	1,028.75	946.14
Guangdong South China M&G Stationery Co., Ltd. (广东华南晨光文教用品有限公司)	Subsidiary	Stationery and office supplies	5,000.00	12,541.89	6,294.15	39,113.82	646.57	488.05
Hubei M&G Central China Information Technology Co., Ltd. (湖北晨光华中信息科技有限公司)	Subsidiary	Stationery and office supplies	20,000.00	81,735.59	20,784.65	2,185.63	-293.95	-294.22
Shanghai M&G Online Selection Stationery Co., Ltd. (上海晨光在线甄选文具有限公司)	Subsidiary	Stationery and office supplies	2,000.00	6,203.03	-4,608.56	16,593.63	-4,019.83	-4,020.59

Subsidiaries acquired and disposed of during the Reporting Period

√ Applicable □ Not applicable

Company name	Methods of acquiring and disposing of subsidiaries during the Reporting Period	Impact on overall production, operation and performance
Shanghai Mymybear Enterprise Management Co., Ltd. (上海沫沫班长企业管理有限公司)	Acquired through a business combination not under common control	No significant impact
M&G Stationery (Thailand) Co., Ltd.	Acquired through a business combination not under common control	No significant impact
Lanzhou M&G Cultural Supplies Co., Ltd. (兰州晨光文化用品有限公司)	Newly incorporated	No significant impact
Jiangsu M&G Life Enterprise Management Co., Ltd. (江苏晨光生活馆企业管理有限公司)	De-registered	No significant impact

Other descriptions

Applicable Not applicable

(VIII) Structured entities controlled by the Company

Applicable Not applicable

VI. Discussion and Analysis on Future Development of the Company

(I) Industry pattern and trend

√ Applicable □ Not applicable

With the changes in the way of life and consumption habit of consumers, China's retail industry entered a new stage of redevelopment and innovation. Stationery industry faces challenges with uncertainty of external environment, diversification of retail channels, and more individualized demands from main customers group (now being the post-00s and post-10s). With the changing demographics of China in particular the decreasing birth rate, stationery industry revenue growth comes less from by unit volume growth, and more from consumption upgrade and product upgrade. Domestic consumption for stationery in China becomes more brand conscious, innovative, IP-oriented, individualized and more premium. There is a growing demand for premium cultural and creative products, driving the industry to transform from functional satisfaction to value consumption. Demand for mid-to-high-end products that combine aesthetic design, cultural connotations, and quality has continued to rise, providing broad opportunities for high-quality enterprises that emphasize the integrated capabilities of R&D, design, branding, and supply chain management.

Sales channels for stationery in the domestic market are continuously expanding and improving. Traditional retail stationery shops nearby school are still the dominant channel for China's stationery industry, and shares of other retail formats are increasing faster. Sales terminals and channels of the industry are becoming more diversified, upgrading and competition in channels becomes more obvious. With the popularity of the Internet, smart phones, and online transactions, people's consumption habits and consumption scenarios have changed. New-generation marketing means are becoming more diversified, including online media platforms (such as Weibo, WeChat, Xiaohongshu, and Douyin) and IP topic creation, which further tests enterprises' ability to make quick response to industry trends. Compared with small- and medium-sized enterprises, leading enterprises boast stronger and richer whole network marketing and operation capabilities. They formulate refined marketing strategies by city to reach consumers. In addition to online traffic, offline channels are also required to realize refined management by empowering channels through organizational reform and information system. According to the National Bureau of Statistics, online retail sales across the country recorded RMB15.9 trillion in 2025, an increase of 8.6%. Outstanding companies in the consumer industry seized the development opportunities of online consumption and achieved continuous sales growth through online and offline integration.

The new generation of young people has become a major force in driving new consumption. The consumption concepts of the youth group are changing, shifting from material fulfillment to emotional resonance, and from standardized supply to personalized customization. With the shift from a focus on the practicality of goods to an increasing emphasis on the emotional value of consumption, they are more eager to achieve emotional resonance and psychological satisfaction through their purchases. Emotional value has evolved from an added consumption benefit into a core factor influencing consumption decisions among contemporary young consumers, who seek more than just emotional value and cultural connection from IP collaborations, but also see consumption as a way to express their identity and engage with communities built around shared interests. They value the sense of joy, belonging, and companionship that products bring. What they purchase is not just stationery, but a vehicle for emotion and self-expression. ACGN and cultural and creative merchandise have already broken through traditional boundaries, reflecting youth consumers' recognition of excellent cultural works such as animation and comics. This trend reflects a shift in consumption demand from "pragmatism" to "emotional value".

With continued development in the stationery industry, there could be higher industry consolidation, and leading companies could gain larger market shares. China's population of 1.4 billion accounts for about 18% of global population, while leading stationery companies in China can continue to mostly rely on the huge domestic market, they also have room for international expansion in international markets, which could reinforce each other under favorable conditions. The global influence of Chinese culture continues to rise. Not only do domestic consumers seek emotional resonance by purchasing "Chinese trend" products, but overseas consumers are also beginning to embrace Chinese elements, showing a positive outlook on Chinese goods.

In the context of the digital economy, thanks to favorable factors such as policy driving, the rapid advancement of centralized procurement by large- and medium-sized enterprises, and the competition among various digital procurement service providers, great progress has been made in the digitalization,

e-commerce and centralization of public procurement in China, which have become the main form of public resource transactions from central to local governments. According to the *2025 Smart Procurement Supply Chain Development Report* released by the China Federation of Logistics & Purchasing, the total procurement amount for enterprises nationwide reached RMB188.3 trillion in 2024, an increase of 7.3%. Among this, the total amount of digitalized procurement was RMB21.7 trillion, an increase of 16.2%, with a penetration rate increasing to 11.5%, up by 0.9 percentage point compared with 2023. According to Ebrun Think Tank analysis, the rise in penetration is driven by two key factors. First, continued policy support, with governments at all levels rolling out targeted digital transformation initiatives that provide clear guidance and financial backing for the digital procurement of enterprises; second, the growing impact of technology, as the deeper application of big data and AI not only streamlines procurement processes, but also significantly improves efficiency through features such as intelligent matching and automated approvals. As supply chain digitalization accelerates, digital procurement is expected to play an even greater role in helping enterprises reduce costs and improve efficiency. More than 70 central enterprises have established online stores, with a clear trend of product diversification. In addition to office supplies and industrial products, the procurement e-commerce platforms of central enterprises have expanded into the areas of production materials and engineering equipment.

With the further development and application of information technology, data have become a new production element. *Recommendations of the Central Committee of the Communist Party of China for Formulating the 15th Five-Year Plan for National Economic and Social Development* call for upgrading and optimizing traditional industries, advancing the quality and transformation of key sectors, promoting technological upgrading, and accelerating the digital and intelligent transformation of manufacturing. It also emphasizes the development of intelligent manufacturing, green manufacturing, and service-oriented manufacturing, while speeding up changes in industrial models and corporate organizational structures. The investment in the manufacturing industry has shifted from the investment in equipment and assembly lines to the transformation of digital processes and digital transformation of products, in a bid to apply digital technology to reduce channel costs and management costs and become a digital-driven modern enterprise.

The future of stationery products will be shaped by personalization, smart functionality, and sustainability. As the new generation of consumers expresses stronger individuality and more diverse needs, personalized stationery is gaining increasing popularity. At the same time, advances in technology are bringing intelligent features deeper into learning and office scenarios. Intelligent stationery enables users to complete tasks more efficiently, while offering support for learning and personalized guidance. Influenced by national policies and a shifting social landscape, consumers are also paying closer attention to product safety, environmental impact, and sustainability. As a result, green, environmental and sustainable development has become a key direction for the future of the stationery industry.

(II) Development strategy of the Company

Applicable Not applicable

1. Business strategy

To consolidate competitive advantages of core businesses by adhering to the mission of “make study and work more joyful and effective”, being consumer centric, and emphasizing on innovation of technology and products; to further expand new businesses of direct office supplies and direct retail; to actively expand international market; and to promote digitalization, organization development and talents, and investment and mergers and acquisitions with synergy. With continued efforts in those four areas, the Company will realize the vision of becoming a “world-class M&G”.

2. Sustainable development strategy

In order to realize the vision of “World-class M&G”, the Company has developed a sustainable development strategy together with its business strategy. With its vision of “Writing a Sustainable Business Future”, M&G aims to lead the sustainable development of the industry by focusing on four pillars: sustainable products, response to climate change, sustainable supply chain and empowering employees and communities.

(III) Operation plan

Applicable Not applicable

In the face of changing consumer preferences, buying habits and consumption scenarios, as well as the recovering market and long-term demographic trends in the domestic market, the Company will adhere to long-termism. It will push forward in key areas such as technological innovation and transformation, original design, green, intelligent and digital transformation, differentiation, balanced and coordinated development, brand value enhancement, and global expansion, whilst enhancing quality and efficiency to cultivate new quality productive forces. Also, it will promote the stable development of core traditional business in all directions, continue to expand new business, beef up organizational upgrading and reform, and proactively exploit the global market, in order to maintain sustainable, healthy and high-quality development of the Company and keep forging ahead toward its vision of becoming a “world-class M&G”.

In 2026, the Company plans revenue of RMB27.8 billion, an increase of 11%, mainly through the following:

1. Core traditional business

Product capability enhancement

The Company will adhere to the “consumer-centric” philosophy, accelerate technological and product innovation, and increase investment in R&D and innovation, developing products with a focus on bestsellers. It will reduce the quantity and improve the quality of product development, and improve the on-shelf ratio and sales contribution of the single product. Moreover, the product structure will be optimized by developing and cultivating high-quality, highly functional, and high-value-added products to actively respond to the core market trends of branding, creativity, IP development, personalization, and premiumization. The brand and product portfolios will be further expanded, focusing on breakthroughs in potential category segmentation opportunities and rapid responses. The Company will strengthen IP empowerment. The combination of internal independent cultivation and collaboration with external IPs will be promoted to innovate product structures, enhance product capability, improve international design capabilities, and provide consumers with more diversified choices of products. The ultimate goal is to achieve sustainable brand development.

Omni-channel offerings

The Company will focus on deepening channels and building the necessary infrastructure for brand development. It will focus on key cities, concentrate its efforts and resources to make breakthroughs in major markets, and develop targeted measures tailored to the different development stages and core challenges of individual markets. It will further focus on top-tier high-quality large stores to improve single store quality and strengthen the loyalty of key stationery stores. Besides, the Company will also strengthen the concept of position building and optimize position offerings to increase presence in business districts. In addition, continued efforts will be made to promote direct supply of office products and premium stationery products both at headquarters and partners level to create incremental sales. The Company will also explore new online distribution management models by formulating and implementing differentiated operational strategies tailored to the characteristics of various online channels and products, so as to realize the full potential of online growth and expand market share domestically. Additionally, it will seize opportunities in the overseas market, accelerate international expansion, and innovate with diversified channels.

2. Develop the middle-end and back-end platform capabilities

The Company will accelerate the digital transformation of the entire industrial chain. With the M&G Business System (MBS), a lean management system, as the core tool, it will continuously enhance lean management capabilities and operational efficiency, and deepen data-driven operations, so as to support cost reduction and efficiency increase while developing new quality productive forces. The Company will strengthen the continuous construction of the big data platform, comprehensively capture and deeply analyze the key data of each business, market and customer, provide a more timely, accurate and traceable scientific basis for business decision-making, and promote the overall improvement of digital management capability. Digital transformation of talent management will be advanced, and an intelligent talent database will be built. The concept of “talent supply chain” will be deepened, the talent mechanism for “attraction, cultivation, utilization and retention” will be improved, and organizational capability upgrades will propel high-quality business development, creating a talent hub for the industry.

3. Continue to develop the large retail store business

Jiumu Store will continue to optimize its product mix and upgrade its category strategy, expanding its product portfolio in both directions. Horizontally, it will expand the product boundary by actively introducing new highly relevant categories to attract a broader consumer group; and vertically, it will deepen its focus on core advantageous categories, continuously refine and deepen them, consolidate its professionalism and leadership, and drive the dual improvement of the customer unit price and the repurchase rate. Investment in IP-related product resources and the proportion of proprietary brands will be increased to enrich the product structure. Continuous efforts will be made to increase the number of channels and further strengthen channel advantages, so as to maintain the rapid growth of offline channels and the multi-channel growth of the online business. The Company will conduct in-depth operations centered on membership and IP, and build a more diversified brand growth model. Leveraging digital management thinking and tools, the Company will enhance the business capabilities of single stores. Talent pipeline development will be strengthened, cultivating core talent in the business sector to provide solid support for larger-scale national expansion and business growth, ensuring the Company's sustainable development.

4. Accelerate the development of Colipu Group

Colipu Group will continue to upgrade and optimize its electronic trading system, smart warehousing and logistics management system, digitalized supply chain, and personalized services. It will embrace the digitalization trend and use AI technology to inject new energy into tendering processes, operations scheduling and coordination, and customer service, so as to improve the efficiency of the back-end platform and building a differentiated digital competitive edge. It will also focus on the development of its core product categories and proprietary product system, increase the proportion of self-operated and proprietary products in sales, and drive steady improvements in gross profit margin and net profit margin. By pursuing market expansion and structural optimization in parallel, the company will continue to solidify its industry position. It will establish long-term and stable strategic partnerships with central SOEs, government agencies, financial institutions, and other partners, jointly build a more resilient and competitive modern supply chain system, and achieve win-win results for all parties. Meanwhile, the launch of the spin-off listing project will help leverage the capital market's role in optimizing resource allocation, further enhance the core competitiveness of Colipu Group, and achieve high-quality and sustainable development.

(IV) Potential risks

√ Applicable □ Not applicable

1. Risks in operation management

With the great growth in the scale of assets and sale of the Company, the Company faces new challenges in operation management system, internal control system and staff management. Although the Company has developed operation management system and internal control system that accord with features of its business and technology in its development, and has recruited and cultivated stable core management team, operation of the Company will be adversely affected if the aforesaid management system and management staff fail to promptly adapt to the rapid expansion of the Company. Therefore, the Company will keep improving its management system and internal control system, and adopt various measures to improve qualification of management staff.

2. Market risks

With social transformation and consumption upgrading, stationery market presents opportunities for structure-based development. The stationery industry is facing the challenges of shrinking demand, weaker expectations and increasing downward pressure. If the Company is unable to anticipate market trends in time and adapt to market changes from aspects of innovation and upgrading, quality management to sale strategy, the Company will encounter certain risks in market competition. Having been aware of the problem, the Company adheres to being market- and customer-oriented, strengthens technological innovation, as well as promotes product, channel and brand upgrades. Efforts are also made to build a sounder quality management and control system. And market strategies are formulated based on market survey, analysis of big data and management discussion.

3. Risks from fiscal and taxation

According to Article 28 of *Enterprise Income Tax Law of the People's Republic of China*, the enterprise income tax on important Innovation Companies that are necessary to be supported by the state shall be levied at the reduced tax rate of 15%. The Company was re-recognized as an Innovation

Company in China on December 19, 2025, and started to implement the policy of reduced enterprise income tax rate of 15% on January 1, 2025 for 3 years. If the state adjusts preferential income tax policy for Innovation Companies, or the Company fails to pass the review after its qualification of Innovation Company expires, operation performance of the Company will be adversely affected. As such, the Company performs strict control according to assessment standards for Innovation Company to ensure that it meets all indicators, and qualifies and passes the annual review and renewal for Innovation Company.

(V) Others

Applicable Not applicable

VII. Explanation on the Failure to Disclose as per Rules due to Inapplicability or Special Reasons such as State Secrets and Business Secrets and the Reasons Thereof

Applicable Not applicable

Section IV Governance, Environmental and Social Information

I. Particulars on Corporate Governance

Applicable Not applicable

During the Reporting Period, the Company, in strict compliance with the *Company Law*, the *Securities Law*, and other applicable laws and regulations, as well as the relevant regulatory documents promulgated by the China Securities Regulatory Commission and the Shanghai Stock Exchange, continuously optimized the corporate governance structure of the Company and improved the operational level of the Company, strengthened the management of insider information, and enhanced the awareness of information disclosure responsibility, to ensure continuous, stable and high-quality development and effectively protect the legitimate rights and interests of investors and relevant stakeholders. The specific governance situation was as follows:

1. Shareholders and (general) meetings of shareholders: The Company holds (general) meetings of shareholders in strict accordance with the requirements of the *Articles of Association*, the *Rules of Procedure of the (General) Meeting of Shareholders* and other applicable rules. Proposals, procedures, and voting at the (general) meetings of shareholders were implemented in accordance with the relevant provisions. When considering proposals related to related-party transactions, related shareholders avoided voting to ensure fair related-party transactions. For the convenience of the Company's shareholders, (general) meetings of shareholders allow its shareholders to vote on site or online, including the flexible use of the One-Click Online Voting Service. This ensures the minority shareholders have the right to stay informed about and vote on major issues of the Company and participate in the operation of the company and this also helps protect the interests of minority shareholders.

2. Controlling shareholders and the listed company: With an independent and complete business system and the capacity for independent operation, the Company and the controlling shareholders achieved "five independences" in assets, personnel, finance, organization, and business, and the Company's Board of Directors and internal control institutions operated independently; the Company's related-party transaction procedures were legal and the price was fair, and the obligation of information disclosure was fulfilled. The controlling shareholder and actual controller have earnestly fulfilled their fiduciary obligations, maintained the independence of the listed company, and effectively protected the legitimate rights and interests of the listed company and its investors.

3. Directors and the Board of Directors: As of the end of the Reporting Period, the Company's Sixth Board of Directors consisted of seven directors, including three independent directors and one employee director, and the composition of the Board of Directors complied with the requirements of applicable laws, regulations and the *Articles of Association*. All directors of the Company could, in accordance with the *Articles of Association*, the *Rules of Procedure of the Board of Directors* and other applicable rules, earnestly perform their duties as directors and make prudent and scientific decisions. The convening of each meeting met the requirements of relevant regulations. The Company's Board of Directors had four special committees, namely, the Strategy Committee, the Audit Committee, the Remuneration and Appraisal Committee, and the Nomination Committee. Each special committee carried out work in accordance with the relevant provisions of the implementation rules, gave full play to the professional role of each special committee, strengthened the democratic and scientific decision-making of the Board of Directors, and ensured the sound development of the Company.

4. Information disclosure and transparency: The Company adhered to the principle of "truth, accuracy, completeness, timeliness, and fairness", and strictly followed the requirements of temporary announcement and periodic report format guidelines for information disclosure. To help investors get familiar with the situation of the Company, the content to be disclosed must be concise, clear, and easy to understand and must truly and duly reflect the operating status of the Company.

Whether there are significant differences between corporate governance and laws, administrative regulations and the requirements of the relevant regulations of the China Securities Regulatory Commission on the governance of listed company; if there are significant differences, the reasons should be explained

Applicable Not applicable

II. Measures taken by the controlling shareholders and actual controllers of the Company to ensure the independence of the Company's assets, personnel, finance, organization, and business, as well as the solutions taken to address the impact on the Company's independence, work progress and follow-up work plans

Applicable Not applicable

The Company was completely separated from the controlling shareholders in assets, personnel, finance, organization and business, possessing independent and complete business and the ability to operate independently.

1. Asset independence

The Company had business premises that are independent from the controlling shareholders and had an independent and complete asset structure. The Company had complete control over all assets, and no asset or fund was occupied by controlling shareholders to damage the interests of the Company.

2. Personnel independence

The personnel and remuneration management of the Company were completely independent. The directors and senior management of the Company were elected and appointed in strict accordance with the relevant provisions of the *Company Law* and the *Articles of Association*. The president, vice president, chief financial officer and secretary of the Board of Directors of the Company did not receive remuneration from the controlling shareholders and their affiliated enterprises and held any positions other than directors and supervisors. The Company is independent of its shareholders and other related parties. It has established and independently implemented labor, human resource and remuneration management rules.

3. Financial independence

The Company had an independent financial and accounting department, has established an independent accounting system and financial management system, and made financial decisions independently. The Company's chief financial officer and financial accounting personnel are all full-time staff and do not hold part-time jobs in the controlling shareholder or their affiliated enterprises. The Company opened a basic deposit account independently and paid taxes independently.

4. Organizational independence

The Company has established a sound organizational system, which exercises management powers independently and operates independently. It has no affiliation with the controlling shareholders or their functional departments.

5. Business independence

The Company's business is independent from the controlling shareholders and their affiliated enterprises. The Company has an independent and complete design, R&D, manufacturing and sales system, conducts business independently, and does not rely on shareholders or any other related parties.

Engagement of controlling shareholders, actual controllers and other organizations under their control in the same or similar business as the Company, as well as the impact of horizontal competition or major changes in horizontal competition on the Company, measures taken, progress of the resolution and the follow-up resolution

Applicable Not applicable

III. Information on Directors and Senior Management

(I) Shareholding change and remuneration of directors and senior management currently employed and retired during the Reporting Period

√ Applicable □ Not applicable

											Unit: share
Name	Position	Gender	Age	From	To	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Change in share of the year	Reasons for change	Total pre-tax remuneration from the Company during the Reporting Period (RMB 0'000)	Whether to get remuneration from related parties of the Company
Chen Huwen	Chairman	Male	56	2014-6-12	2026-4-19	13,609,300	13,609,300	0		167.27	No
Chen Huxiong	Vice Chairman and President	Male	56	2014-6-12	2026-4-19	13,609,300	13,609,300	0		155.83	No
Chen Xueling	Director and Vice President	Female	59	2014-6-12	2026-4-19	8,100,000	6,075,000	-2,025,000	Own funding needs	137.52	No
Fu Chang	Employee Director and Vice President	Male	56	2018-3-23	2026-4-19	64,336	64,336	0		150.64	No
Yu Weifeng	Independent Director	Male	55	2023-4-20	2026-4-19	0	0	0		20.00	No
Pan Jian	Independent Director	Male	50	2023-4-20	2026-4-19	0	0	0		20.00	No
Pan Fei	Independent director	Male	70	2022-4-20	2026-4-19	0	0	0		20.00	No
Liu Jiaqi	Chief Financial Officer	Male	43	2025-5-30	2026-4-20	0	0	0		71.32	No
Bai Kai	Board Secretary	Male	43	2023-4-21	2026-4-20	12,906	12,906	0		71.16	No
Tang Xianbao	Chief Financial Officer	Male	44	2023-4-21	2025-5-30	0	0	0		109.12	No
Total	/	/	/	/	/	35,395,842	33,370,842	-2,025,000	/	922.86	/

Note: The term of office of Chen Huxiong, Chen Xueling and Fu Chang as directors will expire on April 19, 2026, and their term of office as senior management will expire on April 20, 2026.

Name	Main working experience
Chen Huwen	Born in July 1970, male, Chinese nationality, permanent residency in Hong Kong, Master's degree granted by the School of Economics and Management, Tsinghua University, and doctorate degree granted by the Carlson School of Management, University of Minnesota. Has been involved in the stationery and office manufacturing industry since 1997, PE equity investment since 2007, and stock and bond financial investment since 2015 and is one of the founders of M&G Group. Now works as the chairman of the Company and Colipu Group. Has won honors such as the Model Worker in China Light Industry, the

	“Top Ten Brand Leaders” in Shanghai in 2013, the sixth batch of “Shanghai Outstanding Builders of Socialism with Chinese Characteristics” in 2023, and the first batch of “Shanghai Outstanding Talents” in 2024.
Chen Huxiong	Born in July 1970, male, Chinese nationality, permanent residency in Singapore, Executive MBA, Cheung Kong Graduate School of Business. Has been involved in the stationery manufacturing industry since 1995. Worked as General Manager of Shanghai Sino-Korean M&G Stationery Manufacturing Co., Ltd. from 2001 to 2004, and Chairman of Shanghai Sino-Korean M&G Stationery Manufacturing Co., Ltd. from 2004 to 2009 and is one of the founders of M&G Group. Now works as Vice Chairman and President of the Company, and is also Vice Chairman of China Writing Instrument Association, Deputy Director of Ballpoint Pen Professional Committee of China Writing Instrument Association, and Chairman of China Writing Instrument Industry Technology Innovation Alliance. Received the Nomination Award for Outstanding Entrepreneur of Shanghai (2019 - 2020).
Chen Xueling	Born in October 1967, female, Chinese nationality, no permanent residency abroad, holding a Bachelor’s degree; has been involved in the stationery manufacturing industry since 1997 and is one of the founders of M&G Group; once worked as Deputy General Manager of the Company’s Production Center, and now works as a director and Vice President of the Company.
Fu Chang	Born in January 1970, male, Chinese nationality, no permanent residency abroad, holding a master’s degree in business administration (EMBA); once worked as General Manager of Wuhan Maxleaf Stationery Ltd.; joined M&G Stationery in May 2006 and successively served as Deputy Director of Marketing Centre and Director of Production Centre; now works as a director and Vice President of the Company. and now works as a director and Vice President of the Company.
Yu Weifeng	Born in November 1971, male, Chinese nationality, no permanent residency abroad; has over 30 years of experience a Weifang practicing lawyer, received his LL.B. degree from Fudan University in June 1995, received his MBA degree from China Europe International Business School in October 2015, and completed the Executive Leadership Program of Harvard Business School in July 2019; has been a partner of Shanghai Links Law Offices since December 1998; now concurrently serves as Vice Chairman of the Belt and Road Legal Services Alliance, Director of the Foreign Affairs Committee of the All China Lawyers Association, President of the Shanghai Arbitration Association, a member of the Administrative Reconsideration Committee of the Shanghai Municipal People’s Government, a member of the Shanghai Arbitration Commission, and an arbitrator and mediator in a number of arbitration institutions and mediation institutions.
Pan Jian	Born in January 1976, male, Hong Kong permanent resident of China, holding a master’s degree from the University of Chicago; once worked as a director and Vice President of Contemporary Amperex Technology Co., Ltd., a director of Amperex Technology Ltd., a non-executive director of Luye Pharma, a director of the Company, and a director of Ceva Sante Animale Group; now works as the joint chairman and an executive director of Contemporary Amperex Technology Co., Ltd.
Pan Fei	Born in August 1956, male, Chinese nationality, no permanent residency abroad, doctor, professor, and doctoral advisor in management, a member of the American Accounting Association, a member of the Accounting Society of China, a member of the Management Accounting Committee of the Accounting Society of China, Vice President of the Shanghai Cost Research Society, and Distinguished Editor at Modern Accounting. Pan Fei graduated from the School of Accountancy, Shanghai University of Finance and Economics, in 1983 and was awarded a doctoral degree in accountancy in 1998. Since 2000, he has received awards and honors, including the Shanghai Educator Award, the National Outstanding Individuals in Accounting, the Fifth Shanghai Renowned Teacher Award, and the Shanghai Excellent Teaching Team Award. In January 2018, Pan Fei was rated by the Shanghai University of Finance and Economics as a senior professor. In January 2019, he was approved as an expert eligible for special government allowances of the State Council.
Liu Jiaqi	Born in May 1983, male, Chinese nationality, no permanent residency abroad, an International Master of Business Administration (IMBA) degree from China Europe International Business School (CEIBS). Previously served as Senior Auditor at PricewaterhouseCoopers Zhong Tian LLP, Senior Financial Planning & Analysis Manager and Senior Financial Control Manager at Tesco China, Chief Financial Officer at Anjuko Group, Vice President of Finance at

	Jia.com, and Executive Director and Chief Financial Officer at eBeauty Group; now works as Chief Financial Officer of the Company.
Bai Kai	Born in December 1983, male, Chinese nationality, no permanent residency abroad, holding a postgraduate degree; joined the Company in 2011, and once worked as an officer of the Board and Securities Affairs Representative; now works as Board Secretary of the Company.

Particulars on other information

Applicable Not applicable

(II) Employment of directors and senior management currently employed and retired during the Reporting Period

1. Employment in shareholders' companies

√ Applicable □ Not applicable

Name of person employed	Name of shareholder's company	Position held in shareholder's company	From	To
Chen Huwen	M&G Group	President	May 10, 2007	
Chen Huwen	Keying Investment	General partner	February 18, 2011	
Chen Huxiong	M&G Group	Chairman	May 10, 2007	
Chen Huxiong	Jiekui Investment	General partner	February 18, 2011	
Chen Xueling	M&G Group	Director	May 10, 2007	
Particulars on employment in shareholders' companies	Save for the personnel disclosed above, none of other directors and senior management of the Company were employed by the shareholders' companies.			

2. Employment in other companies

√ Applicable □ Not applicable

Name of person employed	Name of other companies	Position held in other companies	From	To
Chen Huwen	Shanghai Chenguang Venture Capital Center (L.P.)	General partner	May 12, 2011	
Chen Huwen	Shanghai Chenguang Sanmei Property Investment Co., Ltd.	Director	May 26, 2008	
Chen Huxiong	Shanghai Chenguang Venture Capital Center (L.P.)	Limited Partner	May 12, 2011	
Chen Huxiong	Shanghai Chenguang Sanmei Property Investment Co., Ltd.	Chairman	May 26, 2008	
Chen Xueling	Shanghai Chenguang Venture Capital Center (L.P.)	Limited Partner	May 12, 2011	
Chen Xueling	Shanghai Chenguang Sanmei Property Investment Co., Ltd.	Director	May 26, 2008	
Yu Weifeng	Llinks Law Offices	Partner	December 1998	
Yu Weifeng	Shenergy Company Limited	Independent Director	June 30, 2020	May 22, 2026
Yu Weifeng	Sinopharm Group Co., Ltd.	Independent Director	September 18, 2020	
Yu Weifeng	Shaanxi Jingxiaohe Trading Co., Ltd.	Outside Director	May 12, 2025	
Pan Jian	Contemporary Amperex Technology Co., Ltd.	Director	June 5, 2017	December 25, 2027
		Joint Chairman	January 17, 2025	December 25, 2027
Pan Fei	Shanghai Zhonggu Logistics Co., Ltd.	Independent director	December 18, 2023	September 12, 2027
Pan Fei	3PEAKIC Microelectronics Co., Ltd.	Independent director	January 10, 2025	January 9, 2028
Liu Jiaqi	Shanghai Tianyi Financial Consulting Co., Ltd.	Supervisor	December 4, 2014	
Particulars on employment in other companies	Save for the personnel disclosed above, none of other directors and senior management of the Company were employed by other related companies.			

(III) Remuneration of directors and senior management

√ Applicable □ Not applicable

Decision-making procedures for the remuneration of directors and senior management	The remuneration of directors is determined by the meeting of shareholders; and the remuneration of senior management is determined by the Board of Directors.
Whether a director steps aside in the Board's discussion of his/her remuneration matters	Yes
Recommendations by the Remuneration and Appraisal Committee or the special meeting of independent directors on matters	The remuneration plan for the Company's directors and senior management is in line with the remuneration level of the industry in which the Company operates and the Company's actual operating conditions, and there is no situation that harms the interests of the Company and its shareholders.

relating to the remuneration of directors and senior management	
Determination basis for the remuneration of directors and senior management	Allowances for independent directors of the Company are considered and approved by the meeting of shareholders. Other non-independent directors and senior management that hold concurrent posts in the Company or any of its subsidiaries are subject to the operation performance appraisal on an annual basis and the paid base salary on a monthly basis according to their specific posts in the Company or any of its subsidiaries, and the annual performance-based remuneration is settled after the Company's annual operation target is completed.
Actual payment of the remuneration of directors and senior management	Allowances for independent directors of the Company are paid on a monthly basis. Other directors and senior management receive a monthly base salary in accordance with the aforesaid provisions, as well as performance-based remuneration based on appraisal results.
Total actual remuneration received by all directors and senior management at the end of the Reporting Period	RMB9,228,600
The appraisal basis and execution of the actual remuneration received by all directors and senior management at the end of the Reporting Period	The Company adopts an allowance system for independent directors. The annual allowance for independent directors is RMB200,000 (pre-tax), paid on a monthly basis. Directors who also hold positions within the Company or its subsidiaries shall not receive remuneration in their capacity as directors; instead, they shall be compensated based on their respective positions within the company, the company's remuneration management policies, and annual performance appraisals. The base salary of senior management is determined with reference to industry remuneration levels, job responsibilities and other factors, and is paid monthly. Performance-based remuneration is appraised and determined based on the achievement of the Company's annual business objectives and their annual job performance.
Deferred payment arrangements for the actual remuneration received by all directors and senior management at the end of the Reporting Period	Not applicable
Payment stop and recovery of the actual remuneration received by all directors and senior management at the end of the Reporting Period	Not applicable

(IV) Changes in directors and senior management of the Company

Applicable Not applicable

Name	Office title	Change	Reason for change
Tang Xianbao	Chief Financial Officer	Resigned	Personal reasons
Liu Jiaqi	Chief Financial Officer	Appointed	

(V) Particulars on punishments by securities regulatory authorities in the past three years

Applicable Not applicable

(VI) Others

Applicable Not applicable

IV. Performance of Functions and Duties by Directors

(I) Attendance of directors at board meetings and meetings of shareholders

Director Name	Independent director	Attendance at board meetings						Attendance at meetings of shareholders
		Number of attendance required	Number of attendance in	Number of attendance by	Number of attendance by	Number of absence	Two consecutive absences in person	Number of attendance at meetings of shareholders

			person	communi- cation	proxy			
Chen Huwen	No	5	5	3	0	0	No	2
Chen Huxiong	No	5	5	3	0	0	No	0
Chen Xueling	No	5	5	4	0	0	No	0
Fu Chang	No	5	5	4	0	0	No	0
Yu Weifeng	Yes	5	5	4	0	0	No	2
Pan Jian	Yes	5	5	4	0	0	No	0
Pan Fei	Yes	5	5	3	0	0	No	1

Particulars on two consecutive absences in person from board meetings

Applicable Not applicable

Number of board meetings held during the year	5
Including: on site	2
by communication	3
on site and by communication	2

(II) Directors' objections to the Company's related matters

Applicable Not applicable

(III) Others

Applicable Not applicable

V. Special Committees under the Board of Directors

Applicable Not applicable

(I) Members of special committees under the Board of Directors

Type	Name of member
Audit Committee	Pan Fei, Chen Huwen, Yu Weifeng
Nomination Committee	Yu Weifeng, Chen Huwen, Pan Jian
Remuneration and Appraisal Committee	Pan Fei, Chen Huxiong, Yu Weifeng
Strategy Committee	Chen Huxiong, Yu Weifeng, Pan Jian

(II) During the Reporting Period, the Audit Committee held 6 meetings

Convening date	Contents of meetings	Important comments and recommendations	Other performance of duties
March 17, 2025	First meeting of the Audit Committee in 2025	1. Considered and approved the <i>Work Summary of the Audit Department in 2024</i> 2. Considered and approved the <i>Work Plan of the Audit Department in 2025</i>	Debriefed and reviewed the work summary for this year and the next year's work plan of the Company's Internal Audit Department, and guided the operation of the Internal Audit Department.
March 24, 2025	Second meeting of the Audit Committee in 2025	1. Considered and approved the <i>2024 Performance Report of the Audit Committee under the Board of Directors</i> 2. Considered and approved the <i>2024 Auditor's Report</i> 3. Considered and approved the <i>2024 Annual Report and Summary</i> 4. Considered and approved the <i>2024 Internal Control Evaluation Report</i> 5. Considered and approved the <i>Proposal on Determining the Annual Audit Remuneration in 2024</i> 6. Considered and approved the <i>Report of the</i>	During the preparation of the annual report, the Audit Committee under the Board of Directors communicated with BDO China Shu Lun Pan CPAs (LLP), which was responsible for the Company's annual audit, on the composition of the annual audit working group, audit plan, risk judgment and audit

		<p><i>Company on the Performance Assessment of the Accounting Firm in 2024</i></p> <p>7. Considered and approved the <i>Report of the Audit Committee of the Board of Directors on the Performance of Supervisory Responsibilities of the Accounting Firm in 2024</i></p> <p>8. Considered and approved the <i>Proposal on the Re-appointment of the Company' 2025 Audit Organization</i></p>	priorities, and continued to pay attention to the preparation of the Company's annual financial report.
April 27, 2025	Third meeting of the Audit Committee in 2025	Considered and approved the <i>Report for the First Quarter of 2025</i>	No
May 29, 2025	Fourth meeting of the Audit Committee in 2025	Considered and approved the <i>Proposal on the Appointment of an Additional Senior Management Member</i>	No
August 27, 2025	Fifth meeting of the Audit Committee in 2025	Considered and approved the <i>2025 Semi-annual Report and Summary</i>	No
October 28, 2025	Sixth meeting of the Audit Committee in 2025	Considered and approved the <i>Report for the Third Quarter of 2025</i>	No

(III) During the Reporting Period, the Remuneration and Appraisal Committee held 1 meeting

Convening date	Contents of meetings	Important comments and recommendations	Other performance of duties
March 24, 2025	First meeting of the Remuneration and Appraisal Committee in 2025	<p>1. Considered and approved the <i>Proposal on the Remuneration Plan for the Company's Directors in 2025</i></p> <p>2. Considered and approved the <i>Proposal on the Remuneration Plan for the Company's Senior Management in 2025</i></p>	No

(IV) During the Reporting Period, the Strategy Committee held 1 meeting

Convening date	Contents of meetings	Important comments and recommendations	Other performance of duties
March 24, 2025	First meeting of the Strategy Committee in 2025	<p>1. Considered and approved the <i>2024 Environmental, Social and Governance (ESG) Report</i></p> <p>2. Considered and approved the <i>Proposal on the Company's 2025 Business Plan</i></p>	No

(V) During the Reporting Period, the Nomination Committee held 1 meeting

Convening date	Contents of meetings	Important comments and recommendations	Other performance of duties
May 29, 2025	First meeting of the Nomination Committee in 2025	1. Considered and approved the <i>Proposal on the Review Opinion Regarding the Qualification of Liu Jiaqi, Candidate for the Company's Chief Financial Officer</i>	No

(VI) Details of the matter in question

Applicable Not applicable

VI. Particulars on Risks in the Company Identified by the Audit Committee

Applicable Not applicable

The Audit Committee has no objection to the supervision matters during the Reporting Period.

VII. Employee of Parent Company and the Principal Subsidiaries of the Company at the End of the Reporting Period

(I) Employees

Number of employees in the parent company	2,274
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Number of employees in major subsidiaries	3,229
Number of employees	5,503
Number of retirees of whom the parent company and major subsidiaries are responsible for the expenses	0
Professional structure	
Category	Number
Production personnel	1,304
Sales personnel	1,473
Technical personnel	450
Finance personnel	217
Administration personnel	304
Management personnel	1,281
Others	474
Total	5,503
Education background	
Category	Number (person)
University (including college) and above	3,766
High school, technical secondary school	724
Others	1,013
Total	5,503

(II) Remuneration policy

√ Applicable Not applicable

To conform to the Company's organizational strategy, the Company implements a competitive remuneration policy where the employees' remuneration is determined considering the job value, person-job fit and performance. By establishing and improving competitive remunerations and benefits, performance appraisal systems and incentive systems, as well as by actively promoting the long-term incentive and retention plan for mid- and senior-level personnel, the Company attracted all kinds of professional talents and formed healthy competitive work environment to stimulate the vitality and potential of employees, build a stable, professional team, and ensure the growth of the Company's performance.

(III) Training program

√ Applicable Not applicable

Talent is always the core driving force for organizational development. The Company continues to invest in the systematic development of the leadership pipeline, strengthen the reserve and empowerment of management talent at all levels, and focus on the professional cultivation of strategically critical positions. Therefore, the Company has established a systematic management curriculum system and actively built an internal trainer team, driving talent development through both internal knowledge transfer and professional enhancement.

In terms of leadership and talent development for critical positions, the Company implements diversified learning programs, including management training and full-cycle empowerment for management trainees and combining online and offline modes, to effectively elevate the overall capabilities of its management team and talent reserves.

The Company also attaches great importance to enhancing employees' core professional capabilities. On the functional side, the "M&G Lecture" platform focuses on essential cross-functional competencies, delivering learning and empowerment through both external experts and internal trainers. On the production side, the Company continuously improves a tiered and categorized position certification and specialized training system, applying a "centralized training + mentor coaching" model to strengthen the "learning through practice and practicing through learning" mechanism, ensuring that technical teams continuously advance their capabilities and respond agilely to market changes.

In addition, the Company actively cultivates a digital learning ecosystem. The "Photosynthesis" online learning platform has covered all business units, and initiatives to strengthen organizational culture and enhance employee engagement provide a solid foundation for comprehensive talent development and the sustained growth of the organization.

(IV) Labor outsourcing√ Applicable Not applicable

Total working hours of labor outsourcing	18,517,161 hours
Total remuneration paid for labor outsourcing (RMB Yuan)	825,259,496

VIII. Profit Distribution or Capital Accumulation Plan**(I) Formulation, implementation or adjustment of the cash dividend policy**√ Applicable Not applicable

1. The existing profit distribution policy of the Company is implemented after it was passed at the 19th meeting of the 5th session of the Board of Directors and 2022 annual shareholders' meeting.

2. Principle in profit distribution of the Company: The Company implements the dividend distribution policy which entitles the shareholders to the same rights and same dividends, under which shareholders are entitled to receive dividends and other kinds of distribution of interests based on the number of shares held by them. The Company adopts active profit distribution policy, which emphasizes investors' reasonable investment returns while maintaining sustainability and stability. The Company is allowed to distribute profit in cash or shares, but its profit distribution shall not exceed the range of the accumulated distributable profits or affect the Company's ability to continue as a going concern.

3. Overall approaches to distribute profit of the Company: The Company distributes dividends in cash or shares, or cash-and-shares, and if the Company satisfies the conditions for cash dividends, priority should be given to profit distribution by means of cash dividends.

4. Specific conditions and proportion for cash dividends: The Company primarily adopts cash dividend as its profit distribution policy. The Company may distribute cash dividend when it makes a profit in the current year and the distributable profits are positive after making up losses, contributing to the statutory reserves and surplus reserves, but the profit distribution shall not exceed the range of the accumulated distributable profits. In general, if there are no material investment plans or significant cash expenditure, the Company may distribute profit in cash for a single year not less than 20% of the distributable profit realized in the current year.

In addition, as for the proportion of cash dividends to the total profit distribution, the Board of Directors shall take into full account of various factors such as features of the industries where the Company operates, the stage of development, its own business model, level of profitability, and whether there is significant capital expenditure arrangement, to distinguish the following situations and determine differentiated cash dividend proportion in accordance with the procedures as required by the Articles of Association:

(1) If the Company is at a mature stage of development and has no significant capital expenditure arrangement, the proportion of cash dividends in the profit distribution shall be at least 80% when the profit distribution is made;

(2) If the Company is at a mature stage of development and has significant capital expenditure arrangement, the proportion of cash dividends in the profit distribution shall be at least 40% when the profit distribution is made;

(3) If the Company is at a growing stage of development and has no significant capital expenditure arrangement, the proportion of cash dividends in the profit distribution shall be at least 30% when the profit distribution is made;

(4) If the Company is at a growing stage of development and has significant capital expenditure arrangement, the proportion of cash dividends in the profit distribution shall be at least 20% when the profit distribution is made.

The aforesaid "significant investment plans" or "significant cash expenditure" refers to one of the following:

(1) The proposed external investment, acquisition of assets or purchase of equipment by the Company in the coming twelve months with accumulated expenses amounting to or exceeding 50% of the latest audited net assets of the Company and exceeding RMB50 million;

(2) The proposed external investment, acquisition of assets or purchase of equipment by the Company in the coming twelve months with accumulated expenses amounting to or exceeding 30% of the latest audited total assets of the Company.

Significant investment plans or significant cash expenditure that meets the above conditions shall be reviewed and approved at the meeting of shareholders after being reviewed by the Board meeting.

5. During the Reporting Period, the formulation and implementation of the cash dividend policy has complied with the *Articles of Association* and the resolutions of the meetings of shareholders. The dividend distribution standards and proportions are clearly stated, and relevant decision-making procedures and systems are complete. Independent directors have diligently served their obligations, and played their roles. As minority shareholders have opportunities to fully express their opinions and appeals, their legitimate interests have been fully protected.

(II) Special description of the cash dividend policy

Applicable Not applicable

Does it meet the requirements of the Company's <i>Articles of Association</i> or the resolutions adopted at the meeting of shareholders:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are the dividend criteria and ratio definite and clear:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are the relevant decision-making procedures and mechanisms complete	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Do the independent directors perform their duties and play their due role	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Do the minority shareholders have the opportunity to fully express their opinions and requests, and whether their legitimate rights and interests get fully protection	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

(III) If the Company records profit distributable to shareholders of the Company during the Reporting Period is positive but there is no proposal for cash dividend, the Company shall disclose the reasons, the usage and the utilization plan of the undistributed profits in detail

Applicable Not applicable

(IV) Profit distribution and bonus issue from capital reserves for the Reporting Period

Applicable Not applicable

Unit: Yuan Currency: RMB

Bonus issue from profit (share/10 shares)	0
Cash dividend/10 shares (RMB Yuan) (tax inclusive)	10
Bonus issue from capital reserves (share/10 shares)	0
Cash dividends (tax inclusive)	915,795,377.00
Net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements	1,310,448,991.96
Cash dividends as % of net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements	69.88
Dividends in form of share repurchases in cash	48,950,582.98
Total dividends (tax inclusive)	964,745,959.98
Total dividends as % of net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements	73.62

(V) Cash dividends for the last three accounting years

Applicable Not applicable

Unit: Yuan Currency: RMB

Total cash dividends (tax inclusive) for the last three accounting years (1)	2,570,581,575.60
Total amount used for share repurchase and cancellation for the last three accounting years (2)	150,006,527.90
Combined amount of total cash dividends and total amount used for share repurchase and cancellation for the last three accounting years (3)	2,720,588,103.50
Annual average net profit for the last three accounting	1,411,031,703.87

years (4)	
Cash dividend payout ratio (%) for the last three accounting years (5)=(3)/(4)	192.81
Net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements for the last accounting year	1,310,448,991.96
Undistributed profits of the parent company at the end of the last accounting year	5,443,173,278.30

IX. Equity Incentive Plan, Employee Shareholding Plan or Other Employee Incentive Measures of the Company and Their Impacts

(I) Incentive matters disclosed in temporary announcements and without further progress or change in subsequent implementation

Applicable Not applicable

(II) Incentive matters which have not been disclosed in temporary announcements or with further progress

Equity incentive

Applicable Not applicable

Other descriptions

Applicable Not applicable

Employee shareholding plan

Applicable Not applicable

Other incentive measures

Applicable Not applicable

(III) Equity incentives granted to directors and senior management during the Reporting Period

Applicable Not applicable

(IV) Establishment and implementation of appraisal mechanism and the incentive mechanism for senior management during the Reporting Period

Applicable Not applicable

The Company has established a relatively perfect performance evaluation and incentive system. Based on the principle that the income of senior management is linked to the business performance of the enterprise, the Company followed an open, fair and impartial process to appoint senior management, and continuously and timely improved the assessment mechanism. The Company has established a compensation system in line with the development needs of the Company and the actual situation of the industry to ensure the enthusiasm of senior management.

X. Construction and implementation of internal control system during the Reporting Period

Applicable Not applicable

During the Reporting Period, the Company has established a strict internal control management system in strict accordance with the requirements of the *Company Law*, *the Securities Law*, *the Stock Listing Rules of the Shanghai Stock Exchange*, and other applicable laws, regulations and regulatory documents, as well as *the Articles of Association*. The Company has set up an Audit Committee under the Board of Directors to review the internal control of the Company, supervise the effective implementation of internal control and self-evaluation of internal control, and guide and coordinate internal audit and other related matters. The Company has set up an Audit Department to independently carry out audit under the guidance of the Audit Committee under the Board of Directors. The Audit Department is accountable to the Audit Committee. The Audit Department evaluates the efficiency, results and effectiveness of the design and implementation of internal control through internal control

audits, business management audits, special audits and economic responsibility audits, and promotes the Company's continuous improvement and enhancement of the quality of internal control. The Audit Department reports the internal control defects found in the audit to the Audit Committee or the management according to the seriousness of the problems, and urges the relevant departments to take active measures to rectify them. According to the identification of major defects in the Company's internal control, in 2025, the Company had no significant defects and important defects in the internal control of financial reporting and non-financial reporting. The Company has continuously improved the internal control system. Therefore, the internal control operation mechanism is effective, which has achieved the expected internal control objectives and protected the interests of the Company and all shareholders.

Particulars on major defects in the internal control during the Reporting Period

Applicable Not applicable

XI. Management and Control over the Subsidiaries during the Reporting Period

Applicable Not applicable

During the Reporting Period, the Company has implemented the *Management System for Holding Subsidiaries*, stipulating the control measures and the responsibilities and authority of the parent company and the subsidiaries in the subsidiary's articles of association, personnel appointment and removal, financial management, operation decision, information management, inspection and assessment, so as to ensure that the various businesses of the subsidiaries meet the requirements of the Company's overall development strategy, ensure that the financial position of the subsidiaries is effectively monitored by the Company, prevent significant operating risks of the subsidiaries, and protect the security and integrity of assets.

Name of subsidiary	Integration plan	Integration progress	Problems in integration	Solutions taken	Solution progress	Subsequent solutions
Shanghai Mymybear Enterprise Management Co., Ltd. (上海沫沫班长企业管理有限公司)	Integration of organizational structure, management rules, operational models and business	Integration of organizational structure, management rules, operational models and business completed	No	No	No	No
SHANGHAI M&G STATIONERY (THAILAND) CO., LTD	Integration of organizational structure, management rules, operational models and business	Integration of organizational structure, management rules, operational models and business completed	No	No	No	No

Risk warning regarding abnormalities in management and control over subsidiaries

Applicable Not applicable

XII. Particulars on the Auditor's Report on Internal Control

Applicable Not applicable

The Company engaged BDO China Shu Lun Pan CPAs (LLP) to audit the implementation of internal control in its 2025 financial statements and the Audit Report on Internal Control was issued. For the full text of the report, see 2025 Audit Report on Internal Control disclosed on the website of the Shanghai Stock Exchange (www.sse.com.cn) on April 1, 2026.

Whether to disclose the audit report on internal control: yes

Opinion type of the audit report on internal control: With unqualified opinion

Indicate whether the Company was issued any modified opinion by the independent auditor on its internal control for the Reporting Period or last year.

Yes No

XIII. Self-inspection and Rectification of Problems in the Special Action on Governance of Listed Companies

Not applicable

XIV. Environmental information of the listed company and its major subsidiaries included in the list of enterprises that are required by law to disclose environmental information

Applicable Not applicable

Other descriptions

Applicable Not applicable

XV. Overview of Social Responsibility

(I) Whether a social responsibility report, sustainability report or ESG report is disclosed separately

Applicable Not applicable

The Company has disclosed the *2025 Environmental, Social, and Governance (ESG) Report* on the website of the Shanghai Stock Exchange (www.sse.com.cn) on April 1, 2026.

(II) Particulars on the fulfillment of social responsibility

Applicable Not applicable

Donations and public welfare activities	Number/content	Description
Total expenditure (RMB 0'000)	1,091	
Of which: Funds (RMB 0'000)	380	
Worth of supplies and materials (RMB 0'000)	711	
Number of people benefited	921,000	

Detailed description

Applicable Not applicable

The Company always undertakes social responsibilities of its own accord. During the Reporting Period, the Shanghai M&G Charity Foundation continued to give play to the superior resources of the Company, highlighted and deeply engaged in rural art education, special population development and other public welfare activities, and continued to further foster the “Golden Seed Plan” education assistance program, the “Art Education Plan” program, the Autism Support Program and other public welfare programs, gathering forces from all walks of life to follow up on social topics to care for children’s childhood and power the development of a harmonious society.

For more details, see the *2025 Environmental, Social, and Governance (ESG) Report* disclosed by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn) on April 1, 2026.

XVI. Consolidation and Expansion of the Achievements of Poverty Alleviation and Rural Revitalization

Applicable Not applicable

Poverty alleviation and rural revitalization activities	Number/content	Description
Total expenditure (RMB 0'000)	632	
Of which: Funds (RMB 0'000)	30	
Worth of supplies and materials (RMB 0'000)	600	
Number of people benefited	811,000	
Way of support (by industrial development, job creation, educational development, etc.)	Educational support, i.e. assisting schools	

	in carrying out relevant educational activities	
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Detailed description

Applicable Not applicable

The Shanghai M&G Charity Foundation actively responded to the state's call for rural art education, integrated social resources and initiated the Art Education Plan based on the status quo of scattered resources for art education, promoting the creation of industrial ecology for rural art education for children and beefing up rural revitalization and local art quality through art education. The program has joined hands with many partners to bring M&G Public Welfare Art Class to 960 rural primary schools and 110 community children's service stations. It has also promoted the in-depth integration of business strengths and public welfare by launching the "Red Scarf's Love for the Motherland" Painting Competition, which has attracted the participation of more than 500 primary and secondary schools and collected 170,000 painting works.

XVII. Others

Applicable Not applicable

Section V Major Events

I. Performance of Undertakings

(I) Undertakings by the Company's beneficial controllers, shareholders, related parties, acquirers, the Company and other related parties during or subsisted in the Reporting Period

√ Applicable □ Not applicable

Background of undertakings	Type of undertakings	Undertaking party	Contents of the undertaking	Time of the undertaking	Whether there is deadline for performance	Term of the undertaking	Whether strictly performed in a timely manner	If not performed in time, describe the specific reasons	If not performed in time, describe plans in next steps
Undertakings related to initial public offering	Restriction on sale of shares	Keying Investment Jiekui Investment	Undertaking for restriction on sale of shares and voluntary lockup undertaking by Keying Investment and Jiekui Investment, shareholders holding more than 5% of the equity (1) The proportion of shares unlocked every year shall not exceed 25% of the total shares held by the Company; (2) Notwithstanding any change in the position of some of the partners in the joint venture or their departure from the joint venture, the joint venture will strictly perform the above undertakings.	April 22, 2014	No	Permanent	Yes		
	Others	M&G Group	Shareholding and intention to reduce shareholding of the controlling shareholder—M&G Group (1) M&G Group advocates that shares of the Company should be held in the long term to ensure that M&G Group shares operation achievements of the Company on a continuous basis. Therefore, M&G Group has the intention to hold shares of the Company for a long term. (2) If M&G Group intends to reduce shareholding of the Company, it will announce its reduction plan 3 transaction days before reducing the shareholding. Furthermore, the reduction will be performed legally according to rules of Shanghai Stock Exchange in the form of block trade, auction transaction as well as other methods recognized by China Securities Regulatory Commission.	April 22, 2014	No	Permanent	Yes		
	Others	Keying Investment Jiekui Investment	Shareholding and intention to reduce shareholding of Keying Investment and Jiekui Investment, shareholders holding more than 5% of the equity (1) The joint venture, which is an employee-owned enterprise established by officials and important business professionals of the Company, advocates that shares of the Company should be held in the long term to ensure that operation achievements of the Company are shared on a continuous basis. Therefore, the joint venture has the intention to hold shares of the Company for a long term. (2) If the joint venture intends to reduce shareholding of the Company, it will announce its reduction plan 3 transaction days before reducing the shareholding. Furthermore, the reduction will be performed legally according to rules of Shanghai Stock Exchange in the form of block trade, auction transaction as well as other methods recognized by China Securities Regulatory Commission.	April 22, 2014	No	Permanent	Yes		
	Address competition between counterparts	M&G Group, Keying Investment and Jiekui	Undertaking in relation to non-competition by M&G Group, Keying Investment and Jiekui Investment (1) The enterprise and other enterprises (except the Company and enterprises controlled by it) controlled and (or) invested by it currently have not engaged in any form of business or activity that constitutes or may constitute a direct or indirect competition relationship with principal businesses of the Company and enterprises controlled by it. (2) After the initial public offering and listing of the Company, the enterprise and other enterprises	February 15, 2012	No	Permanent	Yes		

		Investment	<p>(except the Company and enterprises controlled by it) controlled and (or) invested by it will not:</p> <p>① engage in any form of business or activity that constitutes or may constitute a direct or indirect competition relationship with current or future principal businesses that the Company and enterprises controlled by it specialize in;</p> <p>② support other enterprises other than the Company and enterprises controlled by it in any form of business or activity that constitutes or may constitute a direct or indirect competition relationship with current or future principal businesses that the Company and enterprises controlled by it specialize in;</p> <p>③ interfere in any form of business or activity that constitutes or may constitute a direct or indirect competition relationship with current or future principal businesses that the Company and enterprises controlled by it specialize in.</p> <p>Apart from the aforesaid undertaking, the enterprise further guarantees that it will</p> <p>① ensure its independence in assets, businesses, employees, finance and institution according to relevant rules of laws and regulations;</p> <p>② adopt legal and effective measures to stop companies, enterprises and other economic organizations that the enterprise has control right from engaging directly or indirectly in the same or similar businesses with the Company;</p> <p>③ not take advantage of its position as the controlling shareholder of the Company to carry out any other activities that may harm the rights of the Company and other shareholders.</p>						
	Address competition between counterparts	Chen Huwen, Chen Huxiong, and Chen Xueling	<p>Undertaking in relation to non-competition by beneficial controllers—Chen Huwen, Chen Huxiong, and Chen Xueling</p> <p>(1) I currently hold no position in other companies or economic organizations that have the same or similar business with the Company or enterprises controlled by it.</p> <p>(2) Other enterprises (except the Company and enterprises controlled by it) which are controlled by me independently and/ or in which I am one of the beneficial shareholders currently have not engaged in any form of business or activity that constitutes or may constitute a direct or indirect competition relationship with principal businesses of the Company and enterprises controlled by it.</p> <p>(3) After the initial public offering and listing of the Company, other enterprises (except the Company and enterprises controlled by it) which are controlled by me independently and/ or in which I am one of the beneficial shareholders will not:</p> <p>① engage in any form of business or activity that constitutes or may constitute a direct or indirect competition relationship with current or future principal businesses that the Company and enterprises controlled by it specialize in;</p> <p>② support other enterprises other than the Company and enterprises controlled by it in any form of business or activity that constitutes or may constitute a direct or indirect competition relationship with current or future principal businesses that the Company and enterprises controlled by it specialize in;</p> <p>③ interfere in any form of business or activity that constitutes or may constitute a direct or indirect competition relationship with current or future principal businesses that the Company and enterprises controlled by it specialize in.</p> <p>Apart from the aforesaid undertaking, I further guarantee that I will:</p> <p>① ensure its independence in assets, businesses, employees, finance and institution according to relevant rules of laws and regulations;</p> <p>② adopt legal and effective measures to stop companies, enterprises and other economic organizations that I have control right from engaging directly or indirectly in the same or similar businesses with the Company;</p> <p>③ not take advantage of the position as the beneficial controller of the Company to carry out any other activities that may harm the rights of the Company and other shareholders.</p>	February 15, 2012	No	Permanent	Yes		

Others	M&G Stationery	<p>Undertaking on the binding measures in case of the failure to fulfill the undertaking by M&G Stationery</p> <p>(1) The Company will strictly perform various obligations and responsibilities set out in all public undertaking issues in the initial public offering and listing.</p> <p>(2) If the Company fails to perform various obligations and responsibilities set out in the undertaking issues, the Company undertakes to take the following measures for restrictions:</p> <p>① Compensate public investors for direct losses suffered by relying on relevant undertakings to implement transactions through self-owned capital with the amount of compensation being determined according to negotiation between the Company and investors, or the method or amount determined by the securities supervision and administration department and the judicial authority;</p> <p>② Within 12 months after the date when the Company fully eliminates the adverse effect due to failure on related undertaking issues, the Company shall not issue securities, including but not limited to shares, corporate bonds, convertible corporate bonds and other types of securities approved by securities regulatory authorities;</p> <p>③ The Company shall not increase the salary or allowance of our directors, supervisors and senior management in any form until the Company has fully eliminated the adverse effect due to failure on related undertaking issues.</p>	April 22, 2014	No	Permanent	Yes		
Others	M&G Group	<p>Undertaking on the binding measures in case of the failure to fulfill the undertaking by the controlling shareholder—M&G Group</p> <p>(1) M&G Group will strictly perform various obligations and responsibilities set out in all public undertaking issues in the initial public offering and listing of M&G Stationery.</p> <p>(2) If M&G Group fails to perform various obligations and responsibilities set out in the aforesaid undertaking issues, M&G Group undertakes to take the following measures for restrictions:</p> <p>① Compensate public investors for direct losses suffered by relying on relevant undertakings to implement transactions through self-owned capital with the amount of compensation being determined according to negotiation between M&G Group and investors, or the method or amount determined by the securities regulatory authorities and the judicial authority;</p> <p>② The lockup period of M&G Stationery's shares held by M&G Group will be automatically extended to the date when M&G Group fully eliminates the adverse effect due to failure on related undertaking issues.</p>	April 22, 2014	No	Permanent	Yes		
Others	Chen Huwen, Chen Huxiong, and Chen Xueling	<p>Undertaking on the binding measures in case of the failure to fulfill the undertaking by beneficial controllers—Chen Huwen, Chen Huxiong, and Chen Xueling</p> <p>(1) I will strictly perform various obligations and responsibilities set out in all public undertaking issues in the initial public offering and listing of M&G Stationery.</p> <p>(2) If I fail to perform various obligations and responsibilities set out in the aforesaid undertaking issues, I undertake to take the following measures for restrictions:</p> <p>① Compensate public investors for direct losses suffered by relying on relevant undertakings to implement transactions through self-owned capital with the amount of compensation being determined according to negotiation between investors and me, or the method or amount determined by the securities regulatory authorities and the judicial authority;</p> <p>② The lockup period of M&G Stationery's shares held by me directly or indirectly will be automatically extended to the date when I fully eliminate the adverse effect due to failure on related undertaking issues.</p> <p>③ I shall not require M&G Stationery to increase my salary or allowance in any form, nor shall I accept the increase of salary or allowance by M&G Stationery in any form until I have fully eliminated the adverse effect due to failure on related undertaking issues.</p>	April 22, 2014	No	Permanent	Yes		
Others	Keying	Undertaking on the binding measures in case of the failure to fulfill the undertaking by Keying	April 22,	No	Permanent	Yes		

		Investment Jiekui Investment	<p>Investment and Jiekui Investment, shareholders holding more than 5% of the equity</p> <p>(1) The joint venture will strictly perform various obligations and responsibilities set out in all public undertaking issues in the initial public offering and listing of M&G Stationery.</p> <p>(2) If the joint venture fails to perform various obligations and responsibilities set out in the aforesaid undertaking issues, the joint venture undertakes to take the following measures for restrictions:</p> <p>① Compensate public investors for direct losses suffered by relying on relevant undertakings to implement transactions through self-owned capital with the amount of compensation being determined according to negotiation between the joint venture and investors, or the method or amount determined by the securities regulatory authorities and the judicial authority;</p> <p>② The lockup period of M&G Stationery's shares held by the joint venture will be automatically extended to the date when the joint venture fully eliminates the adverse effect due to failure on related undertaking issues.</p>	2014					
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(II) Where the Company has profit forecasts on assets or projects, and the Reporting Period was within the term of profit forecasts, the Company has to state whether such profit forecasts on assets or projects are fulfilled and the reasons thereof

Fulfilled Unfulfilled Not applicable

(III) Performance undertakings

Applicable Not applicable

Changes to performance undertakings

Applicable Not applicable

Other descriptions

Applicable Not applicable

II. Non-operating Misappropriation of Funds of the Company by any Controlling Shareholders and Their Related Parties during the Reporting Period

Applicable Not applicable

III. Illegal Guarantee

Applicable Not applicable

IV. Explanation of the Company's Board of Directors on the "Auditor's Report with Modified Audit Opinions" Issued by the CPA

Applicable Not applicable

V. Analysis and Explanation from the Company on the Reasons and Impact of the Change of Accounting Policies, Accounting Estimates or Correction on Significant Accounting Errors

(I) Analysis and explanation from the Company on the reasons and impact of the change of accounting policies or accounting estimates

Applicable Not applicable

(II) Analysis and explanation from the Company on the reasons and impact of the correction on significant accounting errors

Applicable Not applicable

(III) Communication with the previous accounting firm

Applicable Not applicable

(IV) Approval process and other descriptions

Applicable Not applicable

VI. Appointment and Dismissal of the Accounting Firm

Unit: 0'000 Currency: RMB

	Current accounting firm
Name of domestic accounting firm	BDO China Shu Lun Pan CPAs (LLP)
Remuneration of domestic accounting firm	170
Term of office of domestic accounting firm	16
Names of certified public accountants of domestic accounting firm	Chen Luying, and Yuan Yang
How many consecutive years the certified public accountants of the domestic accounting firm have	Chen Luying: 5 years Yuan Yang: 1 year

provided audit service for the Company	
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	Name	Remuneration
Internal control audit accounting firm	BDO China Shu Lun Pan CPAs (LLP)	90

Explanation on appointment and dismissal of the accounting firm

Applicable Not applicable

During the Reporting Period, the BDO China Shu Lun Pan CPAs (LLP) was re-appointed as the audit institution.

Explanation on the change of accounting firm during the auditing period

Applicable Not applicable

Explanation on any over 20% (inclusive) reduction in audit fee compared to last year

Applicable Not applicable

VII. Risk of Suspension of Listing

(I) Causes of suspension of listing

Applicable Not applicable

(II) Measures to be taken by the Company

Applicable Not applicable

(III) Situation and causes for termination of listing

Applicable Not applicable

VIII. Matters Related to Bankruptcy and Reorganization

Applicable Not applicable

IX. Material Litigation and Arbitration

The Company had material litigation and arbitration during the year

The Company did not have material litigation and arbitration during the year

X. Suspected Violation of Laws and Regulations, Punishment and Rectification to the Listed Company, Its Directors, Senior Management, Controlling Shareholders, and Actual Controllers

Applicable Not applicable

XI. Explanation on Credibility Status of the Company, Its Controlling Shareholders and Beneficial Controllers during the Reporting Period

Applicable Not applicable

XII. Major Related-party Transactions

(I) Related-party transactions in relation to daily operation

1. Events disclosed in temporary announcements and without further progress or change in subsequent implementation

Applicable Not applicable

2. Events disclosed in temporary announcements and with further progress or change in subsequent implementation

Applicable Not applicable

The 10th meeting of the 6th session of Board of Directors and 2024 Annual General Meeting of Shareholders of the Company considered and approved the *Proposal on the Expected Daily*

Related-party Transactions in 2025, and issued the *Announcement on the Expected Daily Related-party Transactions in 2025* (number: 2025-008) on March 26, 2025.

In 2025, the estimated income from the Company's selling goods to the sales entities controlled by Guo Shaomin amounted to RMB314,210,000.00, and the estimated income from Jiumu Store's selling goods to Rising Goal Investments Pte. Ltd. amounted to RMB68,000,000.00. It was estimated that fees for the Company's leasing the properties of M&G Group (including office buildings, workshops, parking space, warehouses and dormitories) amounted to RMB4,621,000.00; and utilities amounted to RMB6,000,000.00. It was estimated that the expenses incurred by Colipu Group in leasing M&G Group's office building and parking space amounted to RMB17,959,000.00, the expenses incurred by Colipu Information Technology in leasing M&G Group's office building amounted to RMB3,126,000.00, and the expenses incurred by Qizhihaowan in leasing M&G Group's office building and parking space amounted to RMB1,748,000.00.

In 2025, the actual income from the Company's selling goods to the sales entities controlled by Guo Shaomin amounted to RMB256,305,112.44, and the actual income from Jiumu Store's selling goods to Rising Goal Investments Pte. Ltd. amounted to RMB52,097,285.65. The actual fees for the Company's leasing the properties of M&G Group (including office buildings, workshops, parking space, warehouses and dormitories) amounted to RMB4,620,952.40; and utilities amounted to RMB5,452,226.33. The actual expenses incurred by Colipu Group in leasing M&G Group's office building and parking space amounted to RMB16,221,781.48, the actual expenses incurred by Colipu Information Technology in leasing M&G Group's office building amounted to RMB2,813,180.14, and the actual expenses incurred by Qizhihaowan in leasing M&G Group's office building and parking space amounted to RMB1,784,941.40.

3. Events not disclosed in temporary announcements

Applicable Not applicable

(II) Related transactions as a result of acquisition and disposal of assets or equity

1. Events disclosed in temporary announcements and without further progress or change in subsequent implementation

Applicable Not applicable

2. Events disclosed in temporary announcements and with further progress or change in subsequent implementation

Applicable Not applicable

3. Events not disclosed in temporary announcements

Applicable Not applicable

4. Disclosable performance achievements during the Reporting Period when involved with agreed-upon performance

Applicable Not applicable

(III) Major related transactions in joint external investment

1. Events disclosed in temporary announcements and without further progress or change in subsequent implementation

Applicable Not applicable

2. Events disclosed in temporary announcements and with further progress or change in subsequent implementation

Applicable Not applicable

3. Events not disclosed in temporary announcements

Applicable Not applicable

(IV) Creditor's rights and debts with related parties**1. Events disclosed in temporary announcements and without further progress or change in subsequent implementation**

Applicable Not applicable

2. Events disclosed in temporary announcements and with further progress or change in subsequent implementation

Applicable Not applicable

3. Events not disclosed in temporary announcements

Applicable Not applicable

(V) Financial business between the Company and the affiliated financial companies, the Company's holding financial company and the related party

Applicable Not applicable

(VI) Others

Applicable Not applicable

XIII. Material Contracts and Their Performance**(I) Trusteeship, contracting and leasing matters****1. Trusteeship**

Applicable Not applicable

2. Contracting

Applicable Not applicable

3. Leasing

Applicable Not applicable

(II) Guarantees

Applicable Not applicable

(III) Entrusting others to manage cash assets**1. Entrusted wealth management****(1) Overall condition of entrusted wealth management**

Applicable Not applicable

Unit: 0'000 Currency: RMB

Type	Risk characteristic	Undue balance	Overdue uncollected amount
Bank's wealth management product	Low risk	400,000	

Others

Applicable Not applicable

(2) Individual entrusted wealth management

Applicable Not applicable

Others

Applicable Not applicable

(3) Provision for the impairment of entrusted wealth management

Applicable Not applicable

2. Entrusted loans

(1) Overall condition of entrusted loans

Applicable Not applicable

Others

Applicable Not applicable

(2) Individual entrusted loans

Applicable Not applicable

Others

Applicable Not applicable

(3) Provision for the impairment of entrusted loans

Applicable Not applicable

3. Others

Applicable Not applicable

(IV) Other material contracts

Applicable Not applicable

XIV. Progress on the use of raised capital

Applicable Not applicable

XV. Explanation of Other Major Events that Have a Material Impact on Investors' Value Judgments and Investment Decisions

Applicable Not applicable

Section VI Changes in Shares and Shareholders

I. Changes in Share Capital

(I) Statement of changes in shares

1. Statement of changes in shares

Unit: share

	Before the change		Increase/decrease of the change (+, -)					After the change	
	Quantity	Percentage (%)	Issue of new shares	Bonus shares	Capital reserve-converted shares	Others	Subtotal	Quantity	Percentage (%)
I. Restricted shares									
1. State-owned shares									
2. Shares held by state-owned legal person									
3. Other domestic shares									
Including: Shares held by domestic non-state-owned legal person									
Shares held by domestic natural person									
4. Overseas shares									
Including: Shares held by foreign legal person									
Shares held by overseas natural person									
II. Non-restricted circulating shares	923,828,420	100.00				-2,858,043	-2,858,043	920,970,377	100.00
1. Ordinary RMB shares	923,828,420	100.00				-2,858,043	-2,858,043	920,970,377	100.00
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III. Total number of shares	923,828,420	100.00				-2,858,043	-2,858,043	920,970,377	100.00

2. Explanation of changes in shares

Applicable Not applicable

The Company convened the 10th meeting of the 6th Board of Directors on March 24, 2025 and the 2024 Annual General Meeting of Shareholders on April 16, 2025, respectively, at which the *Proposal on Re-purposing Part of the Repurchased Shares and Retiring Such Shares* was reviewed and approved. It was approved that the purpose of the repurchased shares under the 2022 Share Repurchase Plan held in the special securities account for repurchased shares be changed from “to be used for equity incentives or employee stock ownership plans” to “to be retired and to reduce the registered capital accordingly”. Specifically, the Company will retire 2,858,043 shares in the special securities account for repurchased shares and reduce its registered capital accordingly. Upon completion of the said repurchase and retirement, the total share capital of the Company will be reduced from 923,828,420 shares to 920,970,377 shares.

3. Impact of changes in shares on the earnings per share, net asset value per share and other financial indicators in the last year and period (if any)

Applicable Not applicable

(1) Basic earnings per share

Basic earnings per share are based on the combined net profit attributable to the ordinary shareholders of the parent company divided by the weighted mean of the Company’s outstanding ordinary shares:

Item	Unit: Yuan Currency: RMB	
	Amount in the current period	Amount in the last period
Combined net profit attributable to ordinary shareholders of the parent company	1,310,448,991.96	1,395,844,392.50
Weighted mean of the Company’s outstanding ordinary shares	915,984,543.67	920,590,793.67
Basic earnings per share	1.4306	1.5162
Including: Basic earnings per share from continuing as a going concern	1.4306	1.5162

Basic earnings per share from not continuing as a going concern		
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(2) Diluted earnings per share

Diluted earnings per share are based on the combined net profit (diluted) attributable to the ordinary shareholders of the parent company divided by the weighted mean (diluted) of the Company's outstanding ordinary shares:

Item	Unit: Yuan Currency: RMB	
	Amount in the current period	Amount in the last period
Combined net profit (diluted) attributable to ordinary shareholders of the parent company	1,310,448,991.96	1,395,844,392.50
Weighted mean of the Company's outstanding ordinary shares(diluted)	915,984,543.67	920,590,793.67
Diluted earnings per share	1.4306	1.5162
Including: Diluted earnings per share from continuing as a going concern	1.4306	1.5162
Diluted earnings per share from not continuing as a going concern		

4. Other contents that the Company deems necessary and the securities regulatory authorities require disclosing

Applicable Not applicable

(II) Changes in restricted shares

Applicable Not applicable

II. Issuance and Listing of Securities

(I) Issuance of securities as at the Reporting Period

Applicable Not applicable

Explanation on issuance of securities as at the Reporting Period (please provide separate explanation on the bonds with different interest rates during their duration):

Applicable Not applicable

(II) Changes in the total number of ordinary shares and shareholder structure of the Company and changes in the structure of assets and liabilities of the Company

Applicable Not applicable

(III) Existing internal employee shares

Applicable Not applicable

III. Shareholder and Beneficial Controller

(I) Total number of shareholders

Total number of shareholders of ordinary shares as at the end of the Reporting Period	40,286
Total number of shareholders of ordinary shares at the end of last month prior to the disclosure date of this annual report	39,889
Total number of shareholders of preferred shares whose voting rights have been restored as at the end of the Reporting Period	0
Total number of shareholders of preferred shares whose voting rights have been restored at the end of last month prior to the disclosure date of this annual report	0

(II) Table of shareholdings of the top ten shareholders and the top ten public shareholders (or unrestricted shareholders) as at the end of the Reporting Period

Unit: share

Shareholdings of the top ten shareholders (exclusive of shares lent in refinancing)

Name of shareholder (full name)	Change during the Reporting Period	Number of shares held as at the end of the period	Percenta ge (%)	Number of restricte d shares held	Pledged, marked, or frozen		Nature of sharehold er
					Status of share	Quan tity	
M&G Holdings (Group) Co., Ltd.	0	536,000,000	58.20	0	No	0	Domestic nonstate-o wned legal person
Hong Kong Securities Clearing Company Limited	7,843,398	37,452,145	4.07	0	No	0	Others
Industrial and Commercial Bank of China Limited-Invesco Great Wall Emerging Mature and Hybrid Equity Investment Funds (中国工 商银行股份有限公司—景顺长城 新兴成长混合型证券投资基金)	0	31,500,000	3.42	0	No	0	Others
Bank of China Limited-Invesco Great Wall Ding Yi Hybrid Security Investment Fund (LOF) (中国银行股份有限公司—景顺 长城鼎益混合型证券投资基金)	0	15,000,002	1.63	0	No	0	Others
Chen Huxiong	0	13,609,300	1.48	0	No	0	Domestic natural person
Chen Huwen	0	13,609,300	1.48	0	No	0	Domestic natural person
Shanghai Keying Investment Management Office (L.P.)	-3,290,600	11,371,958	1.23	0	No	0	Others
Shanghai Jiekui Investment Management Firm (L.P.)	-3,248,400	11,245,500	1.22	0	No	0	Others
Kuwait Investment Authority— Own Capital	-4,499,400	7,649,152	0.83	0	No	0	Others
China Construction Bank Corporation — Lombarda China Senior Care Industry Mixed Securities Investment Fund (中国 建设银行股份有限公司—中欧养 老产业混合型证券投资基金)	-3,229,519	7,193,903	0.78	0	No	0	Others
Shareholdings of the top ten unrestricted shareholders (exclusive of shares lent in refinancing)							
Name of shareholder	Number of unrestricted public shares held		Type and number of shares				
			Type	Number			
M&G Holdings (Group) Co., Ltd.	536,000,000		Ordinary RMB Shares	536,000,000			
Hong Kong Securities Clearing Company Limited	37,452,145		Ordinary RMB Shares	37,452,145			
Industrial and Commercial Bank of China Limited-Invesco Great Wall Emerging Mature and Hybrid Equity Investment Funds (中国工商银行股份 有限公司—景顺长城新兴成长混合型证券投资基 金)	31,500,000		Ordinary RMB Shares	31,500,000			
Bank of China Limited-Invesco Great Wall Ding Yi Hybrid Security Investment Fund (LOF) (中国银 行股份有限公司—景顺长城鼎益混合型证券投资基 金)	15,000,002		Ordinary RMB Shares	15,000,002			
Chen Huxiong	13,609,300		Ordinary RMB Shares	13,609,300			

Chen Huwen	13,609,300	Ordinary RMB Shares	13,609,300
Shanghai Keying Investment Management Office (L.P.)	11,371,958	Ordinary RMB Shares	11,371,958
Shanghai Jiekui Investment Management Firm (L.P.)	11,245,500	Ordinary RMB Shares	11,245,500
Kuwait Investment Authority—Own Capital	7,649,152	Ordinary RMB Shares	7,649,152
China Construction Bank Corporation—Lombarda China Senior Care Industry Mixed Securities Investment Fund (中国建设银行股份有限公司—中欧养老产业混合型证券投资基金)	7,193,903	Ordinary RMB Shares	7,193,903
Special repurchase account of the top ten shareholders	Not applicable		
Explanation on the above-mentioned shareholders' entrusting voting rights, accepting voting rights entrusted and waiver of voting rights	Not applicable		
Explanation on the related relationship or parties acting in concert among the above shareholders	There is related relationship among the shareholders—M&G Group, Keying Investment, Jiekui Investment, Chen Huwen, and Chen Huxiong. Chen Huwen and Chen Huxiong are parties acting in concert. Save as the above, the Company is not aware of any related relationship or parties acting in concert as set out in <i>Measures for the Administration of the Takeover of Listed Companies</i> among the aforesaid shareholders.		
Explanation on the preference shareholders with voting rights restored and their shareholdings	Not applicable		

5% or greater shareholders, top ten shareholders and top ten unrestricted public shareholders involved in refinancing shares lending

Applicable Not applicable

Changes in the top ten shareholders and top ten unrestricted public shareholders compared with the prior period due to refinancing shares lending/returning

Applicable Not applicable

Shareholdings of the top ten restricted shareholders and the restrictions

Applicable Not applicable

(III) Strategic investors or general legal persons becoming the top ten shareholders because of placing of new shares

Applicable Not applicable

IV. Controlling Shareholder and Beneficial Controllers

(I) Controlling shareholder

1. Legal person

Applicable Not applicable

Name	M&G Holdings (Group) Co., Ltd.
Person in charge of the Company or legal representative	Chen Huxiong
Establishment date	2007-5-10
Main operation businesses	Industrial investment, infrastructure investment, consultation for investment information (except broker), consultation for enterprise management and relevant businesses, domestic trade (excluding projects with national special approval) [For items subject to approval pursuant to laws, business activities shall be carried out only after approval by the relevant competent authorities.]
Equity interests of other domestic and	No

overseas listed companies controlled or invested during the Reporting Period	
Other explanations	No

2. Natural person

Applicable Not applicable

3. Special explanation on the Company not having controlling shareholders

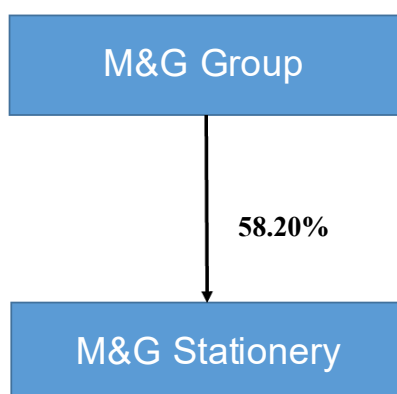
Applicable Not applicable

4. Explanation of the change in controlling shareholders during the Reporting Period

Applicable Not applicable

5. Diagram of the ownership and controlling relationship between the Company and its controlling shareholders

Applicable Not applicable

**(II) Beneficial controllers****1. Legal person**

Applicable Not applicable

2. Natural person

Applicable Not applicable

Name	Chen Huwen
Nationality	China
Acquire right of residence in other countries or regions or not	Yes
Main job and title	Chairman of the Board of Shanghai M&G Stationery Inc.
Shareholdings in other domestic or overseas listed companies over the past 10 years	No
Name	Chen Huxiong
Nationality	China
Acquire right of residence in other countries or regions or not	Yes
Main job and title	Vice-chairman of the Board and CEO of Shanghai M&G Stationery Inc.
Shareholdings in other domestic or overseas listed companies over the past 10 years	No
Name	Chen Xueling

Nationality	China
Acquire right of residence in other countries or regions or not	No
Main job and title	Chairman of the Board and vice president of Shanghai M&G Stationery Inc.
Shareholdings in other domestic or overseas listed companies over the past 10 years	No

3. Special explanation on the Company not having beneficial controllers

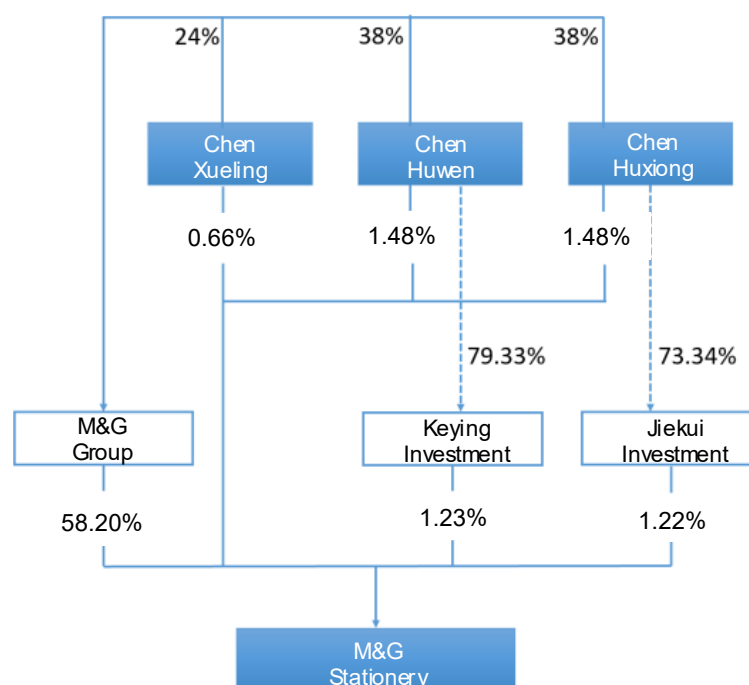
Applicable Not applicable

4. Explanation of the change of the Company's control during the Reporting Period

Applicable Not applicable

5. Diagram of the ownership and controlling relationship between the Company and its beneficial controllers

Applicable Not applicable



6. Control of the Company by beneficial controllers by way of trust or other means of asset management

Applicable Not applicable

(III) Other explanation regarding the controlling shareholders and the beneficial controllers

Applicable Not applicable

V. The Total Shares Pledged by the Controlling Shareholder or the First Majority Shareholder and the Person Acting in Concert Account for More Than 80% of the Company's Shares Held by Them

Applicable Not applicable

VI. Other Legal Person Shareholders with More Than 10% Shareholdings

Applicable Not applicable

VII. Explanation on Limitation on Reduction of Shareholding

Applicable Not applicable

VIII. Implementation of Share Repurchase during the Reporting Period

Applicable Not applicable

Unit: 00'000'000 Currency: RMB

Name of the share repurchase plan	Plan for Share Repurchase through the Stock Exchange
Date of the disclosure of the share repurchase plan	28 August 2024
Number of shares to be repurchased and that as % of the total share capital	0.39-0.77
Amount to be used for the share repurchase	1.5-3.0
Planned repurchase period	Within 6 months starting from the date of the share repurchase plan's approval at the 8 th meeting of the 6 th session of Board of Directors
Purpose of the repurchased shares	To be used as equity incentives or in employee stock ownership plans
Number of shares that have been repurchased	1,725,000
Number of shares that have been repurchased as % of the total underlying shares of the equity incentive plan (if any)	
Progress on reduction of repurchased shares through the stock exchange	Not applicable

IX. Preferred Shares

Applicable Not applicable

Section VII Bonds

I. Corporate Bonds (Including Enterprise Bonds) and Non-financial Enterprise Debt Financing Instruments

Applicable Not applicable

II. Convertible Corporate Bonds

Applicable Not applicable

Section VIII Financial Report

I. Auditor's Report

√ Applicable □ Not applicable

Xin Kuai Shi Bao Zi [2026] No. ZA10648

To the shareholders of Shanghai M&G Stationery Inc.:

I. Audits' Opinion

We have audited the accompanying financial statements of Shanghai M&G Stationery Inc. (hereinafter referred to as "M&G"), which comprise the consolidated and parent company's balance sheets as at December 31, 2025, the consolidated and parent company's income statements, the consolidated and parent company's cash flow statements, and the consolidated and parent company's statements of changes in shareholders' equity for the year of 2025, as well as notes to financial statements.

In our opinion, the accompanying financial statements were prepared in accordance with the Accounting Standards for Business Enterprises in all material aspects and give a true and fair view of the consolidated and parent company's financial position of M&G as at December 31, 2025 and of its consolidated and parent company's operating results and cash flows for the year of 2025.

II. Basis of Auditors' Opinion

We have conducted our audit in accordance with the Chinese Auditing Standards for Certified Public Accountants. The "Responsibilities of Certified Public Accountants for Auditing of Financial Statements" in the auditor's report further illustrate our responsibilities under those standards. In accordance with *China Registered Accountants Independence Standards No. 1 - Independence Requirements for Financial Statement Audit and Review Engagements* and the Code of Professional Ethics of Chinese Certified Public Accountants, we are independent of M&G and have performed other responsibilities in respect of professional ethics. We have complied with the independence requirements applicable to audits of public interest entities in our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters identified in our audit are summarized as follows:

Key audit matters	How our audit addressed the key audit matter
(I) Recognition of the revenue	
Please refer to notes to financial statements for accounting policies set out in "III Significant Accounting Policies and Accounting Estimates" (XXVI) and "V Notes to Consolidated Financial Statements" (XLIII). M&G mainly specializes in selling stationery and office supplies. In 2025, M&G's revenue from principal business in sales recognition amounted to RMB25,004,637,500.	1. We understood and evaluated design of the key internal control designed by management and we tested the effectiveness of implementing key controls; 2. We inspected customer contracts, on a sample basis, to identify terms and conditions related to the transfer of control over the goods, and assessed the timing of revenue recognition with reference to the requirements of prevailing accounting standards; 3. We selected samples for revenue transactions recorded during the current year, with invoices, sales contracts, goods

<p>M&G recognized revenue based on the expected amount of consideration that it is entitled to receive when the customer obtains control of the relevant products or services.</p> <p>Since revenue is one of the key performance indicators of M&G, there is possibly inherent risk of inappropriately recognizing revenue to reach specific purpose in revenue recognition made based on the sales group of distributor; there is possibly potential risk of material misstatement in revenue recognition made based on the sales group of end customer because it involves many transactions with small amount for each transaction, so we recognized revenue recognition as a key audit matter.</p>	<p>delivery notes or transport documents to assess whether the related revenue was recognized in accordance with M&G's revenue recognition accounting policies;</p> <p>4. We performed analytical procedures on revenue and cost, including analysis of revenue, cost, gross profit margin fluctuations in each month of the current period, and performed analysis on sales model to observe whether there is any abnormal transaction;</p> <p>5. We took samples from revenue transactions that took place shortly before and after the balance sheet date, by checking delivery orders and other supportive documents to assess whether revenue was recognized in the correct accounting period;</p> <p>6. We evaluated the accuracy and authenticity of the revenue amount by implementing the letter verification procedure based on the balances of accounts receivable from major customers and checking goods return after the period.</p>
(II) Anticipated credit loss of accounts receivable	
<p>Please refer to notes to financial statements for accounting policies set out in "III Significant Accounting Policies and Accounting Estimates" (X) and "V Notes to Consolidated Financial Statements" (IV).</p> <p>As at December 31, 2025, balance of accounts receivable amounted to RMB4,673,738,000, and provision made for credit impairment loss of accounts receivable amounted to RMB96,202,500. M&G measured provision for loss of accounts receivable in accordance with amount of anticipated credit loss in the entire lifetime. The anticipated credit loss requires the management to take into consideration of forward-looking information apart from combining historical experience and current situations, involving lots of estimation and judgment, so we recognized anticipated credit loss of accounts receivable as a key audit matter.</p>	<p>1. We understood and evaluated design of the key internal control regarding impairment of financial assets (including accounts receivable) designed by management and we tested the effectiveness of implementing key controls;</p> <p>2. We evaluated rationality of the estimation on anticipated credit loss of accounts receivable, including judgment of forward-looking information; basis of estimation on anticipated credit loss made on a single item, and basis of estimation on anticipated credit loss made on portfolio, including rationality of the division for portfolio;</p> <p>3. We reviewed credit risk assessment performed by the management on internal and external environment of M&G's operation, integrity of different customers, repayment history, repayment capacity, and historical experience in credit loss;</p> <p>4. We recalculated to check whether measurement of provision for loss made by the management on single and portfolio accounts receivable is consistent with the amount of anticipated credit loss in the entire existing period.</p>

IV. Other Information

The management of M&G (hereinafter referred to as the "management") is responsible for the other information which comprises all the information covered in M&G 2025 Annual Report other than the financial statements and this auditor's report.

Our audit opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In conjunction with our audit to the financial statements, our responsibility is to read the other information. During the process, we considered whether there is material inconsistency or there is likely material misstatement between the other information and the financial statements or the information we obtained during the audit.

As we have performed the work on the other information obtained before the date of our auditor's report, we shall report if we confirmed there was a material misstatement among the other information. We have nothing needed to be reported on this case.

V. Responsibilities of the Management and Governing Bodies for the Financial Statements

The management shall be responsible for the preparation of financial statements in accordance with the Accounting Standards for Business Enterprises to enable them to be fairly reflected, and to design, implement and maintain the necessary internal controls so that there is no material misstatement due to fraud or error in the financial statements.

In the preparation of the financial statements, the management is responsible for assessing M&G's continuous operating capacity, disclosing matters relating to continuous operations (if applicable), and applying the continuing operating assumptions unless the management plans to perform liquidation, cease operation or otherwise has no realistic choice.

The governing bodies are responsible for overseeing the financial reporting process of M&G.

VI. Responsibilities of CPA for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance of the financial statements as a whole whether there is a material misstatement due to fraud or error and to issue an auditor's report containing audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards, we exercised professional judgment and maintained professional skepticism throughout the audit. We also performed the following works:

(1) to identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2) to understand the internal control related to the audit to design the appropriate audit procedures.

(3) to evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

(4) to draw a conclusion on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of M&G to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause M&G to cease to continue as a going concern.

(5) to evaluate the overall presentation, structure and content (including disclosure) of the financial statements, and to assess whether the financial statements reflect the related transactions and events fairly.

(6) to obtain sufficient and appropriate audit evidence of the financial information of the entity or business activity of the M&G in order to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and performing group audits. We take full responsibility for the audit opinion.

We communicated with the governing bodies regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provided a statement to management on compliance with ethical requirements related to independence, and communicated with governing bodies about all relationships and other matters that may be reasonably considered to affect our independence, as well as related precautions (if applicable).

From the matters we had discussed with the governing bodies, we confirmed which matters were most important to the audit of the financial statements for the current period and thus constituted the key audit matters. We set out these matters in the auditor's report. Unless the disclosure of these matters are forbidden by the laws and regulations, or, in rare cases, if it is reasonably expected that the negative impacts caused by discussing certain matters in the auditor's report would be larger than the benefits for public interest, we shall not disclose the matters in the auditor's report under such circumstances.

**BDO China Shu Lun Pan CPAs
(LLP)**

**Chinese Certified Public Accountant:
(Engagement Partner)**

Chinese Certified Public Accountant:

Shanghai • China

March 30, 2026

II. Financial Statements

Consolidated Balance Sheet

December 31, 2025

Prepared by: Shanghai M&G Stationery Inc.

Unit: Yuan Currency: RMB

Item	Notes	December 31, 2025	December 31, 2024
Current assets:			
Cash and equivalents	VII. 1	3,981,622,540.50	4,962,217,302.12
Transaction settlement funds			
Lending funds			
Held-for-trading financial assets	VII. 2	4,108,620,317.14	2,569,112,993.22
Derivative financial assets			
Bills receivable	VII. 4	59,999,337.34	17,425,526.65
Accounts receivable	VII. 5	4,577,535,438.46	3,860,635,417.76
Receivables financing	VII. 7	31,211,919.98	28,475,371.64
Prepayment	VII. 8	73,305,304.90	90,743,672.42
Premium receivable			
Reinsurance premium receivable			
Reserves for reinsurance contract receivable			
Other receivables	VII. 9	272,193,803.53	238,243,332.88
Including: Interest receivable			
Dividend receivable			
Financial assets purchased under agreements to resell			
Inventories	VII. 10	1,669,037,168.03	1,545,866,718.79
Including: Data resources			
Contract assets			
Held for sale assets			
Non-current assets due within one year	VII. 12	215,660.65	862,796.30
Other current assets	VII. 13	152,292,696.29	243,981,456.14
Total current assets		14,926,034,186.82	13,557,564,587.92
Non-current assets:			
Loans and advances to customers			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investments	VII. 17	35,606,521.84	33,578,115.08
Investments in other equity instruments	VII. 18	10,817,798.40	10,579,958.34
Other non-current financial assets			
Investment real estate	VII. 20	46,287,368.81	51,381,912.17
Fixed assets	VII. 21	1,682,453,574.18	1,527,715,803.59
Construction in progress	VII. 22	44,073,444.33	148,515,963.08
Productive biological assets			
Oil and gas assets			
Right-of-use assets	VII. 25	439,544,777.86	411,719,344.82
Intangible assets	VII. 26	429,114,453.37	432,067,482.88
Including: Data resources			
Development expenses			
Including: Data resources			
Goodwill	VII. 27	105,404,838.99	63,529,740.20
Long-term prepaid expenses	VII. 28	126,263,559.53	112,797,521.91
Deferred income tax assets	VII. 29	224,612,360.53	217,629,784.10
Other non-current assets	VII. 30	4,753,846.49	19,704,965.34
Total non-current assets		3,148,932,544.33	3,029,220,591.51
Total assets		18,074,966,731.15	16,586,785,179.43
Current liabilities:			

Short-term borrowings	VII. 32	245,131,111.12	341,061,169.83
Borrowings from central bank			
Placements from banks and other financial institutions			
Held-for-trading financial liabilities			
Derivative financial liabilities	VII. 34	46,320.08	
Bills payable			
Accounts payable	VII. 36	5,980,392,579.19	5,006,486,563.20
Accounts received in advance	VII. 37	3,378,737.08	
Contract liabilities	VII. 38	142,178,051.39	143,347,403.44
Financial assets sold under repurchase agreements			
Deposits from customers and other banks			
Brokerage for trading securities			
Brokerage for underwriting securities			
Employee benefits payable	VII. 39	209,831,364.57	189,490,079.29
Taxes payable	VII. 40	250,015,556.93	237,312,733.19
Other payables	VII. 41	534,646,908.51	518,745,735.51
Including: Interest payable			
Dividend payable			
Fees and commissions payable			
Reinsured accounts payable			
Held-for-sale liabilities			
Non-current liabilities due within one year	VII. 43	213,429,554.47	204,601,711.39
Other current liabilities	VII. 44	164,408,891.88	98,936,760.02
Total current liabilities		7,743,459,075.22	6,739,982,155.87
Non-current liabilities:			
Reserves for insurance contracts			
Long-term borrowings	VII. 45	35,998,000.00	6,000,000.00
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities	VII. 47	214,599,529.16	199,105,187.71
Long-term payable			
Long-term employee benefits payable			
Estimated liabilities	VII. 50	500,000.00	369,927.50
Deferred income	VII. 51	15,887,633.60	34,963,559.04
Deferred income tax liabilities	VII. 29	187,524,882.52	170,671,488.51
Other non-current liabilities			
Total non-current liabilities		454,510,045.28	411,110,162.76
Total liabilities		8,197,969,120.50	7,151,092,318.63
Owner's equity (or shareholders' equity):			
Share capital	VII. 53	920,970,377.00	923,828,420.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve	VII. 55	714,449,171.29	840,320,493.39
Less: Treasury shares	VII. 56	150,041,006.57	251,095,546.75
Other comprehensive income	VII. 57	-590,724.83	-11,423,451.31
Special reserve			
Surplus reserve	VII. 59	464,201,654.91	464,201,654.91
General risk provision			
Undistributed profit	VII. 60	7,338,681,217.85	6,944,027,602.89
Total equity attributable to the owners of the parent company		9,287,670,689.65	8,909,859,173.13
Minority equity		589,326,921.00	525,833,687.67
Total owners' equity (or shareholders' equity)		9,876,997,610.65	9,435,692,860.80

Total liabilities and owner's equity (or shareholders' equity)		18,074,966,731.15	16,586,785,179.43
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The chairman of the Company: Chen Huwen
 Person in charge of Accounting Department: Zhai Yu

CFO of the Company: Liu Jiaqi

Parent Company's Balance Sheet

December 31, 2025

Prepared by: Shanghai M&G Stationery Inc.

Unit: Yuan Currency: RMB

Item	Notes	December 31, 2025	December 31, 2024
Current assets:			
Cash and equivalents		987,013,921.54	2,053,563,177.06
Held-for-trading financial assets		3,084,951,651.14	2,156,713,193.81
Derivative financial assets			
Bills receivable			
Accounts receivable	XIX. 1	260,358,838.38	216,971,760.87
Receivables financing			
Prepayment		9,611,049.73	10,291,736.91
Other receivables	XIX. 2	521,438,557.39	1,089,091,354.20
Including: Interest receivable			
Dividend receivable			
Inventories		337,793,756.06	361,750,498.85
Including: Data resources			
Contract assets			
Held for sale assets			
Non-current assets due within one year		215,660.65	862,796.30
Other current assets		150,404,176.16	163,630,053.93
Total current assets		5,351,787,611.05	6,052,874,571.93
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investments	XIX. 3	1,820,563,744.45	1,678,535,337.69
Investments in other equity instruments		10,817,798.40	10,579,958.34
Other non-current financial assets			
Investment real estate			
Fixed assets		1,185,740,976.20	1,276,904,083.43
Construction in progress		36,656,986.67	46,229,563.79
Productive biological assets			
Oil and gas assets			
Right-of-use assets		47,659,883.78	34,304,378.56
Intangible assets		163,134,731.67	167,834,907.44
Including: Data resources			
Development expenses			
Including: Data resources			
Goodwill			
Long-term prepaid expenses		9,577,530.61	20,578,956.59
Deferred income tax assets		10,599,746.10	10,988,111.43
Other non-current assets		1,614,228.93	5,978,528.33
Total non-current assets		3,286,365,626.81	3,251,933,825.60
Total assets		8,638,153,237.86	9,304,808,397.53
Current liabilities:			
Short-term borrowings			
Held-for-trading financial liabilities			
Derivative financial liabilities			

Bills payable			
Accounts payable		265,662,097.16	251,998,097.85
Accounts received in advance			
Contract liabilities		24,682,659.81	24,477,902.07
Employee benefits payable		111,762,858.65	104,213,576.99
Taxes payable		73,368,973.04	82,286,512.35
Other payables		1,044,842,628.13	1,725,497,505.37
Including: Interest payable			
Dividend payable			
Held-for-sale liabilities			
Non-current liabilities due within one year		21,300,167.04	9,497,518.60
Other current liabilities		2,496,507.13	2,480,204.79
Total current liabilities		1,544,115,890.96	2,200,451,318.02
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities		26,019,343.88	21,768,906.70
Long-term payable			
Long-term employee benefits payable			
Estimated liabilities			369,927.50
Deferred income		11,124,996.80	28,035,686.51
Deferred income tax liabilities		20,974,399.99	16,199,629.60
Other non-current liabilities			
Total non-current liabilities		58,118,740.67	66,374,150.31
Total liabilities		1,602,234,631.63	2,266,825,468.33
Owner's equity (or shareholders' equity):			
Share capital		920,970,377.00	923,828,420.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve		349,012,146.30	496,166,349.50
Less: Treasury shares		150,041,006.57	251,095,546.75
Other comprehensive income		8,931,016.20	7,292,879.31
Special reserve			
Surplus reserve		463,872,795.00	463,872,795.00
Undistributed profit		5,443,173,278.30	5,397,918,032.14
Total owners' equity (or shareholders' equity)		7,035,918,606.23	7,037,982,929.20
Total liabilities and owner's equity (or shareholders' equity)		8,638,153,237.86	9,304,808,397.53

The chairman of the Company: Chen Huwen
Person in charge of Accounting Department: Zhai Yu

CFO of the Company: Liu Jiaqi

Consolidated Income Statement

January - December 2025

Unit: Yuan Currency: RMB

Item	Notes	2025	2024
I. Total revenue		25,063,909,836.47	24,228,248,698.65
Including: Revenue	VII. 61	25,063,909,836.47	24,228,248,698.65
Interest income			
Premium received			
Handling fee and commission income			
II. Total operating costs		23,574,143,913.58	22,614,762,821.64
Including: Operating cost	VII. 61	20,462,813,963.30	19,649,752,559.47
Interest expenses			

Handling fee and commission expenses			
Payment on surrenders			
Net compensation expenses			
Net provision drawn for insurance contract			
Policy dividend expenses			
Reinsurance expenses			
Taxes and surcharges	VII. 62	100,390,340.73	95,645,558.71
Selling expenses	VII. 63	1,860,144,631.03	1,738,039,609.61
Administrative expenses	VII. 64	966,231,850.63	981,802,848.21
R&D expenses	VII. 65	189,639,354.87	189,145,980.66
Financial expenses	VII. 66	-5,076,226.98	-39,623,735.02
Including: Interest expenses		27,831,891.86	27,331,016.15
Interest income		35,152,616.54	64,177,866.11
Add: Other gains	VII. 67	130,489,651.94	132,438,188.72
Income from investment (“-” refers to loss)	VII. 68	9,895,830.01	-364,758.05
Including: Investment income from associates and joint ventures		592,433.92	-3,962,188.64
Derecognition of income from financial assets at amortized cost			
Exchange gains (“-” refers to loss)			
Net gain on exposure hedging (“-” refers to loss)			
Gain on change in fair value (“-” refers to loss)	VII. 70	58,155,252.93	54,361,789.99
Losses on credit impairment (“-” refers to loss)	VII. 71	-22,872,885.89	-28,410,867.15
Losses on assets impairment (“-” refers to loss)	VII. 72	-9,370,921.23	-12,879,311.68
Gains from asset disposal (“-” refers to loss)	VII. 73	-2,847,905.15	-10,284.89
III. Operating profits (“-” refers to loss)		1,653,214,945.50	1,758,620,633.95
Add: Non-operating profits	VII. 74	75,631,491.35	78,129,813.59
Less: Non-operating expenses	VII. 75	20,142,203.88	15,492,461.01
IV. Total profits (“-” refers to total loss)		1,708,704,232.97	1,821,257,986.53
Less: Income tax expenses	VII. 76	347,534,198.38	366,523,055.44
V. Net profits (“-” refers to net loss)		1,361,170,034.59	1,454,734,931.09
(I) Classified by operation continuity			
1. Net profits from continuing activities (“-” refers to net loss)		1,361,170,034.59	1,454,734,931.09
2. Net profits from discontinuing activities (“-” refers to net loss)			
(II) Classified by ownership			
1. Net profits attributable to shareholders of the parent company (“-” refers to net loss)		1,310,448,991.96	1,395,844,392.50
2. Profit or loss attributable to minority shareholders (“-” refers to net loss)		50,721,042.63	58,890,538.59
VI. Net amount of other comprehensive income after tax		8,627,687.56	-11,294,812.47
(I) Net amount of other comprehensive income after tax attributable to owners of the parent company		10,832,726.48	-10,477,874.14
1. Other comprehensive income not to be reclassified into profit or loss		-305,512.43	1,490,423.21
(1) Change in re-measurement of defined benefit plans			
(2) Other comprehensive income that may not be reclassified to profit or loss under equity method		-507,676.48	296,271.03
(3) Change in fair value of investments in other equity instruments		202,164.05	1,194,152.18
(4) Change in fair value of enterprise’s			

own credit risk			
2. Other comprehensive income to be reclassified into profit or loss		11,138,238.91	-11,968,297.35
(1) Other comprehensive income that may be reclassified to profit or loss under equity method		1,943,649.32	11,920.22
(2) Change in fair value of other debt investments			
(3) Amount included in other comprehensive income on reclassification of financial assets			
(4) Credit impairment provisions of other debt investments			
(5) Cash flow hedging reserve		1,776,705.72	-845,326.86
(6) Exchange differences from translation of financial statements		7,417,883.87	-11,134,890.71
(7) Others			
(II) Net amount of other comprehensive income after tax attributable to minority shareholders		-2,205,038.92	-816,938.33
VII. Total comprehensive income		1,369,797,722.15	1,443,440,118.62
(I) Total comprehensive income attributable to owners of the parent company		1,321,281,718.44	1,385,366,518.36
(II) Total comprehensive income attributable to minority shareholders		48,516,003.71	58,073,600.26
VIII. Earnings per share:			
(I) Basic earnings per share (Yuan/share)		1.4306	1.5162
(II) Diluted earnings per share (Yuan/share)		1.4306	1.5162

In case of business combination under common control, net profit realized by the combined before the combination in the period was nil; net profit realized by the combined in the previous period was nil.

The chairman of the Company: Chen Huwen

CFO of the Company: Liu Jiaqi

Person in charge of Accounting Department: Zhai Yu

Income Statement of the Parent Company

January - December 2025

Unit: Yuan Currency: RMB

Item	Notes	2025	2024
I. Revenue	XIX. 4	4,151,719,699.55	4,379,397,430.80
Less: Operating cost	XIX. 4	2,301,417,959.64	2,460,634,350.19
Taxes and surcharges		38,825,737.48	36,194,364.90
Selling expenses		260,806,321.27	270,279,336.76
Administrative expenses		478,043,581.61	491,409,817.22
R&D expenses		142,394,698.73	149,146,241.99
Financial expenses		-26,317,479.89	-52,879,140.51
Including: Interest expenses		2,400,727.43	1,828,685.69
Interest income		21,477,616.80	45,382,917.24
Add: Other gains		41,321,418.17	35,110,652.95
Income from investment (“-” refers to loss)	XIX. 5	2,265,183.03	287,842,385.68
Including: Investment income from associates and joint ventures		592,433.92	-583,369.62
Derecognition of income from financial assets at amortized cost			
Net gain on exposure hedging (“-” refers to loss)			
Gain on change in fair value (“-” refers to loss)		45,713,568.49	45,800,706.55
Losses on credit impairment (“-” refers to loss)		1,260,172.30	836,373.47
Losses on assets impairment (“-”		471,325.67	-2,714,383.75

refers to loss)			
Gains from asset disposal (“-” refers to loss)		38,493.68	1,403,092.95
II. Operating profits (“-” refers to loss)		1,047,619,042.05	1,392,891,288.10
Add: Non-operating profits		69,651,967.92	39,489,173.46
Less: Non-operating expenses		3,883,740.63	6,594,404.82
III. Total profits (“-” refers to total loss)		1,113,387,269.34	1,425,786,056.74
Less: Income tax expenses		152,336,646.18	167,521,754.03
IV. Net profits (“-” refers to net loss)		961,050,623.16	1,258,264,302.71
(I) Net profits from continuing activities (“-” refers to net loss)		961,050,623.16	1,258,264,302.71
(II) Net profits from discontinuing activities (“-” refers to net loss)			
V. Net amount of other comprehensive income after tax		1,638,136.89	1,502,343.43
(I) Other comprehensive income not to be reclassified into profit or loss		-305,512.43	1,490,423.21
1. Change in re-measurement of defined benefit plans			
2. Other comprehensive income that may not be reclassified to profit or loss under equity method		-507,676.48	296,271.03
3. Change in fair value of investments in other equity instruments		202,164.05	1,194,152.18
4. Change in fair value of enterprise’s own credit risk			
(II) Other comprehensive income to be reclassified into profit or loss		1,943,649.32	11,920.22
1. Other comprehensive income that may be reclassified to profit or loss under equity method		1,943,649.32	11,920.22
2. Change in fair value of other debt investments			
3. Amount included in other comprehensive income on reclassification of financial assets			
4. Credit impairment provisions of other debt investments			
5. Cash flow hedging reserve			
6. Exchange differences from translation of financial statements			
7. Others			
VI. Total comprehensive income		962,688,760.05	1,259,766,646.14
VII. Earnings per share:			
(I) Basic earnings per share (Yuan/share)			
(II) Diluted earnings per share (Yuan/share)			

The chairman of the Company: Chen Huwen
Person in charge of Accounting Department: Zhai Yu

CFO of the Company: Liu Jiaqi

Consolidated Cash Flow Statement
January - December 2025

Unit: Yuan Currency: RMB

Item	Notes	2025	2024
I. Cash flow from operating activities:			
Cash received from sales of goods or rendering of services		27,491,799,508.45	26,919,241,637.72
Net increase in customer and interbank deposits			
Net increase in borrowings from central bank			

Net increase in placements from banks and other financial institutions			
Cash received from premiums under original insurance contract			
Net cash received from reinsurance business			
Net increase in deposits of policy holders and investments			
Cash received from interest, fees and commissions			
Net increase in borrowings			
Net increase in repurchase business capital			
Net cash received from securities trading agency services			
Tax rebates		21,922,728.69	28,793,960.26
Other cash received from operating activities	VII. 78	1,453,451,080.36	1,911,518,646.32
Sub-total of cash inflows from operating activities		28,967,173,317.50	28,859,554,244.30
Cash paid for goods and services		21,907,018,844.38	21,587,437,494.24
Net increase in customer loans and advances			
Net increase in deposits with PBOC and interbank deposits			
Cash paid for compensation payments under original insurance contract			
Net increase in funds for lending			
Cash paid for interests, handling charges and commissions			
Cash paid for policy dividends			
Cash paid to and on behalf of employees		1,219,778,367.80	1,194,235,979.40
Taxes and fees paid		970,982,965.16	1,087,074,596.45
Cash paid for other operating activities	VII. 78	2,587,320,671.51	2,701,465,377.42
Sub-total of cash outflows from operating activities		26,685,100,848.85	26,570,213,447.51
Net cash flow generated from operating activities		2,282,072,468.65	2,289,340,796.79
II. Cash flow from investing activities:			
Cash received from disposal of investments		2,531,000,000.00	2,710,000,000.00
Cash received from returns on investments		30,463,057.81	12,778,713.86
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,664,696.18	4,158,570.96
Net cash received from disposal of subsidiaries and other operating entities			
Other cash received relating to investing activities	VII. 78	5,219,162.31	497,844.25
Sub-total of cash inflows from investing activities		2,569,346,916.30	2,727,435,129.07
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		366,847,884.07	329,274,686.22
Cash paid for investment		3,900,000,000.00	3,973,000,000.00
Net increase in pledged loans			
Net cash paid for acquiring subsidiaries and other operating entities		18,423,918.08	
Other cash paid relating to investing activities			
Sub-total of cash outflows from		4,285,271,802.15	4,302,274,686.22

investing activities			
Net cash flow generated from investing activities		-1,715,924,885.85	-1,574,839,557.15
III. Cash flow generated from financing activities:			
Proceeds received from financing activities		4,325,183.58	506,897,050.00
Including: Proceeds received by subsidiaries from minority shareholders' investment		4,325,183.58	506,897,050.00
Cash received from borrowings		347,960,000.00	372,730,000.00
Other cash received from financing-related activities	VII. 78	4,750,000.00	
Sub-total of cash inflows from financing activities		357,035,183.58	879,627,050.00
Cash repayments of borrowings		417,882,000.00	241,850,000.00
Dividends paid, profit distributed or interest paid		922,202,175.31	767,302,019.51
Including: Dividend and profit paid by subsidiaries to minority shareholders			20,246,187.50
Other cash paid for financing-related activities	VII. 78	369,865,778.35	569,048,890.82
Sub-total of cash outflows from financing activities		1,709,949,953.66	1,578,200,910.33
Net cash flow from financing activities		-1,352,914,770.08	-698,573,860.33
IV. Effects of exchange rate fluctuations on cash and cash equivalents		2,694,362.11	2,603,516.04
V. Net increase in cash and cash equivalents		-784,072,825.17	18,530,895.35
Add: Cash and cash equivalents at the beginning of the period		3,726,616,032.18	3,708,085,136.83
VI. Cash and cash equivalents at the end of the period		2,942,543,207.01	3,726,616,032.18

The chairman of the Company: Chen Huwen
Person in charge of Accounting Department: Zhai Yu

CFO of the Company: Liu Jiaqi

Cash Flow Statement of the Parent Company January - December 2025

Unit: Yuan Currency: RMB

Item	Notes	2025	2024
I. Cash flow from operating activities:			
Cash received from sales of goods or rendering of services		4,374,747,225.57	4,680,913,907.02
Tax rebates			
Other cash received from operating activities		1,669,366,759.17	1,468,358,509.89
Sub-total of cash inflows from operating activities		6,044,113,984.74	6,149,272,416.91
Cash paid for goods and services		2,324,732,437.80	2,497,276,629.57
Cash paid to and on behalf of employees		566,661,767.53	581,232,256.55
Taxes and fees paid		360,232,283.55	410,769,251.30
Cash paid for other operating activities		1,475,505,465.84	1,164,814,990.86
Sub-total of cash outflows from operating activities		4,727,131,954.72	4,654,093,128.28
Net cash flow generated from operating activities		1,316,982,030.02	1,495,179,288.63
II. Cash flow from investing activities:			
Cash received from disposal of investments		2,190,000,000.00	2,610,000,000.00

Cash received from returns on investments		29,159,592.98	298,193,147.19
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,664,210.56	2,474,910.71
Net cash received from disposal of subsidiaries and other operating entities			
Other cash received relating to investing activities		647,135.65	497,844.25
Sub-total of cash inflows from investing activities		2,221,470,939.19	2,911,165,902.15
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		83,345,132.54	133,107,843.96
Cash paid for investment		3,240,000,000.00	3,919,000,000.00
Net cash paid for acquiring subsidiaries and other operating entities			
Other cash paid relating to investing activities			
Sub-total of cash outflows from investing activities		3,323,345,132.54	4,052,107,843.96
Net cash flow generated from investing activities		-1,101,874,193.35	-1,140,941,941.81
III. Cash flow generated from financing activities:			
Proceeds received from financing activities			
Cash received from borrowings			
Other cash received from financing-related activities			
Sub-total of cash inflows from financing activities			
Cash repayments of borrowings			
Dividends paid, profit distributed or interest paid		918,912,776.70	742,379,268.52
Other cash paid for financing-related activities		68,143,082.26	186,177,504.39
Sub-total of cash outflows from financing activities		987,055,858.96	928,556,772.91
Net cash flow from financing activities		-987,055,858.96	-928,556,772.91
IV. Effects of exchange rate fluctuations on cash and cash equivalents		3,056,338.34	9,414,157.16
V. Net increase in cash and cash equivalents		-768,891,683.95	-564,905,268.93
Add: Cash and cash equivalents at the beginning of the period		1,251,743,410.28	1,816,648,679.21
VI. Cash and cash equivalents at the end of the period		482,851,726.33	1,251,743,410.28

The chairman of the Company: Chen Huwen
Person in charge of Accounting Department: Zhai Yu

CFO of the Company: Liu Jiaqi

Consolidated Statements of Changes in Owners' Equity
January - December 2025

Unit: Yuan Currency: RMB

Item	2025												Minority equity	Total equity attributable to owners	
	Equity attributable to owners of the parent company														
	Paid-up capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profit	Others			Subtotal
Preference shares		Perpetual bonds	Others												
I. Balance at the end of last year	923,828,420.00				840,320,493.39	251,095,546.75	-11,423,451.31		464,201,654.91		6,944,027,602.89		8,909,859,173.13	525,833,687.67	9,435,692,860.80
Add: Changes in accounting policies															
Correction for previous errors															
Others															
II. Balance at the beginning of the year	923,828,420.00				840,320,493.39	251,095,546.75	-11,423,451.31		464,201,654.91		6,944,027,602.89		8,909,859,173.13	525,833,687.67	9,435,692,860.80
III. Increase and decrease for the period ("-" for decrease)	-2,858,043.00				-125,871,322.10	-101,054,540.18	10,832,726.48				394,653,614.96		377,811,516.52	63,493,233.33	441,304,749.85
(I) Total comprehensive income							10,832,726.48				1,310,448,991.96		1,321,281,718.44	48,516,003.71	1,369,797,722.15
(II) Owner's contribution and capital reduction	-2,858,043.00				-125,871,322.10	-101,054,540.18							-27,674,824.92	14,977,229.62	-12,697,595.30
1. Ordinary shares contributed by the owners	-2,858,043.00				-147,154,203.20	-101,054,540.18							-48,957,706.02	8,897,188.24	-40,060,517.78
2. Capital contributions by other equity instrument holders															
3. Amount of share-based payments credited to owners' equity															
4. Others					21,282,881.10								21,282,881.10	6,080,041.38	27,362,922.48
(III) Profit distribution											-915,795,377.00		-915,795,377.00		-915,795,377.00
1. Withdrawal of surplus reserve															
2. Withdrawal of general risk provision															
3. Distribution to owners (or shareholders)											-915,795,377.00		-915,795,377.00		-915,795,377.00
4. Others															
(IV) Internal carry-forward of owners' equity															
1. Transfer of capital reserve to capital (or share capital)															
2. Transfer of surplus reserve to capital (or share capital)															
3. Surplus reserve to cover loss															
4. Changes in defined benefit scheme carried															

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forward to retained earnings															
5. Carry-forward of other comprehensive income to retained earnings															
6. Others															
(V) Special reserve															
1. Withdrawal for the period															
2. Utilization for the period															
(VI) Others															
IV. Balance at the end of the period	920,970,377.00				714,449,171.29	150,041,006.57	-590,724.83		464,201,654.91		7,338,681,217.85		9,287,670,689.65	589,326,921.00	9,876,997,610.65

Item	2024													Minority equity	Total equity attributable to owners
	Equity attributable to owners of the parent company														
	Paid-up capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profit	Others	Subtotal		
Preference shares		Perpetual bonds	Others												
I. Balance at the end of last year	926,596,570.00				373,093,781.49	216,941,657.70	-945,577.17		464,201,654.91		6,287,174,031.99		7,833,178,803.52	517,985,992.86	8,351,164,796.38
Add: Changes in accounting policies															
Correction for previous errors															
Others															
II. Balance at the beginning of the year	926,596,570.00				373,093,781.49	216,941,657.70	-945,577.17		464,201,654.91		6,287,174,031.99		7,833,178,803.52	517,985,992.86	8,351,164,796.38
III. Increase and decrease for the period ("+" for increase)	-2,768,150.00				467,226,711.90	34,153,889.05	-10,477,874.14				656,853,570.90		1,076,680,369.61	7,847,694.81	1,084,528,064.42
(I) Total comprehensive income							-10,477,874.14				1,395,844,392.50		1,385,366,518.36	58,073,600.26	1,443,440,118.62
(II) Owner's contribution and capital reduction	-2,768,150.00				467,226,711.90	34,153,889.05							430,304,672.85	-29,979,717.95	400,324,954.90
1. Ordinary shares contributed by the owners	-2,768,150.00				-61,946,741.50	34,153,889.05							-98,868,780.55	-46,770,376.24	-145,639,156.79
2. Capital contributions by other equity instrument holders															
3. Amount of share-based payments credited to owners' equity					58,774,860.49								58,774,860.49	16,790,658.29	75,565,518.78
4. Others					470,398,592.91								470,398,592.91		470,398,592.91
(III) Profit distribution											-738,990,821.60		-738,990,821.60	-20,246,187.50	-759,237,009.10
1. Withdrawal of surplus reserve															
2. Withdrawal of general risk provision															
3. Distribution to owners (or shareholders)											-738,990,821.60		-738,990,821.60	-20,246,187.50	-759,237,009.10
4. Others															
(IV) Internal carry-forward of owners' equity															

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1. Transfer of capital reserve to capital (or share capital)															
2. Transfer of surplus reserve to capital (or share capital)															
3. Surplus reserve to cover loss															
4. Changes in defined benefit scheme carried forward to retained earnings															
5. Carry-forward of other comprehensive income to retained earnings															
6. Others															
(V) Special reserve															
1. Withdrawal for the period															
2. Utilization for the period															
(VI) Others															
IV. Balance at the end of the period	923,828,420.00				840,320,493.39	251,095,546.75	-11,423,451.31		464,201,654.91		6,944,027,602.89		8,909,859,173.13	525,833,687.67	9,435,692,860.80

The chairman of the Company: Chen Huwen

CFO of the Company: Liu Jiaqi

Person in charge of Accounting Department: Zhai Yu

Parent Company's Statement of Changes in Owners' Equity
January - December 2025

Unit: Yuan Currency: RMB

Item	2025										
	Paid-up capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity attributable to owners
		Preference shares	Perpetual bonds	Others							
I. Balance at the end of last year	923,828,420.00				496,166,349.50	251,095,546.75	7,292,879.31		463,872,795.00	5,397,918,032.14	7,037,982,929.20
Add: Changes in accounting policies											
Correction for previous errors											
Others											
II. Balance at the beginning of the year	923,828,420.00				496,166,349.50	251,095,546.75	7,292,879.31		463,872,795.00	5,397,918,032.14	7,037,982,929.20
III. Increase and decrease for the period ("-" for decrease)	-2,858,043.00				-147,154,203.20	-101,054,540.18	1,638,136.89			45,255,246.16	-2,064,322.97
(I) Total comprehensive income							1,638,136.89			961,050,623.16	962,688,760.05
(II) Owner's contribution and capital reduction	-2,858,043.00				-147,154,203.20	-101,054,540.18					-48,957,706.02
1. Ordinary shares contributed by the owners	-2,858,043.00				-147,154,203.20	-101,054,540.18					-48,957,706.02
2. Capital contributions by other equity instrument holders											
3. Amount of share-based payments credited to owners' equity											
4. Others											
(III) Profit distribution										-915,795,377.00	-915,795,377.00
1. Withdrawal of surplus reserve											
2. Distribution to owners (or shareholders)										-915,795,377.00	-915,795,377.00
3. Others											
(IV) Internal carry-forward of owners' equity											

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1. Transfer of capital reserve to capital (or share capital)										
2. Transfer of surplus reserve to capital (or share capital)										
3. Surplus reserve to cover loss										
4. Changes in defined benefit scheme carried forward to retained earnings										
5. Carry-forward of other comprehensive income to retained earnings										
6. Others										
(V) Special reserve										
1. Withdrawal for the period										
2. Utilization for the period										
(VI) Others										
IV. Balance at the end of the period	920,970,377.00				349,012,146.30	150,041,006.57	8,931,016.20	463,872,795.00	5,443,173,278.30	7,035,918,606.23

Item	2024										
	Paid-up capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity attributable to owners
		Preference shares	Perpetual bonds	Others							
I. Balance at the end of last year	926,596,570.00				558,113,091.00	216,941,657.70	5,790,535.88		463,872,795.00	4,878,644,551.03	6,616,075,885.21
Add: Changes in accounting policies											
Correction for previous errors											
Others											
II. Balance at the beginning of the year	926,596,570.00				558,113,091.00	216,941,657.70	5,790,535.88		463,872,795.00	4,878,644,551.03	6,616,075,885.21
III. Increase and decrease for the period ("-" for decrease)	-2,768,150.00				-61,946,741.50	34,153,889.05	1,502,343.43			519,273,481.11	421,907,043.99
(I) Total comprehensive income							1,502,343.43			1,258,264,302.71	1,259,766,646.14
(II) Owner's contribution and capital reduction	-2,768,150.00				-61,946,741.50	34,153,889.05					-98,868,780.55
1. Ordinary shares contributed by the owners	-2,768,150.00				-61,946,741.50	34,153,889.05					-98,868,780.55
2. Capital contributions by other equity instrument holders											
3. Amount of share-based payments credited to owners' equity											
4. Others											
(III) Profit distribution										-738,990,821.60	-738,990,821.60
1. Withdrawal of surplus reserve											
2. Distribution to owners (or shareholders)										-738,990,821.60	-738,990,821.60
3. Others											
(IV) Internal carry-forward of owners' equity											
1. Transfer of capital reserve to capital (or share capital)											
2. Transfer of surplus reserve to capital (or share capital)											
3. Surplus reserve to cover loss											
4. Changes in defined benefit scheme carried forward to retained earnings											
5. Carry-forward of other comprehensive income to retained earnings											
6. Others											
(V) Special reserve											
1. Withdrawal for the period											
2. Utilization for the period											
(VI) Others											
IV. Balance at the end of the period	923,828,420.00				496,166,349.50	251,095,546.75	7,292,879.31		463,872,795.00	5,397,918,032.14	7,037,982,929.20

The chairman of the Company: Chen Huwen

CFO of the Company: Liu Jiaqi

Person in charge of Accounting Department: Zhai Yu

III. General Information about the Company

1. Company profile

√ Applicable Not applicable

Shanghai M&G Stationery Inc. (hereinafter referred to as “Company” or the “Company”) is a limited company that was approved by the *Approval for the Initial Public Offering of Shanghai M&G Stationery Inc.* in [2015] No. 15 securities regulatory license of China Securities Regulatory Commission in January 2015. The Company’s business license No.: 91310000677833266F. In January 2015, the Company was listed on Shanghai Stock Exchange. The industry where the Company operates is manufacturing industry in products for stationery, arts, sports and entertainment.

As of December 31, 2025, the Company issued a total of 920,970,377 shares accumulatively, and its registered capital amounted to RMB920,970,377. The registered address of the Company is Building 3, No. 3469 Jinqian Road, Fengxian District, Shanghai. The principal operations of the Company include the design, development, manufacturing and marketing of writing instruments, student stationery, office supplies and other products, the direct office supplies business and the new retail business.

The parent company of the Company is M&G Holdings (Group) Co., Ltd., and the beneficial controllers are Chen Huwen, Chen Huxiong, and Chen Xueling.

The financial statements were approved for submission by the Board of Directors on March 30, 2026.

IV. Preparation Basis of Financial Statements

1. Preparation basis

The Company prepared financial statements in accordance with the *Accounting Standards for Business Enterprises - Basic Standards*, and various specific account standards, application guidance for accounting standards for business enterprises, interpretations of the accounting standards for business enterprises and other relevant regulations (hereinafter collectively referred to as “Accounting Standards for Business Enterprises”) promulgated by the Ministry of Finance, and the disclosure requirements in the *Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 - General Provisions on Financial Report* issued by China Securities Regulatory Commission.

2. Going concern

√ Applicable Not applicable

These financial statements have been prepared on a going concern basis.

V. Significant Accounting Policies and Accounting Estimates

Notes to specific accounting policies and accounting estimates:

√ Applicable Not applicable

Disclosure of specific accounting policies and accounting estimates:

The following disclosures cover the specific accounting policies and accounting estimates formulated by the Company according to the characteristics of its production and operation. For details, please refer to Notes “V (11) Financial Instruments”, “V (21) Fixed Assets”, “V (26) Intangible Assets”, “V (28) Long-term Deferred Expenses”, “V (34) Income”, and “V (36) Government Subsidies”.

1. Statement of compliance of accounting standards for business enterprises

The financial statements are in compliance with the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, and truly and completely present the consolidated and parent company’s financial position of the Company as at December 31, 2025, as well as the consolidated and parent company’s operating results and cash flows for the year then ended.

2. Accounting period

The accounting period of the Company is from January 1 to December 31 of each calendar year.

3. Operating cycle

√ Applicable Not applicable

The Company's operating cycle is 12 months.

4. Reporting currency

RMB is adopted by the Company as the bookkeeping currency. Each subsidiary of the Company determines its own reporting currency based on the primary economic environment where it runs business. The reporting currency of Back to School Holding AS and Beckmann AS is NOK; the reporting currency of Beckmann Norway GmbH (Germany) is EUR; the reporting currency of Beckmann Norway Inc. is USD; the recording currency of Beckmann Norway GmbH (Austria) is EUR; the recording currency of Axus Stationery (Hong Kong) Company Ltd. is HKD; the recording currency of International stationery company is VND; and the recording currency of Shanghai M&G Stationery (Thailand) Co., Ltd. is THB. The financial statement herein is presented in RMB.

5. Methods for determining materiality standards and selection basis

√ Applicable □ Not applicable

Item	Materiality standard
Material accounts receivable where bad debt provisions are accrued separately	The amount of a provision separately accrued accounts for over 0.5% of total assets
Write-off of material accounts receivable	The amount of a single write-off accounts for over 0.5% of total assets
Material bad debt provision amounts recovered or reversed in the accounts receivable in the current period	The amount of a single recovery or reversal accounts for over 0.5% of total assets
Other material accounts receivable where bad debt provisions are accrued separately	The amount of a provision separately accrued accounts for over 0.5% of total assets
Write-off of other material accounts receivable	The amount of a single write-off accounts for over 0.5% of total assets
Material bad debt provision amounts recovered or reversed in other accounts receivable in the current period	The amount of a single recovery or reversal accounts for over 0.5% of total assets
Material prepayments by amount that have aged over one year	The amount of a single prepayment that has aged over one year accounts for over 0.5% of total assets
Changes in material construction in progress in the current period	The budget of a single project exceeds 3% of total assets
Material accounts payable that have aged over one year or are overdue	The amount of a single account payable that has aged over one year accounts for over 0.5% of total assets
Material contract liabilities that have aged over one year	The amount of a single contract liability that has aged over one year accounts for over 0.5% of total assets
Other material accounts payable that have aged over one year or are overdue	The amount of a single other account payable that has aged over one year accounts for over 0.5% of total assets
Cash received in connection with material investing activities	The Company recognises the payments related to equity disposal that occur in amounts greater than 5% of net assets as cash received in connection with material investing activities
Cash paid in connection with material investing activities	The Company recognises the payments related to equity acquisition that occur in amounts greater than 5% of net assets as cash paid in connection with material investing activities
Material overseas operating entities	The Company recognises overseas operating entities whose total assets/gross profits/revenues exceed 15%/10%/15% of total consolidated assets/total consolidated profits/consolidated revenues as material overseas operating entities.
Material non-wholly-owned subsidiary	The Company recognises non-wholly-owned subsidiaries whose total assets/gross profits/revenues exceed 15%/10%/15% of total consolidated assets/total consolidated profits/consolidated revenues as material non-wholly-owned subsidiaries.
Material joint ventures or associated	The Company recognises joint ventures or associated

enterprises	enterprises whose total assets/gross profits/revenues exceed 15%/10%/15% of total consolidated assets/total consolidated profits/consolidated revenues as material joint ventures or associated enterprises.
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6. Accounting treatments for business combination under or not under common control

Applicable Not applicable

Business combination under common control: the assets and liabilities acquired by the Company in business combination (including goodwill incurred in the acquisition of the acquiree by ultimate controlling party) shall be measured at the carrying amount of the assets and liabilities of the acquiree in the consolidated financial statements of the ultimate controlling party at the date of combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the merger (or total nominal value of the issued shares) is adjusted to capital premium in capital reserve. If the capital premium in capital reserve is not sufficient to offset the difference, the remaining balance is adjusted against retained earnings.

Business combination not under common control: the cost of business combination is the fair value of the assets paid by the acquirer to obtain the control right of the acquiree, the liabilities incurred or assumed, and the equity securities issued at the date of purchase. Where the cost of business combination is higher than the fair value of the identifiable net assets acquired from the acquiree in business combination, the Company shall recognize such difference as goodwill; where the cost of business combination is less than the fair value of the identifiable net assets acquired from the acquiree in business combination, such difference shall be included in the current profit or loss. The identifiable assets, liabilities and contingent liabilities of the acquiree obtained in the business combination that meet the recognition conditions are measured at their fair values at the date of purchase.

The direct expenses incurred in business combination shall be included the current profit or loss; transaction costs associated with the issue of equity or debt securities for the business combination shall be included in the initially recognized amounts of the equity or debt securities.

7. Control judgment criteria and preparation of consolidated financial statements

Applicable Not applicable

(1) Control judgment criteria

The consolidation scope of consolidated financial statements is determined on the basis of control, including the Company and all of its subsidiaries. The term “control” refers to the power held by the Company over the invested enterprise, through which the Company is capable of enjoying variable return by participating in relevant activities of the invested enterprise, and having the ability to influence the amount of return via such control.

(2) Consolidation procedure

The Company regards the entire enterprise group as an accounting entity and prepares the consolidated financial statements in accordance with unified accounting policies to reflect the overall financial status, operating results and cash flow of the enterprise group. The influence of internal transactions between the Company and its subsidiaries and among the subsidiaries shall be offset. If internal transactions indicate that the relevant assets have suffered impairment losses, the losses shall be fully recognized. In preparing the consolidated financial statements, where the accounting policies and the accounting periods are inconsistent between the Company and its subsidiaries, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company.

The owners' equity, the net profit or loss and the comprehensive income attributable to minority shareholders of a subsidiary of the current period are presented separately under the owners' equity in the consolidated balance sheet, the net profit and the total comprehensive income in the consolidated income statement respectively. Where losses attributable to the minority shareholders of a subsidiary exceed the minority shareholders' interest entitled in the shareholders' equity of the subsidiary at the beginning of the period, the excess is allocated against the minority equity.

① Addition of subsidiary or business

During the Reporting Period, if there is an addition of subsidiary or business due to business combination under common control, the operating results and cash flows of the subsidiary or business

combination from the beginning of the current period to the end of the Reporting Period are included into the consolidated financial statements, and at the same time, the amount at the end of the period of the consolidated financial statements and the relevant items in the comparative statements are adjusted as if the reporting entity after combination had been existing since the control of the ultimate controlling party started.

Where control over the investee under common control is obtained due to reasons such as increase in investments, for equity investment held before the control over the acquiree is obtained, profit or loss, other comprehensive income and other changes in net assets recognized from the later of the acquisition of the original equity interest and the date when the acquirer and the acquiree were placed under common control until the date of combination are offset against the retained profit at the beginning of the period of the comparative statements or the profit or loss of the current period respectively.

During the Reporting Period, if there is an addition of subsidiary or business due to business combination not under common control, it shall be included in the consolidated financial statements on the basis of the fair value of the identifiable assets, liabilities and contingent liabilities determined at the date of purchase.

Where control over the investee not under common control is obtained due to reasons such as increase in investments, for the equity interest of the acquiree held before the date of purchase, the Company remeasures the equity interest at its fair value as at the date of purchase, and any difference between the fair value and its book value will be accounted for as investment gains of the current period. Where equity interest of the acquiree held before the date of purchase is related to other comprehensive income that can be reclassified into profit and loss in the future and other changes in owners' equity under the equity method, such equity interest is transferred to investment gains of the period to which the date of purchase belongs.

② Disposal of subsidiaries

A. General treatment for disposal

When control over the investee is lost due to the disposal of part of the equity investment or other reasons, the Company remeasures the remaining equity investment at fair value as at the date on which control is lost. The difference between the sum of the consideration received from equity disposal and the fair value of the remaining equity interest and the sum of the net assets of the subsidiary proportionate to the original shareholding accumulated from the date of purchase or combination and goodwill is included in investment gains of the period during which the control is lost. Other comprehensive income that is related to the equity investment in the original subsidiary and can be reclassified into profit and loss in the future and other changes in owners' equity under the equity method, are transferred to investment gains of the period during which the control is lost.

B. Stepwise disposal of subsidiary

In respect of stepwise disposal of equity investment in a subsidiary through multiple transactions until control is lost, if the terms, conditions and economic effects of the transactions of equity investment in the subsidiary satisfy one or more of the following conditions, the transactions are normally accounted for as a basket of transactions:

- i. these transactions were entered into simultaneously or after considering the effects of each other;
- ii. these transactions constituted a complete commercial result as a whole;
- iii. one transaction was conditional upon at least one of the other transaction;

iv. one transaction was not economical on its own but was economical when considering together with other transactions.

Where the transactions constitute a basket of transactions, the Company accounts for the transactions as a transaction of disposal of a subsidiary until control is lost; the difference between the amount received each time for disposal before control is lost and the net assets of such subsidiary corresponding to the disposal of investment is recognized as other comprehensive income in the consolidated financial statements, and is transferred to profit or loss of the period during which control is lost upon loss of control.

Where the transactions do not constitute a basket of transactions, before the loss of control, the transactions are accounted for using the policies related to partial disposal of equity investment in a subsidiary where no control is lost; when control is lost, they are accounted for using the general method for disposal of subsidiaries.

③ Purchase of minority interests in subsidiary

For the difference between the long-term equity investment newly acquired due to the purchase of minority interests by the Company and the share of net assets of the subsidiary calculated according to

the new shareholding accumulated from the date of purchase (or date of combination), share premium of the capital reserve in the consolidated balance sheet will be adjusted; where share premium of the capital reserve is insufficient for the write-down, retained profit will be adjusted.

④ Partial disposal of equity investment in subsidiaries without losing control

For the difference between the disposal consideration and the net assets of the subsidiary corresponding to the disposal of long-term equity investment accumulated from the date of purchase or date of combination, share premium of the capital reserve in the consolidated balance sheet will be adjusted; where share premium of the capital reserve is insufficient for the write-down, retained profit will be adjusted.

8. Classification of joint arrangements and accounting treatment of joint operations

√ Applicable Not applicable

Joint arrangements are divided into joint operations and joint ventures.

A joint operation is a joint arrangement whereby the party to joint arrangement has rights to the assets, and obligations for the liabilities related to the arrangement.

The Company recognizes the following items in connection with the interest share in joint operation:

- (1) Assets solely held by the Company, and assets jointly held under the Company's shares;
- (2) Liabilities solely assumed by the Company, and liabilities jointly assumed under the Company's shares;
- (3) Revenues from the sale of the Company's share in the output of joint operation;
- (4) Revenues from the sale of the output from the joint operation recognized under the Company's share;
- (5) Expenses solely incurred, and expenses incurred from the joint operation recognized under the Company's share.

The Company's investments in joint ventures are accounted for by equity method. For details, please refer to Note "V (19) Long-term Equity Investment".

9. Determination of cash and cash equivalents

Cash refers to the cash on hand and deposits that are available for payment of the Company. Cash equivalents refer to investments held by the Company that are short-term, highly liquid, readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

10. Foreign currency transactions and translation of foreign currency financial statements

√ Applicable Not applicable

(1) Foreign currency transactions

Foreign currency transactions shall be translated into RMB at the spot exchange rate on the day when the transactions occur.

Balance of monetary items in foreign currency as at the balance sheet date is translated at the spot rates prevailing at the balance sheet date, and any translation difference arising therefrom is included in profit or loss of the period except for the translation difference arising from dedicated borrowings in foreign currency related to the construction of assets qualified for capitalization which is accounted for under the principle of capitalization of borrowing expenses.

(2) Translation of foreign currency financial statements

Asset and liability items in the balance sheet are translated at the spot rates prevailing at the balance sheet date. Owners' equity items other than "undistributed profit" adopt the spot rates on the dates when transactions are incurred. Income and expense items in the income statement are translated at the approximate rates prevailing at the transaction dates, which are determined in a systematic and reasonable way.

On disposal of a foreign operation, the exchange differences in the financial statements in foreign currency relating to that foreign operation are transferred from owners' equity to profit or loss of the period during which the disposal occurs.

11. Financial instruments

√ Applicable □ Not applicable

The Company recognizes a financial asset, financial liability or equity instrument when it becomes a party to a financial instrument contract.

(1) Classification of the financial instruments

According to the business model of the Company's management of financial assets and the contractual cash flow characteristics of financial assets, financial assets are classified at the initial recognition as: financial assets at amortized cost, financial assets at fair value through profit or loss, and other financial assets at fair value through current profit or loss.

The Company classifies financial assets that simultaneously meet the following conditions and are not designated as financial assets at fair value through current profit or loss as financial assets measured at amortized cost:

- the business model aims at collecting contractual cash flows; and
- contractual cash flows are only the payment made based on the principal and the interest of the outstanding principal amount.

The Company classifies financial assets that simultaneously meet the following conditions and are not designated as financial assets at fair value through current profit or loss as financial assets (debt instruments) at fair value through other comprehensive income:

- the business model aims at both collecting contractual cash flows and selling the financial assets; and

- contractual cash flows are only the payment made based on the principal and the interest of the outstanding principal amount.

For non-trading equity instrument investments, the Company irrevocably designates them as financial assets (equity instruments) at fair value through other comprehensive income at the time of initial recognition. The designation is made on the basis of a single investment, and the related investment meets the definition of an equity instrument from the issuer's perspective.

Except for the above-mentioned financial assets measured at amortized cost and at fair value through other comprehensive income, the Company classifies all other financial assets as financial assets at fair value through current profit or loss. At the time of initial recognition, if accounting mismatches can be eliminated or significantly reduced, the Company can irrevocably designate financial assets that should be classified as financial assets measured at amortized cost or at fair value through other comprehensive income as financial assets at fair value through current profit or loss.

Financial liabilities at the initial recognition are classified into financial liabilities at fair value through current profit or loss, and financial liabilities at amortized cost.

Financial liabilities at the initial recognition can be designated as financial liabilities at fair value through current profit or loss if one of the following conditions can be met:

- ① Such designation can eliminate or significantly reduce accounting mismatches.
- ② According to the enterprise risk management or investment strategy stated in the official written document, management and evaluation of the financial liabilities portfolio or financial assets and financial liabilities portfolio are based on fair value which will be used as the basis for reporting to the key management personnel.
- ③ The financial liabilities include embedded derivatives that need to be split separately.

(2) Recognition and measurement of financial instruments

① Financial assets at amortized cost

Financial assets at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables and debt investment, which are initially measured at fair value, and related transaction costs are included in the initial recognition amount. The accounts receivable of major financing components and the accounts receivable of the Company's decision not to consider the financing component with the term less than one year are initially measured at the contract transaction price.

Interest calculated by the effective interest method during the period of holding is included in the current profit or loss.

Upon recovery or disposal, the difference between the acquisition price and the carrying amount of the financial asset shall be included in the current profit or loss.

② Financial assets at fair value through other comprehensive income (debt instruments)

Financial assets (debt instruments) at fair value through other comprehensive income, including receivables financing and other debt investments, are initially measured at fair value, and related transaction costs are included in the initial recognition amount. The financial assets are subsequently measured at fair value. Changes in fair value are included in other comprehensive income, except for interest, impairment losses or gains and exchange gain or loss calculated using the effective interest method.

When the recognition is terminated, the accumulated gain or loss previously included in other comprehensive income is transferred from other comprehensive income and included in the current profit or loss.

③ Financial assets (equity instruments) at fair value through other comprehensive income

Financial assets (equity instruments) at fair value through other comprehensive income, including other equity instruments, are initially measured at fair value, and related transaction costs are included in the initial recognition amount. The financial assets are subsequently measured at fair value, and changes in fair value are included in other comprehensive income. The dividends obtained are included in the current profit and loss.

When the recognition is terminated, the accumulated gain or loss previously included in other comprehensive income is transferred from other comprehensive income and included in retained earnings.

④ Financial assets at fair value through the current profit or loss

Financial assets at fair value through the current profit or loss, including held-for-trading financial assets, derivative financial assets and other non-current financial assets, are initially measured at fair value, and related transaction costs are included in the current profit or loss. The financial assets are subsequently measured at fair value, and changes in fair value are included in the current profit or loss.

⑤ Financial liabilities at fair value through current profit or loss

Financial liabilities at fair value through current profit or loss, including held-for-trading financial liabilities, and derivative financial liabilities, are initially measured at fair value, and related transaction costs are included in the current profit or loss. The financial liabilities are subsequently measured at fair value, and changes in fair value are included in the current profit or loss.

When the recognition is terminated, the difference between the carrying amount and consideration paid is included in the current profit and loss.

⑥ Financial liabilities at amortized cost

Financial liabilities at amortized cost, including short-term borrowings, bills payable and accounts payable, other payables, long-term borrowings, bonds payable, long-term payables, are initially measured at fair value, and related transaction costs are included in the initial recognition amount.

Interest calculated by the effective interest method during the period of holding is included in the current profit or loss.

When the recognition is terminated, the difference between consideration paid and the carrying amount of the financial liabilities is included in the current profit and loss.

(3) Recognition basis and measurement methods for derecognition of financial assets and transfer of financial assets

The Company derecognizes financial assets when one of the following conditions is met:

- the contractual rights to collect the cash flows from the financial assets expire;
- the financial assets have been transferred and nearly all the risks and rewards related to the ownership of the financial assets have been transferred to the transferee; or

- the financial assets have been transferred, and the Company have neither transferred nor retained almost all risks and rewards related to the ownership of the financial assets, but did not retain control over the financial assets.

When the Company modifies or renegotiates a contract with a counterparty in a manner that constitutes a material modification, the original financial asset is derecognized and a new financial asset is recognized in accordance with the modified terms.

Where a financial asset is transferred, it shall not be derecognized if the Company has retained nearly all the risks and rewards related to the ownerships of the financial asset.

The substance-over-form principle shall be adopted while making a judgment on whether the transfer of financial assets satisfies the above conditions for derecognition.

The transfer of financial assets could be classified into entire transfer and partial transfer. If the transfer of an entire financial asset satisfies the conditions for derecognition, the difference between the two amounts below shall be included in the current profit or loss:

- ① The carrying amount of the financial assets transferred;
- ② The consideration received as a result of the transfer, plus the accumulative amount of the change in fair value previously included into the owners' equity (in cases where the transferred financial assets are financial assets (debt instruments) at fair value through other comprehensive income).

If the partial transfer of financial assets satisfies the conditions for derecognition, the overall carrying amount of the transferred financial assets shall be apportioned according to their respective relative fair value between the portion of derecognized part and the remaining part, and the difference between the two amounts below shall be included in the current profit or loss:

- ① The carrying amount of the derecognized portion;
- ② The consideration of the derecognized portion, plus the corresponding derecognized portion of accumulated change in fair value previously included in owners' equity (in cases where the transferred financial assets are financial assets (debt instruments) at fair value through other comprehensive income).

If the transfer of financial assets does not meet the conditions for derecognition, the financial assets continue to be recognized and the consideration received is recognized as a financial liability.

(4) Derecognition of financial liabilities

When the current obligation under a financial liability is completely or partially discharged, the whole or relevant portion of the liability is derecognized; if an agreement is entered into between the Company and a creditor to replace the original financial liabilities with new financial liabilities with substantially different terms, the original financial liabilities will be derecognized and the new financial liabilities will be recognized.

If the contract terms of the original financial liabilities are substantially amended in part or in full, the original financial liabilities will be derecognized in full or in part, and the financial liabilities whose terms have been amended will be recognized as a new financial liability.

When financial liabilities are derecognized in full or in part, the difference between the carrying amount of the financial liabilities derecognized and the consideration paid (including transferred non-cash assets or new financial liability) will be included in the current profit or loss.

Where the Company repurchases part of its financial liabilities, the carrying amount of such financial liabilities will be allocated according to the relative fair value between the continuously recognized part and derecognized part on the repurchase date. The difference between the carrying amount of the derecognized portion of financial liabilities and the consideration paid (including transferred non-cash assets or new financial liability) will be included in the current profit or loss.

(5) Method of determining the fair values of financial assets and liabilities

A financial instrument with an active market determines its fair value by quoted prices in an active market. Financial instruments that do not exist in an active market shall use valuation techniques to determine their fair value. During the valuation process, the Company uses valuation techniques appropriate to the prevailing circumstances with the support of sufficient data and other information available, selects inputs consistent with the characteristics of the assets or liabilities considered in the transactions of relevant assets or liabilities by market participants, and gives priority to relevant

observable inputs. Unobservable inputs are used only when the relevant observable inputs are not accessible or the access to which is impracticable.

(6) Impairment test method and accounting treatment for impairment of financial instruments

Based on anticipated credit losses, the Company carries out accounting treatments of impairment on financial assets measured at amortized cost, financial assets (debt instruments) at fair value through other comprehensive income and financial guarantee contracts.

The Company considers reasonable and evidence-based information about past events, current conditions, and forecasts of future economic conditions, and uses the risk of default as the weight to calculate the probability-weighted amount of the present value of the difference between the contractual cash flow receivable and the expected cash flow, and recognizes the expected credit loss.

Regarding one-year the receivables and contract assets formed from transactions regulated by the *Accounting Standards for Business Enterprises No. 14 - Revenue*, regardless of whether they contain significant financing components or not, the Company always measures their loss reserves in accordance with the amount of anticipated credit losses for the entire lifetime.

Regarding receivables from leasing formed from transactions regulated by the *Accounting Standards for Business Enterprises No. 21 - Leases*, the Company always measures their loss reserves in accordance with the amount of anticipated credit losses for the entire lifetime.

Regarding other financial instruments, the Company assesses at each balance sheet date their credit risk changes since initial recognition.

The Company compares the risk of default on the balance sheet date of a financial instrument with the risk of default on the date of initial recognition to determine the relative change in the risk of default during the expected life of the financial instrument so as to assess whether the credit risk of the financial instrument has increased significantly since the initial recognition. Usually, after an overdue for more than 30 days, the Company believes that the credit risk of the financial instrument has increased significantly unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since the initial recognition.

If the credit risk of financial instrument at the balance sheet date is low, the Company will believe that the credit risk of the financial instrument has not increased significantly since the initial recognition.

If the credit risk of the financial instruments has increased significantly since the initial recognition, the Company will measure its loss provision based on the amount of anticipated credit loss for the lifetime of the financial instruments; if the credit risk of the financial instruments has not significantly increased since the initial recognition, the Company will measure its loss provision based on the amount of anticipated credit loss for the financial instruments in the next 12 months. The increase or reversal of the loss provision resulting therefrom is included in the current profit and loss as an impairment loss or gain. Regarding financial assets at fair value through other comprehensive income (debt instruments), the Company recognizes their loss reserves through other comprehensive income and includes impairment losses or gains in the profit or loss for the current period, without reducing the book value of such financial assets presented in the balance sheet.

If there is any objective evidence indicating that an account receivable has incurred credit impairment, the Company will make provision for impairment for that account receivable separately.

Apart from the above-mentioned accounts receivable where bad debt provisions are accrued separately, the Company divides other financial instruments into several portfolios according to their credit risk characteristics, and determines the expected credit loss of each portfolio. Portfolios of notes receivable, accounts receivable and other receivables for provision of expected credit losses and the basis for the Company's determination are as follows:

① Portfolios for provision of expected credit losses and the determination basis:

Item	Portfolio	Determination basis
Notes receivable	Commercial acceptance bills	The expected credit loss is measured with the default risk exposure and the expected credit loss rate for the entire lifetime based on status quo and the forecast of future economic conditions, by reference to historical credit loss experience.
	Finance company acceptance bills	
Receivables financing	Bank acceptance bills	
Accounts receivable	Related parties in the scope of the consolidated financial	

	statements	
	Account age analysis	
Other receivables	Consolidated balance of related-parties current accounts - provisional estimate of input tax	The expected credit loss is measured with the default risk exposure and the expected credit loss rate for the following 12 months or the entire lifetime based on status quo and the forecast of future economic conditions, by reference to historical credit loss experience.
	Related parties in the scope of the consolidated financial statements	
	Account age analysis	
	House lease deposit	

② Parallel table of account age portfolios and expected credit loss rates

Account age	Expected credit loss rate of accounts receivable (traditional business)	Expected credit loss rate of accounts receivable (direct office supplies business)	Expected credit loss rate of other accounts receivable
Within one year (0-6 months (inclusive))	5.00%	0.50%	5.00%
Within one year (6-12 months (inclusive))		5.00%	
1-2 years	30.00%	10.00%	30.00%
2-3 years	60.00%	50.00%	60.00%
More than 3 years	100.00%	100.00%	100.00%

If the Company no longer reasonably expects that the contractual cash flow of a financial asset can be recovered in whole or in part, it will directly write down the book balance of the financial asset.

12. Bills receivable

Applicable Not applicable

Categories of groups for which bad debt provisions are made on a grouping basis of credit risk characteristics and the basis for determining them

Applicable Not applicable

For details, please refer to “(6) Impairment test method and accounting treatment for impairment of financial instruments” under Note V (11) Financial Instruments.

Aging methods for age-based recognition of a group of credit risk characteristics

Applicable Not applicable

Judgment criteria for bad debt provisions made on an individual basis

Applicable Not applicable

13. Accounts receivable

Applicable Not applicable

Categories of groups for which bad debt provisions are made on a grouping basis of credit risk characteristics and the basis for determining them

Applicable Not applicable

For details, please refer to “(6) Impairment test method and accounting treatment for impairment of financial instruments” under Note V (11) Financial Instruments.

Aging methods for age-based recognition of a group of credit risk characteristics√ Applicable Not applicable

For details, please refer to “(6) Impairment test method and accounting treatment for impairment of financial instruments” under Note V (11) Financial Instruments.

Judgment criteria for bad debt provisions made on an individual basis√ Applicable Not applicable

The Company makes provision for impairment of accounts receivable separately based on distinctive credit risk characteristics such as significantly deteriorated credit standing, low possibility of further repayment and ongoing credit impairment of counterparties.

14. Receivables financing√ Applicable Not applicable**Categories of groups for which bad debt provisions are made on a grouping basis of credit risk characteristics and the basis for determining them**√ Applicable Not applicable

For details, please refer to “(6) Impairment test method and accounting treatment for impairment of financial instruments” under Note V (11) Financial Instruments.

Aging methods for age-based recognition of a group of credit risk characteristics Applicable √ Not applicable**Judgment criteria for bad debt provisions made on an individual basis** Applicable √ Not applicable**15. Other receivables**√ Applicable Not applicable**Categories of groups for which bad debt provisions are made on a grouping basis of credit risk characteristics and the basis for determining them**√ Applicable Not applicable

For details, please refer to “(6) Impairment test method and accounting treatment for impairment of financial instruments” under Note V (11) Financial Instruments.

Aging methods for age-based recognition of a group of credit risk characteristics√ Applicable Not applicable

For details, please refer to “(6) Impairment test method and accounting treatment for impairment of financial instruments” under Note V (11) Financial Instruments.

Judgment criteria for bad debt provisions made on an individual basis√ Applicable Not applicable

The Company makes provision for impairment of other receivables separately based on distinctive credit risk characteristics such as significantly deteriorated credit standing, low possibility of further repayment and ongoing credit impairment of counterparties.

16. Inventories√ Applicable Not applicable**Inventory categories, issue valuation method, inventory system, amortization method for low value consumables and packages**√ Applicable Not applicable

(1) Classification and cost of inventories

Inventories are classified into materials in transit, raw materials, turnover materials, goods-in-stock, goods in production, goods in transit, commissioned processing materials and so forth.

Inventories are initially measured at cost. The cost of inventories includes purchase cost, processing cost and other expenditures incurred to bring inventory to its current location and state.

(2) Valuation of inventory COGS

Inventory COGS is valued using the weighted average method.

(3) Inventory system

The perpetual inventory system is adopted.

(4) Amortization of low-value consumables and packaging materials

① Low-value consumables are amortized using the immediate write-off method

② Packaging materials are amortized using the immediate write-off method

Criteria for recognizing and providing for provision for decline in value of inventories

Applicable Not applicable

At the balance sheet date, the inventories are measured according to the cost or the net realizable value, whichever is lower. If the cost of inventories is higher than the net realizable value, the provision for decline in value of inventories is made. The net realizable value refers, in the ordinary course of business, to the amount after deducting the estimated cost of completion, estimated sale expense and relevant taxes from the estimated sale price of inventories.

Net realizable value of held-for-sale commodity stocks, such as finished goods, goods-in-stock, and held-for-sale raw materials, during the normal course of production and operation, shall be determined by their estimated selling price less the related selling expenses and taxes; the net realizable value of material inventories, which need to be processed, during the normal course of production and operation, shall be determined by the amount after deducting the estimated cost of completion, estimated selling expenses and relevant taxes from the estimated selling price of finished goods; the net realizable value of inventories held for execution of sales contracts or labor contracts shall be calculated on the ground of the contracted price. If an enterprise holds more inventories than the quantity stipulated in the sales contract, the net realizable value of the exceeding part shall be calculated on the ground of general selling price.

If the factors, which cause any value write-down of the inventories, have disappeared, thus causing the inventories' net realizable value to be higher than their carrying amount, the amount of write-down is reversed from the provision for the loss on decline in value of inventories which has been made. The reversed amount is included in the profits and losses of the current period.

Categories of groups and the basis for determining the allowance for decline in value of inventories on a grouping basis, and the basis for determining the net realizable value of different categories of inventories

Applicable Not applicable

Calculation method and basis for determining the net realizable value of each age group for the purpose of recognizing the net realizable value of inventories based on the age of the inventories

Applicable Not applicable

17. Contract assets

Applicable Not applicable

18. Non-current assets or disposal groups held for sale

Applicable Not applicable

Details are provided as follows:

Recognition standards and accounting treatment for non-current assets or disposal groups held for sale

Applicable Not applicable

The Company classifies a non-current asset or disposal group as held for sale when the carrying amount of the non-current asset or disposal group will be recovered through a sale transaction (including non-monetary asset exchange with commercial substance) rather than through continuing use.

The Company classifies non-current assets or disposal groups meeting all of the following conditions as held for sale:

(1) Assets or disposal groups can be sold immediately under current conditions based on the practice of selling such assets or disposal groups in similar transactions;

(2) Sales are highly likely to occur, that is, the Company has already made a resolution on a sale plan and obtained a certain purchase commitment, and the sale is expected to be completed within one year. The sale shall have been approved if the relevant regulations require the approval of the relevant or regulatory authority governing the Company.

If the carrying amount of non-current assets (excluding financial assets, deferred income tax assets or assets formed by employee remuneration) or disposal groups meeting all of the following conditions as held for sale is higher than the fair value minus the net amount of the sale costs, the carrying amount will be written down to the net amount of fair value minus the sale costs, the amount written down will be recognized as asset impairment losses and included in the profit or loss for the current period, and provision for impairment of assets held for sale will be made.

Criteria for identification and presentation of discontinued operation

√ Applicable Not applicable

Discontinued operation is a component that satisfies one of the following conditions and is separately identifiable, and has been disposed of by the Company or is classified by the Company as held for sale:

(1) It represents a separate major line of business or geographical area of operations;

(2) It is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or

(3) It is a subsidiary acquired exclusively with a view to resale.

The profit and loss from continuing operations and the profit and loss from discontinued operations are separately presented in the income statement. Operational gains and losses such as impairment losses and reversal amounts and disposal gains and losses from discontinued operations are reported as gains and losses from discontinued operations. For the discontinued operations reported in the current period, the Company re-reports the information previously reported as profits and losses from continuing operations as the profits and losses from discontinued operations for the comparable accounting period in the current financial statements.

19. Long-term equity investments

√ Applicable Not applicable

(1) Joint control or significant influence criterion

Joint control is the contractually agreed sharing of control of an arrangement, and exists only when decisions about the relevant activities of the arrangement require the unanimous consent of the parties sharing control. The Company together with the other joint venture parties can jointly control over the investee, and are entitled to the right of the net assets of the investee who is joint venture of the Company.

The term “significant influences” refers to the power to participate in making decisions on the financial and operating policies of the invested enterprise, but not to control or do joint control together with other parties over the formulation of these policies. Where the investor can exercise significant influence over the investee, the investee is an associate of the Company.

(2) Determination of initial investment cost

① Long-term equity investments formed through business combination of entities

For long-term equity investments in subsidiaries formed by business combination under common control, the initial investment cost of long-term equity investments shall be determined based on share of the book value of the owners' equity of the acquiree in the consolidated financial statements of the ultimate controlling party at the date of combination. The difference between the initial investment cost of the long-term equity investment and the carrying value of the consideration paid is adjusted to the equity premium in the capital reserve. If the capital premium in capital reserve is not sufficient to offset

the difference, the remaining balance is adjusted against retained earnings. In connection with imposing control over the investee under joint control as a result of additional investment and other reasons, the difference between the initial investment cost of the long-term equity investment recognized in accordance with the above principles and the carrying amount of the long term equity investment before the combination and the sum of carrying amount of newly paid consideration for additional shares acquired on the date of combination is adjusted to equity premium. If the capital premium in capital reserve is not sufficient to offset the difference, the remaining balance is adjusted against retained earnings.

For long-term equity investment in subsidiaries formed by business combination not under common control, the cost of the combination ascertained on the date of acquisition shall be taken as the initial investment cost of the long-term equity investments. In connection with imposing control over the investee not under joint control as a result of additional investment and other reasons, the initial investment cost is the sum of the carrying amount of the equity investment originally held and the newly increased initial investment cost.

② Long-term equity investments acquired by means other than business combination

The initial investment cost of a long-term equity investment obtained by the Company by cash payment shall be the purchase cost paid actually.

The initial investment cost of a long-term equity investment obtained by the Company by means of issuance of equity securities shall be the fair value of the equity securities issued.

(3) Subsequent measurement and recognition of profit or loss

① Long-term equity investment accounted for by cost method

Long-term equity investment in subsidiaries of the Company is accounted for by cost method, unless the investment meets the conditions for holding for sale. except for the actual consideration paid for the acquisition of investment or the declared but not yet distributed cash dividends or profits which are included in the consideration, investment gains are recognized as the Company's shares of cash dividends or profits declared by the investee.

② Long-term equity investment accounted for by equity method

Long-term equity investments of associates and joint ventures are accounted for by equity method. Where the initial investment cost of a long-term equity investment exceeds the investor's interest in the fair value of the investee's identifiable net assets at the date of acquisition, no adjustment is made to the initial investment cost of long-term equity investments; where the initial investment cost is less than the investor's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the difference is included in the profits or losses of the current period, and the cost of the long-term equity investment is adjusted simultaneously.

The Company recognizes the investment income and other comprehensive income according to the shares of net profit or loss and other comprehensive income realized by the investee which it shall be entitled or shared respectively, and simultaneously makes adjustment to the carrying amount of long-term equity investments; the carrying amount of long-term equity investments shall be reduced by attributable share of the profit or cash dividends for distribution declared by the investee. In relation to other changes of owners' equity except for net profit and loss, other comprehensive income and profit distributions of the investee (hereinafter referred to as "other changes in owners' equity"), the carrying amount of long-term equity investments shall be adjusted and included in the owners' equity.

When determining the amount of proportion of net profit or loss, other comprehensive income and other changes in owners' equity in the investee which it entitles, fair value of each identifiable assets of the investee at the time when the investment is obtained shall be used as the basis, and adjustment shall be made to the net profit and other comprehensive income of the investee according to the accounting policies and accounting period of the Company.

The unrealized profit or loss resulting from transactions between the Company and its associates or joint ventures shall be offset in proportion to the investor's equity interest of investee, based on which investment income or loss shall be recognized. However, the situation that the assets invested or sold constitute business is excluded. Any losses resulting from internal transactions, which are attributable to impairment of assets, shall be fully recognized.

The Company shall recognize the net losses of the joint ventures or associates until the book value of the long-term equity investment and other long-term rights and interests which substantially form the net investment made to the invested entity are reduced to zero, unless the joint ventures or associates have the obligation to undertake extra losses. If the joint ventures or associates realize net profits in the

future, the Company resumes recognizing its share of profits after the share of profits makes up for the share of unrecognized losses.

③ Disposal of long-term equity investments

For disposal of long-term equity investment, the difference between the carrying amount and the consideration actually received shall be included in the current profit or loss.

For partial disposal of long-term equity investments accounted for by the equity method, if the remaining equity is still accounted for by the equity method, the other comprehensive income calculated and recognized by the original equity method shall be carried forward in corresponding proportion by using the same basis as the investee used for direct disposal of relevant assets or liabilities. Other changes in owners' equity shall be carried forward to the profits or losses of the current period on a pro rata basis.

When the joint control or material influence over the investee is lost due to disposal of equity investment and other reasons, other comprehensive income recognized in the original equity investment due to the use of the equity method shall, when it is no longer calculated by the equity method, be subject to the accounting treatment on the same basis as the investee used for direct disposal of relevant assets or liabilities. Other changes in owners' equity shall be all transferred into the profits or losses of the current period when they are no longer calculated by the equity method.

When the control over the investee is lost due to partial disposal of equity investment and other reasons, the remaining equities after disposal shall be accounted for by equity method in preparing individual financial statements provided that joint control or material influence over the investee can be imposed, and shall be adjusted as if such remaining equities has been accounted for by the equity method since they are obtained. The other comprehensive income recognized before the control over the investee is obtained shall be carried forward in proportion by using the same basis as the investee used for direct disposal of relevant assets or liabilities, and the other changes in owners' equity calculated and recognized using the equity method shall be carried forward to the profits or losses of the current period on a pro rata basis. Where the remaining equities after disposal cannot impose joint control or material influence over the investee, they shall be recognized as financial assets, and the difference between fair value and the carrying amount on the date when control is lost shall be included in the profits or losses of the current period. All other comprehensive income and other changes in owners' equity recognized before the control over the investee is obtained shall be carried forward.

In respect of stepwise disposal of equity investment in a subsidiary through multiple transactions until control is lost, where the transactions constitute a basket of transactions, the Company accounts for the transactions as a transaction of disposal of a subsidiary until control is lost; however, the difference between the amount received each time for disposal before control is lost and the carrying amount of long-term equity investments corresponding to the disposal of equity is recognized as other comprehensive income in the individual financial statements, and is transferred to the profits or losses of the current period during which control is lost upon loss of control. Where the transactions do not constitute a basket of transactions, each transaction shall be accounted for separately.

20. Investment real estate

(1). If the cost measurement model is applied:

Depreciation or amortization method

Investment real estate is properties held to earn rental income or for capital appreciation, or both, and include leased land use rights, land use rights held for capital appreciation and subsequent transfer, and buildings that are leased (including buildings constructed by the Company or developed for the purpose of leasing and buildings under construction or development that are intended for leasing in the future).

Subsequent expenditures related to investment real estate are recognized in investment real estate costs when it is probable that economic benefits will flow to the Company and the cost can be reliably measured. Otherwise, the expenditures are recognized in the current profit and loss when incurred.

The Company uses the cost measurement model to measure existing investment real estate. For investment real estate measured using the cost model—buildings intended for leasing—the same depreciation policy as that for the Company's fixed assets is applied. Land use rights held for leasing are amortized in accordance with the same policy as for intangible assets.

21. Fixed assets**(1). Recognition conditions**√ Applicable Not applicable

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 a useful life of more than one accounting year. Fixed assets are recognized when they meet the following conditions:

① It is probable that the economic benefits associated with the fixed assets will flow to the enterprise;

② The cost of fixed assets can be reliably measured.

A fixed asset is initially measured at its cost (and considering the impact of expected abandonment cost factors).

Subsequent expenditures related to fixed assets are included in the cost of fixed assets when their related economic benefits are likely to flow in to the Company and their costs can be reliably measured; the book value of the replaced part is derecognized; all other subsequent expenditures are included in the profits or losses of the current period at the time of occurrence.

(2). Method for depreciation√ Applicable Not applicable

Fixed assets are depreciated by categories using the straight-line method, and the depreciation rates are determined by categories based upon their estimated useful lives and their estimated residual value. For fixed assets with provision for impairment accrued, the depreciation amount shall be determined according to the book value after deduction of the impairment provision and the remaining useful life in the future period. Where the parts of a fixed asset have different useful lives or cause economic benefits for the enterprise in different ways, different depreciation rates or depreciation methods shall be applied, and each part shall be depreciated separately.

The methods for depreciation, useful lives of depreciation, residual value and annual depreciation rates of various categories of fixed assets are as follows:

Category	Method for depreciation	Useful lives of depreciation (year)	Residual value ratio	Annual depreciation rate
Property and buildings	Straight-line method	20	5%	4.75%
Machinery and equipment	Straight-line method	10	5-10%	9.5-9%
Transportation vehicles	Straight-line method	4-10	0-10%	25-9%
Other equipment	Straight-line method	2-10	0-10%	47.5-9.5%

22. Construction in progress√ Applicable Not applicable

Construction in progress is measured at the actual cost incurred. Actual cost includes construction cost, installation cost, borrowing expense qualified for capitalization, and other necessary expenditures incurred before the construction in progress reaches its intended use status. When the construction in progress reaches the intended use status, it shall be transferred to fixed assets and its depreciation shall be accrued from the next month. The standards and time point for carrying forward the Company's construction in progress to fixed assets are as follows:

Category	Standards and time point for carrying forward them to fixed assets
Houses, buildings and decoration of fixed assets	(1) The construction project and ancillary projects are substantially completed; (2) the construction project meets the predetermined design requirements and is accepted by units responsible for surveying, design, construction, supervision, etc.; (3) the construction project is accepted by fire department, land department, planning department or other external authorities if such acceptance is required; (4) if the construction project has reached the predetermined state for use but the final account for completion has not been made, the project shall be carried forward to fixed assets at the value estimated according to the actual cost of the project from the date when it reaches the predetermined state for use.
Machines and other equipment that need to be installed and	(1) The equipment and supporting facilities are installed; (2) the equipment can maintain normal and stable operation for a period of time after commissioning; (3) the production equipment can stably output qualified products in a period of time; (4) the

Category	Standards and time point for carrying forward them to fixed assets
commissioned and other long-term assets	equipment is accepted by asset management personnel and users.

23. Borrowing costs

√ Applicable Not applicable

(1) Criteria for recognition of capitalized borrowing costs

For borrowing costs incurred by the Company that are directly attributable to the acquisition, construction or production of assets qualified for capitalization, the costs will be capitalized and included in the costs of the related assets. Other borrowing costs shall be recognized as expense in the period in which they incur and are included in the current profit or loss.

Assets qualified for capitalization are assets (fixed assets, investment property, inventories, etc.) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

(2) Capitalization period of borrowing costs

The capitalization period shall refer to the period between the commencement and the cessation of capitalization of borrowing costs, excluding the period in which capitalization of borrowing costs is temporarily suspended.

Capitalization of borrowing costs begins when the following three conditions are fully satisfied:

① expenditures for the assets (including cash paid, transferred non-currency assets or expenditure for holding debt liability for the acquisition, construction or production of assets qualified for capitalization) have been incurred;

② borrowing costs have been incurred;

③ acquisition, construction or production that are necessary to enable the asset reach its intended usable or saleable condition have commenced.

Capitalization of borrowing costs shall be suspended during periods in which the qualifying asset under acquisition and construction or production ready for the intended use or sale.

(3) Suspension of capitalization period

Capitalization of borrowing costs shall be suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, when the interruption is for a continuous period of more than 3 months; if the interruption is a necessary step for making the qualifying asset under acquisition and construction or production ready for the intended use or sale, the capitalization of the borrowing costs shall continue. The borrowing costs incurred during such suspension period shall be recognized as the current profit or loss. When the acquisition and construction or production of the asset resumes, the capitalization of borrowing costs commences.

(4) Calculation of capitalization rate and amount of borrowing costs

For specific borrowings for the acquisition, construction or production of assets qualified for capitalization, the amount of borrowing costs for capitalization is determined through borrowing costs of the specific borrowings actually incurred in the current period minus the interest income earned on the unused borrowing loans as a deposit in the bank or as investment income earned from temporary investment.

For general borrowings for the acquisition, construction or production of assets qualified for capitalization, the to-be-capitalized amount of interests on the general borrowings shall be calculated and determined by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the specifically borrowed loans by the capitalization rate of the general borrowings used. The capitalization rate shall be calculated and determined according to the weighted average actual interest rate of the general borrowings.

During the capitalization period, the exchange difference between the principal and interest of dedicated borrowings in foreign currency is capitalized and included in the cost of the assets qualified for capitalization. Exchange differences arising from the principal and interest of borrowings in foreign currency other than dedicated borrowings in foreign currency are included in the profits or losses of the current period.

24. Biological assets

Applicable Not applicable

25. Oil and gas assets

Applicable Not applicable

26. Intangible assets**(1). Useful life and the basis for its determination, estimation, amortization method or review procedure**

Applicable Not applicable

① Valuation method of intangible assets

A. Intangible assets are initially measured at cost upon acquisition by the Company;

The costs of externally purchased intangible assets include the purchase price, relevant taxes and expenses paid, and other expenditures directly attributable to putting the asset into condition for its intended use.

B. Subsequent measurement

The useful life of intangible assets shall be analyzed and judged upon acquisition.

As for intangible assets with finite useful life, they are amortized over the term in which economic benefits are brought to the enterprise; if the term in which economic benefits are brought to the enterprise by intangible assets cannot be estimated, the intangible assets shall be regarded as intangible assets with indefinite useful life, and shall not be amortized.

② Estimated useful lives for the intangible assets with finite useful life

Item	Estimated useful lives	Amortization method	Residual value ratio	Basis for determining expected useful life
Land use rights	50 years	Straight-line method	0	Certificate of land use rights
Image identification rights	12 months to 64 months	Straight-line method	0	License contract
Software	3 to 10 years	Straight-line method	0	Expected years of benefit
Patent right	10 years	Straight-line method	0	Patent right certificate
Others	19 months to 120 months	Straight-line method	0	Expected years of benefit

Note: land use rights newly acquired through the increase of capital by M&G Holdings (Group) Co., Ltd. to the Company in 2010 are stated at valuation, and amortized at the remaining useful life.

(2). Scope of R&D expenditures and corresponding accounting treatment methods

Applicable Not applicable

① Scope of R&D expenditures

Expenditures incurred by the Company in the course of research and development include relevant employee remuneration for personnel engaged in R&D activities, consumed materials, related depreciation and amortization expenses, and other relevant expenditures, which are classified as follows:

A. Remuneration and benefits

Remuneration and benefits refer to the wages and salaries, basic endowment insurance premiums, basic medical insurance premiums, unemployment insurance premiums, work-related injury insurance premiums, maternity insurance premiums and housing provident funds for the Company's R&D staff, and the labour costs of external R&D personnel.

B. Inventory consumption

Inventory consumption refers to the expenditures actually incurred by the Company in carrying out R&D activities, including the costs of directly consumed materials, fuel and power.

C. Depreciation and amortisation expenses

Depreciation and amortisation charges refer to the expenses incurred from the depreciation of instruments and equipment used in R&D activities, and the expenses amortized for software, intellectual property, and non-patented technologies (proprietary technologies, licenses, design and calculation methods, etc.).

D. Design and sample costs

Design and sample costs refer to the costs incurred in the conception, development and manufacturing of new products and new processes, and the design of processes, technical specifications, procedures and operational characteristics, including the costs incurred in creative design activities for the acquisition of innovative, creative and breakthrough products.

② Specific criteria for the division of research phase and development phase

The expenses for internal research and development projects of the Company are divided into expenses in the research phase and expenses in the development phase.

Research phase: scheduled, innovative investigations and research activities to obtain and understand scientific or technological knowledge.

Development phase: apply the research outcomes or other knowledge to a plan or design prior to a commercial production or use in order to produce new or essentially-improved materials, devices, products, etc.

③ Specific criteria for capitalization at development phase

Expenditure in the research phase is included in the profit or loss for the current period at the time of occurrence. Expenses in the development phase are recognized as an intangible asset when all of the following conditions are satisfied, otherwise are included in the current profit or loss:

A. it is technically feasible to complete the intangible asset so that it will be available for use or sale;

B. there is an intention to complete the intangible asset for use or sale;

C. the intangible asset can produce economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there exists usage for the intangible asset;

D. there is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset;

E. the expenses attributable to the development stage of the intangible asset can be measured reliably.

If it is impossible to distinguish the expenses in the research phase from the expenses in the development phase, all the incurred research and development expenses shall be included in the current profit or loss.

27. Impairment of long-term assets

Applicable Not applicable

Long-term assets, such as long-term equity investments, investment real estate measured at the cost method, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful life, and oil and gas assets are tested for impairment if there is any indication that an asset may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, the difference shall be used to make impairment provision and an impairment loss are recognized. The recoverable amount is the higher of the net amount of asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs to is determined. An assets group is the smallest group of assets that is able to generate cash inflow independently.

Impairment test to goodwill formed by business combination, intangible assets with indefinite useful life and intangible assets not ready to use shall be carried out at least at the end of each year, regardless of whether there are any indications of impairment.

When the Company carries out impairment test to goodwill, the Company shall, as of the purchasing day, allocate on a reasonable basis the carrying amount of the goodwill formed by enterprise

merger to the relevant asset groups, or if there is a difficulty in allocation, the Company shall allocate it to the portfolio of asset groups. Relevant asset groups or portfolio of asset groups refer to the asset groups or portfolio of asset groups that can benefit from the synergistic effect of business combination.

For the purpose of impairment test to the relevant asset groups or portfolio of asset groups containing goodwill, if any evidence shows that the impairment of asset groups or portfolio of asset groups related to goodwill exists, an impairment test will be made firstly on the asset groups or portfolio of asset groups not containing goodwill, thus calculating the recoverable amount and comparing it with the relevant carrying amount so as to recognize the corresponding impairment loss. Then the Company will make an impairment test to the asset groups or portfolio of asset groups containing goodwill, and compare their carrying value with their recoverable amount. Where the recoverable amount is lower than the carrying value thereof, the amount of impairment loss is first deducted and allocated to the carrying value of goodwill in the asset groups or portfolio of asset groups, and then the carrying value of other assets other than goodwill in the asset groups or portfolio of asset groups is deducted according to the percentages of the carrying value of such other assets. Once the above asset impairment loss is recognized, it will not be reversed in the subsequent accounting periods.

28. Long-term prepaid expenses

Applicable Not applicable

Long-term prepaid expenses are expenses which have occurred with amortization period over 1 year and shall be borne by the current period and subsequent periods.

Amortization periods and amortization methods of various expenses are as follows:

Item	Amortization period	Amortization method
Decoration fee	3 to 5 years	Expected years of benefit
Others	2 years	Expected years of benefit

29. Contract liabilities

Applicable Not applicable

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The Company's obligation to transfer goods or provide services to customers for consideration received or receivable from customers is presented as contract liabilities. Contract assets and contract liabilities under the same contract are presented in net amounts.

30. Employee benefits

(1). Accounting treatment of short-term benefits

Applicable Not applicable

During the accounting period when employees provide service, the Company will recognize the short-term benefits actually incurred as liabilities, and the liabilities will be included in the current profit or loss or relevant costs of assets.

The Company will pay social insurance and housing funds for the employees, and will make provision of trade union funds and employee education costs in accordance with the requirements. During the accounting period when employees provide service, the Company will determine relevant amount of employee benefits in accordance with the required provision basis and provision ratios.

The employee welfare expenses incurred by the Company are included in the current profit or loss or related asset costs based on the actual amounts when they actually occur. Among them, non-monetary benefits are measured at fair value.

(2). Accounting treatment of post-employment benefits

Applicable Not applicable

① Defined contribution scheme

The Company will pay basic pension insurance and unemployment insurance in accordance with the relevant provisions of the local government for the employees. During the accounting period when employees provide service, the Company will calculate the amount payable which will be recognized as

liabilities in accordance with the local stipulated basis and proportions, and the liabilities will be included in the current profit or loss or costs of related assets.

② Defined benefit scheme

The welfare responsibilities generated from defined benefit scheme based on the formula determined by projected unit credit method will be vested to the service period of employees and included into the current profit or costs of related assets.

The deficit or surplus generated from the present value of obligations of the defined benefit scheme minus the fair value of the assets of defined benefit scheme is recognized as net liabilities or net assets. When the defined benefit scheme has surplus, the Company will measure the net assets of the defined benefit scheme at the lower of the surplus of defined benefit scheme and the upper limit of the assets.

All obligations of the defined benefit plan, including the expected duty of payment within 12 months after the end of annual reporting period during which employees provide service, shall be discounted based on the bond market yield of sovereign bond matching the term of obligations of the defined benefit plan and currency or corporate bonds of high quality in the active market on the balance sheet date.

The service cost incurred by defined benefit scheme and the net interest of the net liabilities and net assets of the defined benefit scheme will be included in the current profit or loss or costs of relevant assets. The changes as a result of re-measurement of the net defined benefit liabilities or assets shall be recognized in other comprehensive income and shall not be reversed to profit or loss at subsequent accounting period. When the original defined benefit plan is terminated, amount originally included in other comprehensive income shall be transferred to undistributed profit in the scope of equity.

When the defined benefit scheme is settled, the gain or loss is confirmed based on the difference between the present value of obligations and the settlement price of the defined benefit scheme as at the balance sheet date.

(3). Accounting treatment of termination benefits

Applicable Not applicable

Where the Company provides termination benefits to its employees, the employee benefits liabilities resulting from termination benefits are recognized on the following date (whichever is earlier) and are included in the current profit or loss: when the Company cannot unilaterally withdraw the termination benefits provided due to the cancellation of the labor relationship with the employees or the layoff proposal; or when the Company recognizes the costs or expenses of reorganization relating to payment of termination benefits.

(4). Accounting treatment of other long-term employees' benefits

Applicable Not applicable

31. Estimated liabilities

Applicable Not applicable

The Company shall recognize the obligations related to contingencies when all of the following conditions are satisfied:

- (1) obligation is a present obligation of the Company;
- (2) it is probable that an outflow of economic benefits of the Company will be required to settle the obligation; and
- (3) the amount of the obligation can be measured reliably.

Estimated liabilities shall be initially measured at the best estimate of the expenses required to settle the related present obligation.

Factors pertaining to a contingency such as risk, uncertainties, and time value of money shall be taken into account as a whole in getting the best estimate. Where the effect of the time value of money is material, the best estimate shall be determined by discounting the related future cash outflow.

Where the expenses required have a successive range and the possibilities of occurrence of each result are the same in the range, the best estimate shall be determined according to the median value within the range; in other cases, the best estimate shall be determined as below:

- If contingencies involve a single item, the best estimate shall be determined according to the most possible occurrence amount.

• If contingencies involve multiple items, the best estimate shall be calculated and determined in accordance with various possible outcomes and related possibilities.

Where some or all of the expenses required to settle an estimated liability are expected to be reimbursed by a third party, the reimbursement is separately recognized as an asset when it is virtually certain that the reimbursement will be received. The amount recognized for the reimbursement is limited to the carrying amount of the liability recognized.

The Company reviews the carrying value of the estimated liabilities at the balance sheet date. If there is any exact evidence indicating that the carrying value cannot really reflect the current best estimate, the carrying value shall be adjusted in accordance with the current best estimate.

32. Share-based payments

Applicable Not applicable

Share-based payments are transactions that grant equity instruments or assume equity-instrument based liabilities for receiving services rendered by employees or other parties. The Company's share-based payments included equity-settled share-based payments and cash-settled share-based payments.

(1) Equity-settled share-based payments and equity instruments

Equity-settled share-based payments made in exchange for services rendered by employees are measured at the fair value of equity instruments granted to employees. Share-based payment transactions vested immediately after the date of grant shall be included in the relevant cost or expense based on the fair value of equity instruments at the date of grant, and the capital reserve shall be increased accordingly. For share-based payment transactions vested only when the services during the waiting period are completed or the specified performance conditions are satisfied after the grant, the Company shall, at each balance sheet date during the waiting period, include the services obtained during the period in relevant cost or expense at the fair value of the date of grant, according to the best estimate of the number of vested equity instruments, and the capital reserve shall be increased accordingly.

If the terms of the equity-settled share-based payments are amended, the Company shall recognize the services received at least based on the situation before the amendment is made. In addition, any amendment resulting in the increase of the fair value of the equity instrument granted or changes that are beneficial to employees on the amendment date, will be recognized as an increase in the service received.

During the waiting period, if the granted equity instrument is cancelled, the Company will accelerate the vesting thereof, immediately include the remaining amount that should be recognized in the waiting period in the current profit or loss, and recognize the capital reserve. However, if new equity instruments are vested and they are verified at the vesting date of new equity instrument as alternatives vested to cancel equity instruments, the treatment on the new equity instrument is in conformity with the modified treatment on disposal of equity instrument.

(2) Cash-settled share-based payments and equity instruments

Cash-settled share-based payments are measured at the fair value of the liabilities calculated and determined on the basis of shares or other equity instruments undertaken by the Company. Share-based payment transactions vested immediately after the date of grant shall be included in the relevant cost or expense based on the fair value of liabilities undertaken at the date of grant, and the liabilities shall be increased accordingly. For share-based payment transactions vested only when the services during the waiting period are completed or the specified performance conditions are satisfied after the grant, the Company shall include the services obtained during the period in relevant cost or expense at the fair value of the liabilities undertaken by the Company based on the best estimate of the vesting situation, and the liabilities shall be included accordingly. At each balance sheet date before the settlement and the settlement date of relevant liabilities, the fair value of the liabilities is remeasured, and its changes are included in the current profit or loss.

If the Company modifies the terms and conditions of a cash-settled share-based payment agreement so that it becomes an equity-settled share-based payment, on the date of modification (regardless of whether it occurs within or after the vesting period), the Company measures the equity-settled share-based payment at the fair value on the grant date of the equity instrument, and recognizes the services acquired in capital reserve, and derecognizes the liability recognized for the cash-settled share-based payment on the date of modification, with the difference between the two being recognized

in profit or loss for the period. If the vesting period is lengthened or shortened as a result of the modification, the Company accounts for the modification in accordance with the modified vesting period.

33. Preference shares, perpetual bonds and other financial instruments

Applicable Not applicable

34. Revenue

(1). Accounting policies used in recognition and measurement of revenue by type of business

Applicable Not applicable

① Accounting policies used in recognition and measurement of revenue

The Company recognizes revenue when its performance obligations in the contract are fulfilled, that is, the control over the relevant goods or services is obtained by the customer. Obtaining control over related goods or services means being able to lead the use of the goods or services and obtain almost all of the economic benefits from the goods or services.

If the contract contains two or more performance obligations, the Company will, at the date of the contract, allocate the transaction price to each individual performance obligation in accordance with the relative proportion of the stand-alone selling price of the goods or services promised by each individual performance obligation. The Company measures revenue based on the transaction price allocated to each individual performance obligation.

Transaction price refers to the amount of consideration that the Company expects to be entitled to receive due to the transfer of goods or services to customers, excluding amounts collected on behalf of third parties and amounts expected to be returned to customers. The Company determines the transaction price in accordance with the terms of the contract and combined with its past customary practices. When determining the transaction price, the Company considers the impact of variable consideration, major financing components in the contract, non-cash consideration, consideration payable to customers and other factors. The Company determines the transaction price that includes variable consideration at an amount that does not exceed the amount of accumulated recognized revenue that is unlikely to be significantly reversed when the relevant uncertainty is eliminated. If there is a major financing component in the contract, the Company determines the transaction price based on the amount payable in cash when the customer obtains control over the goods or services, and amortizes the difference between the transaction price and the contract consideration with the actual interest rate method during the contract period.

The performance obligation is fulfilled during a certain period of time if one of the following conditions is satisfied, otherwise, the performance obligation is fulfilled at a certain point in time:

- the customer obtains and consumes the economic benefits brought by the Company's performance at the same time as the Company's performance.
- the customer can control the products under construction during the Company's performance.
- the goods produced during the Company's performance have irreplaceable uses, and the Company has the right to collect payment for the cumulative performance part that has been completed so far during the entire contract period.

For performance obligations performed within a certain period of time, the Company recognizes revenue in accordance with the performance progress during that period, except where the performance progress cannot be reasonably determined. The Company considers the nature of the goods or services and adopts the output method or the input method to determine the performance progress. When the performance progress cannot be reasonably determined, and the cost incurred is expected to be compensated, the Company recognizes the revenue according to the amount of the cost incurred until the performance progress can be reasonably determined.

For performance obligations performed at a certain point in time, the Company recognizes revenue at the point when the customer obtains control over the relevant goods or services. When judging whether the customer has obtained control over goods or services, the Company considers the following signs:

- the Company has the current right to receive payment for the goods or services, that is, the customer has the current payment obligation for the goods or services;

- the Company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods;
- the company has transferred the goods to the customer in kind, that is, the customer has taken possession of the goods in kind;
- the company has transferred the main risks and rewards of the ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the goods;
- the customer has accepted the goods or services.

The Company determines whether the Company's status is that of a principal or agent when engaging in a transaction based on whether it has control over the goods or services prior to transferring them to the customer. If the Company is able to control the goods or services before transferring them to the customer, the Company is the principal responsible party and recognizes revenue based on the total consideration received or receivable. Otherwise, the Company shall recognize revenue as an agent based on the amount of commissions or fees to which it is expected to be entitled.

② Disclosure of specific revenue recognition methods and measurement methods by the type of business

A. Sale contract: The sale contract between the Company and its customers usually contains only the performance obligation for the transfer of goods. The Company usually takes into account the following factors in order to obtain the current right of collection of goods, the transfer of primary risks and rewards on the ownership of the goods, the transfer of legal ownership of the goods, the transfer of physical assets of the goods and the customer's acceptance of the goods as the time point of revenue recognition.

B. Supply chain service: The provision of integrated logistics and supply chain services is a performance obligation performed at a certain time point, and revenue is recognized when the corresponding services have been provided, the payment has been collected or the right to collect payment has been obtained, and the corresponding economic benefits are likely to flow in.

C. Others (including franchise management fee, hardware and software and material income): Revenue is recognized at the time point when the customer obtains control over the corresponding goods or services.

(2). Different revenue recognition and measurement methods for the same type of business adopting different business models

Applicable Not applicable

35. Contract cost

Applicable Not applicable

Contract cost includes contract performance cost and contract acquisition cost.

If the cost incurred by the Company for the performance of the contract does not fall within the scope of relevant standards and regulations for inventories, fixed assets or intangible assets, it shall be recognized as an asset as the contract performance cost when the following conditions are met:

- the cost is directly related to a current or expected contract;
- the cost increases the Company's future resources for fulfilling its performance obligations;
- the cost is expected to be recovered.

If the incremental cost incurred by the Company to obtain the contract is expected to be recovered, it will be recognized as an asset as the cost of obtaining the contract.

Assets related to contract costs are amortized on the same basis as the revenue recognition of goods or services related to the assets; however, if the amortization period of cost of obtaining the contract does not exceed one year, the Company will include it in the current profit or loss when it occurs.

If the carrying value of the assets related to the contract cost is higher than the difference between the following two items, the Company will make provision for impairment of the excess part and recognize it as an asset impairment loss:

(1) the remaining consideration expected to be obtained due to the transfer of goods or services related to the assets; and

(2) the costs expected to be incurred due to the transfer of the related goods or services.

If the depreciation factors in the previous period change later, causing the aforementioned difference to be higher than the carrying value of the assets, the Company will reverse the

previously-made provision for impairment and include it in the current profit or loss, but the carrying value of the assets after the reversal cannot exceed the carrying value of the assets at the date of reversal under the assumption that no provision is made for the impairment.

36. Government subsidies

√ Applicable Not applicable

(1) Types

Government subsidies are monetary or non-monetary assets obtained by the Company from the government free of charge. They are divided into government subsidies related to assets and government subsidies related to income.

Government subsidies related to assets refer to government subsidies obtained by the Company that are used to purchase or construct or otherwise form long-term assets. Government subsidies related to income refer to the government subsidies other than government subsidies related to assets.

The specific standards for the Company to classify government subsidies into government subsidies related to assets are as follows:

If obtained subsidies are used to purchase, construct or otherwise form fixed assets, intangible assets and other long-term assets as expressly stipulated in government documents, then such subsidies are deemed as asset-related government subsidies.

The specific standards for the Company to classify government subsidies into income-related government subsidies are as follows:

If the government subsidies (excluding asset-related subsidies) are used to compensate relevant costs or losses of the Company that have been already incurred or to be incurred in subsequent periods, then such subsidies are deemed as income-related government subsidies.

Where there is no express regulation on the object of subsidies in government documents, then the Company will classify the government subsidies as assets-related or income-related depending on the specific purpose that the subsidies are used for.

(2) Timing of recognition

Government subsidies are recognized when the Company can meet the conditions attached and can receive them.

(3) Accounting treatment

Government subsidies related to assets shall offset the carrying amount of relevant assets or be recognized as deferred income. If it is recognized as deferred income, it shall be included in the current profit and loss in a reasonable and systematic way within the useful life of the relevant assets (if it is related to the daily activities of the Company, it shall be included in other income; otherwise, it shall be included in the non-operating income);

Government subsidies related to income that are used for compensation for the relevant costs or losses of the Company in subsequent periods are recognized as deferred income and are included in the current profit or loss in the period in which the relevant costs, expenses or losses are recognized (if they are related to the daily activities of the Company, they shall be included in other income; otherwise, they shall be included in the non-operating income) or offset the relevant costs or losses; Government subsidies related to income that are used for compensation for the relevant costs or losses that the Company has already incurred shall be directly included in the current profit or loss (if they are related to the daily activities of the Company, they shall be included in other income; otherwise, they shall be included in the non-operating income) or offset the relevant costs or losses.

The Company's policy-based concessional loans are classified into the following two conditions and are accounted for respectively:

① If the lending bank provides loans to the Company at a policy-based preferential interest rate after the Ministry of Finance allocates the interest-grant funds to the lending bank, the actual borrowing amount received is recognized as the entry value of the borrowing and the relevant borrowing expenses are measured in accordance with the principal amount of the borrowing and policy-based preferential interest rate.

② When the government directly distributes the interest-grant funds to the Company, the corresponding discount will offset the relevant borrowing costs.

37. Deferred income tax assets and liabilities√ Applicable Not applicable

Income taxes include current income tax and deferred income tax. Except for income tax arising from business combination and transactions or events that are directly included in owners' equity (including other comprehensive income), the Company includes current income tax and deferred income tax in the current profit or loss.

Deferred income tax assets and deferred income tax liabilities are calculated and recognized based on the difference (temporary difference) between the tax base of assets and liabilities and their carrying value.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be offset. For deductible losses and tax credits that can be reversed in the future period, deferred tax assets shall be recognized to the extent that it is probable that taxable profit will be available in the future to offset the deductible losses and tax credits.

Save as the exceptions, deferred tax liabilities shall be recognized for the taxable temporary difference.

The exceptions for not recognizing deferred tax assets and liabilities include:

- the initial recognition of the goodwill;
- other transactions or matters other than enterprise merger in which neither profit nor taxable income (or deductible loss) will be affected when transactions occur, and the initial recognition of assets and liabilities does not result in taxable temporary differences and deductible temporary differences of equal amount

Deferred income tax liabilities are recognized for all taxable temporary differences arising from the investments in subsidiaries, joint ventures and associates, except to the extent that both of the following conditions are satisfied: the Company is able to control the timing of the reversal of the temporary differences; and it is likely that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized for all deductible temporary differences associated with investments in subsidiaries, joint ventures and associates if all of the following conditions are satisfied: It is likely that the deductible temporary difference will reverse in the foreseeable future and it is likely that taxable profit in the future will be available against which the deductible temporary difference can be offset.

At the balance sheet date, deferred income tax assets and liabilities are measured at tax rates expected to be applied to the period when the assets are recovered or the liabilities are settled according to the tax law.

At the balance sheet date, the Company reviews the carrying value of deferred income tax assets. The carrying value of the deferred income tax assets are reduced if it is unlikely to obtain sufficient taxable income to offset the benefit of the deferred income tax assets in the future. When it is likely that sufficient taxable income will be available, the amount of write-down is reversed.

38. Lease√ Applicable Not applicable

A lease is a contract whereby the lessor conveys to the lessee the right to use an asset in exchange for consideration. On the commencement date of the contract, the Company assesses whether the contract is or contains a lease. A contract is, or contains, a lease if one party to the contract gives the right to control the use of an identified asset or identified assets for a period of time in exchange for consideration.

If the contract contains multiple separate leases simultaneously, the Company will split the contract and conduct separate accounting treatment for each separate lease. If the contract contains lease components and non-lease components simultaneously, the lessee and the lessor will split the lease components and the non-lease components.

Judgmental basis and accounting treatment of short-term leases and leases of low-value assets for which a simplified treatment is adopted as the lessee√ Applicable Not applicable

The Company as the lessee

(1) Right-of-use assets

At the commencement date of the lease term, the Company recognizes right-of-use assets for leases other than short-term leases and low-value asset leases. Right-of-use assets are initially measured at cost. The cost comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date of the lease term, less any lease incentives received;
- any initial direct costs incurred by the Company; and
- an estimate of costs to be incurred by the Company in dismantling and removing the leased asset, restoring the site on which it is located or restoring the leased asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Company subsequently adopts the straight-line method to depreciate the right-of-use assets. If it can be reasonably determined that the ownership of the leased asset can be acquired upon the expiry of the lease term, depreciation will be prepared during the remaining useful life of the leased asset; otherwise, depreciation will be prepared during the lease term or the remaining useful life of the leased asset whichever is shorter.

The Company determines whether the right-of-use asset has been impaired in accordance with the principles described in Note “V (27) Impairment of long-term assets”, and performs accounting treatment for the identified impairment losses.

(2) Lease liabilities

At the commencement date of the lease term, the Company recognizes lease liabilities for leases other than short-term leases and low-value asset leases. Lease liabilities are initially measured at the present value of the lease payments that are not paid. Lease payments comprise:

- fixed payments (including substantial fixed payments), less any lease incentives received;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees provided by the Company;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- Payments for exercising an option to terminate the lease if the lease term reflects the lessee exercising an option to terminate the lease.

The Company uses the interest rate implicit in lease as the discount rate, but if the interest rate implicit in lease cannot be reasonably determined, the Company’s incremental borrowing rate is used as the discount rate.

The Company calculates the interest expense of the lease liability in each period of the lease term according to the fixed periodic interest rate, and includes it in the current profit and loss or the related asset costs.

Variable lease payments excluded in the measurement of lease liabilities are included in the current profit and loss or the related asset costs when they are actually incurred.

After the commencement date of the lease term, the Company re-measures the lease liabilities and adjusts the corresponding right-of-use assets under the following circumstances. If the carrying amount of the right-of-use assets is reduced to zero, but the lease liabilities still need to be further reduced, the difference is included in the current profit and loss:

- when there is a change in the assessment result of an option to purchase, renew or terminate the lease, or the actual exercise of the aforementioned options is inconsistent with the original assessment result, the Company remeasures the lease liabilities at the present value calculated according to the changed lease payments and the revised discount rate; and
- When there is a change in the substantial fixed payments, a change in the amounts expected to be payable under a residual value guarantee, or a change in an index or a rate used to determine the lease payments, the Company remeasures the lease liabilities at the present value calculated according to the changed lease payments and the unchanged discount rate. However, the present value is calculated according to the revised discount rate if the change in lease payments is caused by a change in floating interest rates.

(3) Short-term leases and low-value asset leases

The Company chooses not to recognize right-of-use assets and lease liabilities for short-term leases and low-value asset leases, and includes relevant lease payments in the current profit and loss or related asset costs over the lease term on straight-line basis. A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less and does not contain a purchase option. A low-value asset lease is a lease with a lower value when a single leased asset is a brand-new asset. If the Company subleases or expects to sublease a leased asset, the original lease is not a low-value asset lease.

(4) Lease modifications

The Company accounts for a lease modification as a separate lease if the following conditions are satisfied simultaneously:

- the lease modification increases the lease scope by adding the right to use one or more lease assets;

and

- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

When a lease modification is not treated as a separate lease, at the effective date of the lease modification, the Company re-allocates the consideration of the contract after the change, re-determines the lease term, and remeasures the lease liability at the present value calculated according to the changed lease payments and the revised discount rate.

When a lease modification decreases the lease scope or shortens the lease term, the Company reduces the carrying value of the right-of-use asset and includes the relevant gain or loss resulting from partial or full termination of the lease in the current profit and loss. When other lease modifications result in re-measurement of the lease liability, the Company adjusts the carrying value of the right-of-use asset accordingly.

(5) Sale and leaseback

The Company assesses and determines whether the transfer of the asset in the sale and leaseback transactions is a sale according to Note “V (34) Income”.

When the transfer of the asset in the sale and leaseback transactions is a sale, the Company as the lessor measures the right-of-use asset arising from the sale and leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained through leaseback, and recognizes the relevant gain or loss at the amount that relates to the rights transferred to the lessor.

For details on the subsequent measurement of right-of-use assets and lease liabilities and lease modifications after the commencement date of the lease term, please refer to “1. The Company as the lessee” under Note “V (38) Lease”. When subsequently measuring the lease liabilities arising from a sale and leaseback, the Company determines the lease payments or the modified lease payments in a manner that does not result in the recognition of gains or losses related to the right-of-use acquired through the leaseback.

When the transfer of the asset in the sale and leaseback transactions is not a sale, the Company as the lessor continues to recognize the transferred assets and also recognizes a financial liability equal to the transfer income. Details of accounting treatment of financial liabilities are set out in Note “V (11) Financial Instruments”.

Criteria for classification and accounting treatment of leases as the lessor

Applicable Not applicable

At the commencement date of the lease term, the Company classifies lease into finance lease and operating lease. Finance lease refers to a lease that has transferred in substance all the risks and rewards related to the ownership of an asset, regardless of whether the ownership is ultimately transferred. Operating lease refers to a lease other than a finance lease. When the Company acts as a sublease lessor, it classifies the sublease based on the right-of-use asset arising from the original lease.

(1) Accounting treatment of operating leases

Lease receipts from operating leases are recognized as rental income over the lease term on straight-line basis. The Company capitalizes the initial direct expenses incurred in relation to operating leases, and amortizes and includes them in the current profit and loss on the same basis as the rental income is recognized during the lease term. Variable lease payments excluded in lease receipts are included in the current profit and loss when they are actually incurred. In case of any operating lease

modification, the Company will account for it as a new lease from the effective date of the modification, and regard the lease advance or lease receivable related to the lease before the modification as the receipt from the new lease.

(2) Accounting treatment of finance leases

At the commencement of the lease, the Company recognizes a finance lease receivable for a finance lease, and derecognizes finance lease assets. At the initial measurement of the finance lease receivable, the Company regards the net investment in the lease as the entry value of the finance lease receivable. Net investment in the lease is the sum of the following items discounted at the interest rate implicit in lease: any unguaranteed residual value; and any lease receipt which is received at the commencement of the lease.

The Company calculates and recognizes the interest income over the lease term at the fixed periodic interest rate. Derecognition and impairment of finance lease receivables are subject to the accounting treatment in accordance with Note “V (11) Financial Instruments”.

Variable lease payments excluded in net investment in the lease are included in measurement the current profit and loss when they are actually incurred.

The Company accounts for a finance lease modification as a separate lease if the following conditions are satisfied simultaneously:

- the modification increases the lease scope by adding the right to use one or more lease assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

When a finance lease modification is not treated as a separate lease, the Company accounts for the modified lease as follows:

- if the lease would have been classified as an operating lease had the modification been in effect at the commencement date, the Company accounts for the lease modification as a new lease from the effective date of the modification, and measures the carrying value of the lease asset as the net investment in the lease immediately before the effective date of the lease modification.
- if the lease would have been classified as a finance lease had the modification been in effect at the commencement date, the Company accounts for the lease modification according to the policies for modification or renegotiation of contracts in Note “V (11) Financial Instruments”.

(3) Sale and leaseback transactions

The Company assesses and determines whether the transfer of the asset in the sale and leaseback transactions is a sale according to Note “V (34) Income”.

When the transfer of the asset in the sale and leaseback transactions is a sale, the Company as the lessor accounts for the purchase of the asset, and accounts for the lease of the asset in accordance with the aforementioned policy in “2. The Company as the lessor”; When the transfer of the asset in the sale and leaseback transactions is not a sale, the Company as the lessor does not recognize the transferred asset, but recognizes a financial asset equal to the transfer income. Details of accounting treatment of financial assets are set out in Note “V (11) Financial Instruments”.

39. Other significant accounting policies and accounting estimates

√ Applicable Not applicable

Hedge accounting

(1) Classification of hedging

① Fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment (except for foreign exchange risk).

② Cash flow hedge is a hedge of the exposure to changes in cash flows. Such changes in cash flows mainly come from a specific type of risk related to a recognized asset or liability or an expected transaction that is likely to occur, or the foreign exchange risk included in an unrecognized firm commitment.

③ Hedge of net investment in an overseas operation is a hedge of the foreign exchange exposure arising from net investment in an overseas operation. Net investment in an overseas operation refers to an enterprise’s equity proportion in the net assets in an overseas operation.

(2) Designation of hedging relationship and confirmation of hedging effectiveness

At the commencement of the hedging relationship, the Company shall specify the hedging relationship formally and prepare a formal written document on the hedging relationship, risk management objectives and the strategies of hedging. This document shall at least specify the contents and number of the hedging instruments, the nature and number of the hedged items, the nature of the hedged risk, the type of hedge and the evaluation of the Company on the effectiveness of the hedging instruments. Hedging effectiveness refers to the extent that the changes in the fair value or cash flow of a hedging instrument may offset the changes resulted from the hedging risks in the fair value or cash flow of a hedged item.

The Company shall continuously evaluate the hedging effectiveness to determine whether the hedging meets the requirements on effectiveness for using hedging accounting within the accounting period when the hedging relationship is specified. If the hedging fails to meet the requirements, the use of hedging relationship shall be terminated.

The use of hedge accounting shall meet the following requirements for the hedging effectiveness:

- ① There is an economic relationship between the hedged item and the hedging instrument.
- ② In the value change caused by the economic relationship between the hedged item and the hedging instrument, the influence of credit risk is not dominant.
- ③ An appropriate hedging ratio is adopted, and this ratio will not form an imbalance in the relative weight of the hedged item and the hedging instrument, thereby generating accounting results that are inconsistent with the hedge accounting objectives. If the hedging ratio is no longer appropriate, but the hedging risk management objectives have not changed, the number of hedged items or hedging instruments shall be adjusted so that the hedging ratio meets the requirements on effectiveness again.

(3) Accounting treatment method of hedge

① Fair value hedge

Changes in the fair value of hedging derivatives are included in the current profit and loss. Changes in the fair value of a hedged item due to hedging risk are included in the current profit and loss, while adjusting the book value of the hedged item.

For fair value hedges related to financial instruments measured at amortized cost, adjustments to the carrying value of the hedged item are amortized in the remaining period between the adjustment date and the maturity date and are included in the current profit and loss. Amortization carried out in accordance with the effective interest rate method can begin immediately after the adjustment of the carrying value, and shall not be later than the adjustment made due to the changes in the fair values caused by the hedging risk after the hedged item is terminated.

If the hedged item is derecognized, the un-amortized fair value is recognized as current profit or loss.

If the hedged item is an unrecognized firm commitment, the accumulated changes in the fair value of the firm commitment caused due to the hedged risk is recognized as an asset or liability, and the related gains or losses are included in the current profit and loss. Changes in the fair value of hedging instruments are also included in the current profit and loss.

② Cash flow hedge

The portion of the gains or losses from hedging instruments, which belongs to the effective hedge, shall be directly recognized as other comprehensive income, and the portion which belongs to the ineffective hedge shall be included in the current profit and loss.

If the hedged transaction affects the current profit or loss, for example, when the hedged financial income or financial expense is confirmed or the expected sale occurs, the amount recognized in other comprehensive income will be transferred to the current profit and loss. If the hedged item is the cost of a non-financial asset or liability, the amount originally recognized in other comprehensive income is transferred out and included in the initial recognition amount of the non-financial asset or liability (or the amount originally recognized in other comprehensive income is transferred out in the same period in which the non-financial asset or liability affects the profit and loss, and included in the current profit and loss).

If the expected transaction or firm commitment is not expected to occur, the cumulative gains or losses of hedging instruments previously included in other comprehensive income are transferred out and included in the current profit or loss. If the hedging instrument expires, is sold, terminated or exercised (but has not been replaced or extended), or the designation of the hedging relationship is

revoked, the amount previously included in other comprehensive income will not be transferred out until the expected transaction or firm commitment affects the current profit and loss.

③ Hedge of net investment in an overseas operation

Hedge of net investment in an overseas operation, including hedge of monetary items as part of net investment, is handled similarly to cash flow hedge. The portion of the gains or losses from hedging instruments, which is recognized as effective hedge, shall be recorded in other comprehensive income, and the portion which is recognized as ineffective hedge shall be included in the current profit and loss. When disposing of overseas operations, any accumulated gains or losses included in other comprehensive income are transferred out and included in the current profit or loss.

Repurchase of the Company's shares

The Company manages the repurchased shares as treasury shares before cancellation or transfer, and transfers all the expenses for the repurchase to the costs of treasury shares. The consideration and transaction costs paid for the repurchase reduce the owner's equity, and no gain or loss is recognized when the Company's shares are repurchased, transferred or cancelled.

(1) Where the Company's shares are acquired for reasons such as reduction of registered capital or reward to employees, they will be treated as treasury shares based on the amount actually paid for the repurchase and also be registered for future reference. If the repurchased shares are cancelled, the difference between the total nominal value of the shares calculated based on the nominal value and number of the cancelled shares and the amount actually paid for the repurchase will be offset against the capital reserve, and if the capital reserve is insufficient to offset, the remaining difference will be offset against the retained earnings. If the repurchased shares are awarded to employees of the Company as equity-settled share-based payment, when receiving the price from the exercise by the employees of the option to purchase the Company's shares, the Company resells and delivers the cost of employees' treasury shares and the accumulated amount of capital reserves (other capital reserves) during the waiting period, and adjusts the capital reserve (share premium) based on the difference between them.

(2) For the shares repurchased in accordance with the equity incentive plan, the Company will repurchase and cancel the restricted stocks that fail to meet the unlocking conditions. For the stocks required to be repurchased due to failure to unlocking conditions for restricted stocks, the Company debits them to "Other payables - Repurchase obligations of restricted stocks" and other subjects and credits them to "Bank deposits" and other subjects. At the same time, the Company debits the amount of share capital corresponding to the number of cancelled restricted stocks in the subject of "Share capital", credits the carrying value of the treasury stocks corresponding to the number of cancelled restricted stocks in the subject of "Treasury shares", and debits the difference of them to the subject of "Capital Reserve - Share premium".

Debt reorganisation

(1) The Company as the creditor

The Company terminates the recognition of claims when the contractual right to receive the cash flow from claims terminates. In the event of debt reorganisation by means of extinguishing debts with assets or converting debts into equity instruments, the Company recognises the corresponding assets when they meet the definition and the conditions for recognition.

In the event of debt reorganisation by means of extinguishing debts with assets, the Company measures the transferred non-financial assets at cost upon initial recognition. The cost of inventory includes the fair value of waived claims and other costs directly attributable to the asset such as taxes, transportation and handling fees, insurance premiums and other costs incurred in bringing the asset to its current position and condition. The cost of an investment in an associated enterprise or joint venture includes other costs such as the fair value of waived claims and taxes directly attributable to the asset. The cost of an investment property includes the fair value of waived claims and other costs, such as taxes, directly attributable to the asset. The cost of a fixed asset includes the fair value of waived claims and other costs directly attributable to the asset such as taxes, transportation, handling and installation fees, service fees to professionals and other costs incurred in bringing the asset to the predetermined state for use. The cost of a biological asset includes the fair value of waived claims and other costs, such as taxes, directly attributable to the asset. The cost of an intangible asset includes the fair value of waived claims and other costs, such as taxes, incurred in bringing the asset to its intended use. Where debt reorganisation by converting debts into equity instruments causes creditors to convert their claims into equity investments in an associated enterprise or joint venture, the Company measures the initial

investment cost at the fair value of waived claims and other costs, such as taxes, directly attributable to the asset. The difference between the fair value of waived claims and the carrying amount is included in the profit or loss for the current period.

For debt reorganisation by means of modifying other terms, the Company recognises and measures reorganised claims according to Note “V (11) Financial Instruments”.

For debt reorganisation by means of extinguishing debts with multiple assets or by multiple means, the Company first recognises and measures transferred financial assets and reorganised claims according to Note “V (11) Financial Instruments”, and then distributes the net fair value of waived claims after deducting the recognised amounts of transferred financial assets and reorganised claims according to the proportion of the fair value of the assets other than the transferred financial assets and, on that basis, separately determines the cost of each asset according to the aforementioned method. The difference between the fair value of waived claims and the carrying amount is included in the profit or loss for the current period.

(2) The Company as the debtor

The Company terminates the recognition of debts when its current obligation for debts is discharged.

In the event of debt reorganisation by means of extinguishing debts with assets, the Company terminates recognition when the corresponding assets and the debts to be extinguished meet the conditions for termination of recognition, and the difference between the carrying amount of the debts to be extinguished and that of transferred assets is included in the profit or loss for the current period.

In the event of debt reorganisation by means of converting debts into equity instruments, the Company terminates recognition when the debts to be extinguished meet the conditions for termination of recognition. Upon initial recognition of equity instruments, the Company measures at the fair value of the equity instruments. If the fair value of equity instruments cannot be reliably measured, the Company measures at the fair value of the debts to be extinguished. The difference between the carrying amount of the debts to be extinguished and the recognised amounts of equity instruments shall be included in the profit or loss for the current period.

For debt reorganisation by means of modifying other terms, the Company recognises and measures reorganised debts according to Note “V (11) Financial Instruments”.

For debt reorganisation by means of extinguishing debts with multiple assets or by multiple means, the Company recognises and measures equity instruments and reorganised debts according to the aforementioned methods, and includes the difference between the carrying amount of the debts to be extinguished and the sum of the carrying amount of transferred assets and the recognised amounts of equity instruments and debts to be extinguished in the profit or loss for the current period.

Segment reporting

The Company determines the operating segment based on the internal organizational structure, management requirements, and internal reporting system, and determines the reporting segment based on the operating segment and discloses segment information.

Operating segment refers to the component of the Company that meets the following conditions simultaneously: (1) the component can generate income and incur expenses in daily activities; (2) the management of the Company can regularly evaluate the operating results of the component to decide to allocate resources to it and evaluate its performance; and (3) the Company can obtain relevant accounting information such as the financial status, operating results and cash flow of the component. If two or more operating segments have similar economic characteristics and meet certain conditions, they can be combined into one operating segment.

40. Changes in significant accounting policies and accounting estimates

1. Changes in significant accounting policies

Implementation of Q&A on Accounting Treatment for Standard Warehouse Receipt Transactions under the Financial Instruments Standard

On July 8, 2025, the Ministry of Finance issued the Implementation Q&A on Accounting Treatment for Standard Warehouse Receipt (SWR) Transactions, clearly stipulating that, under the Financial Instruments Recognition and Measurement Standard, the act of an enterprise frequently entering into SWR buy-and-sell contracts on a futures trading venue to earn price differences without

taking delivery of the underlying commodities typically indicates a practice of selling the contracts shortly after acquisition to profit from short-term price fluctuations. In such cases, the contracts shall be treated as financial instruments and accounted for in accordance with the Financial Instruments Recognition and Measurement Standard. For SWRs acquired under such contracts and subsequently sold within a short period, revenue from sales shall not be recognized. Instead, the difference between the consideration received and the carrying amount of the SWR sold shall be recorded as investment income, and SWRs held at the end of the reporting period that have not yet been sold shall be classified as other current assets. Enterprises may elect, at initial recognition, to measure SWRs acquired under these contracts at fair value with changes recognized in profit or loss, provided this can eliminate or significantly reduce accounting mismatches. This election must be applied consistently to all SWRs meeting the criteria. Once SWRs are designated at fair value through profit or loss at initial recognition, the election cannot be revoked in subsequent periods.

According to the *Notice on Strict Implementation of the Enterprise Accounting Standards and Proper Preparation of 2025 Annual Reports* (Caikuai [2025] No. 33), enterprises adjusting accounting treatments due to the above SWR provisions shall restate comparable periods in their financial statements. The implementation of these provisions did not have a material impact on the Company's financial position or operating results.

(2) Changes in significant accounting estimates

There were no changes in the Company's significant accounting estimates during the Reporting Period.

41. Adjustments to the opening items and amounts of the financial statements for the year of the first implementation due to the first implementation of new accounting standards, standard interpretations, etc. from 2025

Applicable Not applicable

42. Others

Applicable Not applicable

VI. Taxes

1. Major tax types and tax rates

Particulars on major tax types and tax rates

Applicable Not applicable

Tax type	Taxing basis	Tax rate
Value added tax ("VAT")	The output tax is calculated on the basis of the income from sales of products and taxable income from rendering of services calculated according to the provisions of the tax law. The difference between the output tax and the input tax which is allowed to be deductible in the current period is the payable VAT	19%, 20%, 13%, 9%, 7%, 6%, 5%, 1%
Consumption tax		
Business tax		
Urban maintenance and construction tax	Calculated and paid according to the actually-paid VAT and consumption tax	7%, 5%, 1%
Enterprise income tax	Calculated and paid according to the taxable income	15%, 20%, 25%, 22%, 31%, 17%, 16.5%, 24%, 21%

Particulars on disclosure of taxpayers with different enterprise income tax rates

Applicable Not applicable

Name of taxpayer	Income tax rate (%)
Shanghai M&G Stationery Inc.	15
Shanghai M&G Zhenmei Stationery Co., Ltd. (上海晨光珍美文具有限公司)	20

Colipu Technologies Group Co., Ltd. (科力普科技集团股份有限公司)	25
Lianyungang Colipu Office Supplies Co., Ltd. (连云港市科力普办公用品有限公司)	20
Shenyang Colipu Office Supplies Trading Co., Ltd. (沈阳科力普办公用品贸易有限公司)	20
Shanghai M&G Stationery & Gift Co., Ltd. (上海晨光文具礼品有限公司)	25
Shanghai M&G Stationery Sales Co., Ltd. (上海晨光文具销售有限公司)	25
Guangzhou M&G Stationery&Gifts Sales Co., Ltd. (广州晨光文具礼品销售有限公司)	25
Yiwu Chenxing Stationery Co., Ltd. (义乌市晨兴文具用品有限公司)	25
Harbin M&G Sanmei Stationery Co., Ltd. (哈尔滨晨光三美文具有限公司)	25
Zhengzhou M&G Stationery&Gifts Co., Ltd. (郑州晨光文具礼品有限责任公司)	25
M&G Life Enterprise Management Co., Ltd. (晨光生活馆企业管理有限公司)	25
Shanghai M&G Jiamei Stationery Co., Ltd. (上海晨光佳美文具有限公司)	20
Zhejiang New M&G Life Enterprise Management Co., Ltd. (浙江新晨光生活馆企业管理有限公司)	20
Jiumu M&G Store Enterprise Management Co., Ltd. (九木杂物社企业管理有限公司)	25
Shanghai M&G Information Technology Co., Ltd. (上海晨光信息科技有限公司)	25
Shenzhen Erya Creative and Cultural Development Co., Ltd. (深圳尔雅文化创意发展有限公司)	20
Shanghai M&G Office Stationery Co., Ltd.	25
Hangzhou Sanmei M&G Stationery Co., Ltd. (杭州三美晨光文具有限公司)	20
Shanghai Qizhihaowan Culture and Creativity Co., Ltd. (上海奇只好玩文化创意有限公司)	25
Shanghai Chenxun Enterprise Management Co., Ltd. (上海晨讯企业管理有限公司)	25
Shanghai Colipu Information Technology Co., Ltd. (上海科力普信息科技有限公司)	25
Axus Stationery (Shanghai) Company Ltd.	15
Jiangsu Marco Pen Co., Ltd. (江苏马可笔业有限公司)	25
Changchun Macro Stationery Co., Ltd. (长春马可文教用品有限公司)	25
Yili Senlai Wood Co., Ltd. (伊犁森徠木业有限公司)	25
Axus Stationery (Hong Kong) Company Ltd.	16.5
International stationery company	20
Shanghai Meixin Stationery Co., Ltd. (上海美新文具有限公司)	25
SHANGHAI M&G STATIONERY (SINGAPORE) PTE.LTD.	17
M&G Jiumu Enterprise Management (Beijing) Co., Ltd. (晨光九木企业管理(北京)有限公司)	20
Back to School Holding AS	22
Beckmann AS	22
Beckmann Norway GmbH (Germany)	31
Beckmann Norway Inc	21
Beckmann Norway GmbH (Austria)	24
Zhejiang Benwei Technology Co., Ltd. (浙江本味科技有限公司)	20
Guangdong South China M&G Stationery Co., Ltd. (广东华南晨光文教用品有限公司)	25
Hubei M&G Central China Information Technology Co., Ltd. (湖北晨光华中信息科技有限公司)	25
Shanghai Colipu Technology Development Co., Ltd. (上海科力普科技发展有限公司)	20
Shanghai Yichengxiang E-commerce Co., Ltd. (上海益诚祥电子商务有限公司)	20
Shanghai M&G Online Selection Stationery Co., Ltd. (上海晨光在线甄选文具有限公司)	25
Shanghai Mymybear Enterprise Management Co., Ltd. (上海沫沫班长企业管理有限公司)	20
Shanghai M&G Stationery (Thailand) Co., Ltd	20
Lanzhou M&G Cultural Supplies Co., Ltd. (兰州晨光文化用品有限公司)	20

2. Tax preference

√ Applicable □ Not applicable

On December 19, 2025, the Company obtained the *Innovation Company Certificate* (certificate number GR202531000914, valid for 3 years) issued jointly by Shanghai Municipal Science and Technology Commission, Shanghai Finance Bureau and Shanghai Municipal Tax Service, State Taxation Administration.

On December 4, 2024, the subsidiary Axus Stationery obtained the *Innovation Company Certificate* (certificate number GR202431002131, valid for 3 years) issued jointly by Shanghai Municipal Science and Technology Commission, Shanghai Finance Bureau and Shanghai Municipal Tax Service, State Taxation Administration.

The Company and the subsidiary Axus Stationery paid the enterprise income tax at the rate of 15% this year.

Pursuant to the *Announcement on Further Supporting Small and Micro Enterprises and Individual Industrial and Commercial Businesses through Relevant Tax and Fee Policies* (Announcement No. 12 of 2023 of the Ministry of Finance and the State Taxation Administration). Tax on natural resources (excluding tax on water resources), urban maintenance and construction tax, real estate tax, urban land use tax, stamp tax (excluding stamp tax on securities transactions), agriculture land tax, educational surcharge and local education surcharge on small-scale VAT taxpayers, small-sized low-profit enterprises and individual industrial and commercial households are deducted by half from January 1, 2023 to December 31, 2027. The enterprise income tax at 20% shall apply based on 25% of the taxable income for small-sized low-profit enterprises, with the effective period extended till December 31, 2027. Subsidiaries M&G Jiumu Enterprise Management (Beijing) Co., Ltd. (晨光九木企业管理(北京)有限公司), Zhejiang New M&G Life Enterprise Management Co., Ltd. (浙江新晨光生活馆企业管理有限公司), Lianyungang Colipu Office Supplies Co., Ltd. (连云港市科力普办公用品有限公司), Shenyang Colipu Office Supplies Trading Co., Ltd. (沈阳科力普办公用品贸易有限公司), Shanghai Colipu Technology Development Co., Ltd. (上海科力普科技发展有限公司), Zhejiang Benwei Technology Co., Ltd. (浙江本味科技有限公司), Shanghai M&G Jiamei Stationery Co., Ltd. (上海晨光佳美文具有限公司), Shanghai M&G Zhenmei Stationery Co., Ltd. (上海晨光珍美文具有限公司), Shenzhen Erya Creative and Cultural Development Co., Ltd. (深圳尔雅文化创意发展有限公司), Hangzhou Sanmei M&G Stationery Co., Ltd. (杭州三美晨光文具有限公司), Shanghai Yichengxiang E-commerce Co., Ltd. (上海益诚祥电子商务有限公司), Lanzhou M&G Cultural Supplies Co., Ltd. (兰州晨光文化用品有限公司), and Shanghai Mymybear Enterprise Management Co., Ltd. (上海沫沫班长企业管理有限公司) meet the tax declaration requirements for micro and small enterprises, and declare the enterprise income tax at the tax rate of 20%.

In accordance with the *Announcement on the Additional VAT Credit Policy for Advanced Manufacturing Enterprises* (Announcement [2023] No. 43) issued by the Ministry of Finance and the State Taxation Administration, advanced manufacturing enterprises are entitled to an additional 5% input VAT credit from January 1, 2023 to December 31, 2027 in order to offset their VAT payable. The Company meets the relevant provisions on the tax incentive and has applied the additional 5% input VAT credit to offset its VAT payable accordingly.

In accordance with the *Notice of the Ministry of Finance and the State Administration of Taxation on Value-Added Tax Policies for Software Products* (Cai Shui [2011] No. 100), the subsidiary Colipu Information Technology was granted the tax incentive regarding the refund upon payment of VAT by Shanghai Xuhui District Tax Service, State Taxation Administration on software products on June 9, 2020, with a valid period from April 1, 2020 to March 31, 2070.

3. Others

Applicable Not applicable

VII. Notes to the Items of Consolidated Financial Statements

1. Cash and equivalents

Applicable Not applicable

Item	Unit: Yuan Currency: RMB	
	Closing balance	Opening balance
Cash on hand	809,289.01	1,316,928.26
Cash at bank	3,938,309,460.71	4,921,949,239.34
Other cash and equivalents	42,503,790.78	38,951,134.52
Deposits in finance company		
Total	3,981,622,540.50	4,962,217,302.12

Including: Total cash deposited outside China	75,573,360.57	119,227,417.15
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Other descriptions:

No

2. Held-for-trading financial assets

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance	Reasons and basis for designation
Financial assets at fair value through profit or loss	4,108,620,317.14	2,569,112,993.22	/
Including:			
Debt instrument investment			/
Equity instrument investment			
Derivative financial assets			/
Others	4,108,620,317.14	2,569,112,993.22	
Financial assets designated at fair value through profit or loss			
Including:			
Debt instrument investment			
Others			
Total	4,108,620,317.14	2,569,112,993.22	/

Other descriptions:

Applicable Not applicable

Other bank wealth management products purchased for the Company.

3. Derivative financial assets

Applicable Not applicable

4. Bills receivable

(1). Bills receivable presented by category

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Bank acceptance bills		
Commercial acceptance bills	49,831,812.11	9,033,273.87
Finance company acceptance bills	14,935,312.61	9,747,991.69
Less: Bad debt provisions of bills receivable	-4,767,787.38	-1,355,738.91
Total	59,999,337.34	17,425,526.65

(2). Bills receivable pledged by the Company at the end of the period

Applicable Not applicable

(3). Bills receivable endorsed or discounted by the Company at the end of the period but not due yet at the balance sheet date

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount derecognized at the	Amount not derecognized at the
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	end of the Period	end of the period
Bank acceptance bills		
Commercial acceptance bills		29,545,500.78
Finance company acceptance bills		9,687,733.36
Total		39,233,234.14

(4). Disclosure by accruing method for bad debt provisions

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Carrying balance		Bad debt provisions		Carrying value	Carrying balance		Bad debt provisions		Carrying value
	Amount	Percent age (%)	Amount	Accr uing perce ntage (%)		Amount	Percent age (%)	Amount	Accr uing perce ntage (%)	
Bad debt provisions accrued separately										
Including:										
Bad debt provisions accrued according to the combination	64,767,124.72	100.00	4,767,787.38	7.36	59,999,337.34	18,781,265.56	100.00	1,355,738.91	7.22	17,425,526.65
Including:										
Finance company acceptance bills	14,935,312.61	23.06	728,688.24	4.88	14,206,624.37	9,747,991.69	51.90	604,896.12	6.21	9,143,095.57
Commercial acceptance bills	49,831,812.11	76.94	4,039,099.14	8.11	45,792,712.97	9,033,273.87	48.10	750,842.79	8.31	8,282,431.08
Total	64,767,124.72	/	4,767,787.38	/	59,999,337.34	18,781,265.56	/	1,355,738.91	/	17,425,526.65

Bad debt provisions accrued separately:

□ Applicable √ Not applicable

Bad debt provisions accrued according to the combination:

√ Applicable □ Not applicable

Combination item: Credit risk characteristic portfolio

Unit: Yuan Currency: RMB

Item	Closing balance		
	Carrying balance	Bad debt provisions	Accruing percentage (%)
Finance company acceptance bills	14,935,312.61	728,688.24	4.88
Commercial acceptance draft	49,831,812.11	4,039,099.14	8.11
Total	64,767,124.72	4,767,787.38	

Notes to bad debt provisions accrued according to the combination

□ Applicable √ Not applicable

Bad debt provisions accrued according to the general model of expected credit losses

□ Applicable √ Not applicable

Basis of classification of stages and percentage of provision for bad debts

No

Notes to the significant changes in the book balance of bills receivable arising from changes in the provision for losses in the current period:

Applicable Not applicable

(5). Particulars on bad debt provisions

Applicable Not applicable

Unit: Yuan Currency: RMB

Category	Opening balance	Change of the current period				Closing balance
		Accrued	Recovered or reversed	Resold or written-off	Other changes	
Finance company acceptance bills	604,896.12	123,792.12				728,688.24
Commercial acceptance draft	750,842.79	3,288,256.35				4,039,099.14
Total	1,355,738.91	3,412,048.47				4,767,787.38

Significant bad debt provision amounts recovered or reversed in the current period:

Applicable Not applicable

Other descriptions:

No

(6). Particulars on notes receivable actually written-off in the current period

Applicable Not applicable

Including: Write-off of significant notes receivable:

Applicable Not applicable

Notes to the write-off of notes receivable:

Applicable Not applicable

Other descriptions:

Applicable Not applicable

5. Accounts receivable

(1). Disclosure by account age

Applicable Not applicable

Unit: Yuan Currency: RMB

Account age	Carrying balance at the end of the period	Carrying balance at the beginning of the period
Within one year (including one year)	4,546,808,968.06	3,840,754,562.66
Including: Sub-item within one year		
Within one year	4,546,808,968.06	3,840,754,562.66
One to two years	106,194,739.34	86,030,697.31
Two to three years	13,674,496.00	9,635,470.86
Above three years	7,059,749.62	7,004,778.86
Three to four years		
Four to five years		
Above five years		
Total	4,673,737,953.02	3,943,425,509.69

(2). Disclosure by accruing method for bad debt provisions√ Applicable Not applicable

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Carrying balance		Bad debt provisions		Carrying value	Carrying balance		Bad debt provisions		Carrying value
	Amount	Percentage (%)	Amount	Accruing percentage (%)		Amount	Percentage (%)	Amount	Accruing percentage (%)	
Bad debt provisions accrued separately	20,187,259.17	0.43	20,187,259.17	100.00		9,459,313.99	0.24	9,459,313.99	100.00	
Including:										
Bad debt provisions accrued according to the combination	4,653,550,693.85	99.57	76,015,255.39	1.63	4,577,535,438.46	3,933,966,195.70	99.76	73,330,777.94	1.86	3,860,635,417.76
Including:										
Account age analysis	4,653,550,693.85	99.57	76,015,255.39	1.63	4,577,535,438.46	3,933,966,195.70	99.76	73,330,777.94	1.86	3,860,635,417.76
Total	4,673,737,953.02	/	96,202,514.56	/	4,577,535,438.46	3,943,425,509.69	/	82,790,091.93	/	3,860,635,417.76

Bad debt provisions accrued separately:

 Applicable Not applicable

Bad debt provisions accrued according to the combination:

√ Applicable Not applicable

Combination item: Account age analysis

Unit: Yuan Currency: RMB

Item	Closing balance		
	Carrying balance	Bad debt provisions	Accruing percentage (%)
Account age analysis	4,653,550,693.85	76,015,255.39	1.63
Total	4,653,550,693.85	76,015,255.39	

Description on bad debt provisions accrued according to the combination:

 Applicable Not applicable

Bad debt provisions accrued according to the general model of expected credit losses

 Applicable Not applicable

Basis of classification of stages and percentage of provision for bad debts

No

Notes to the significant changes in the book balance of accounts receivable arising from changes in the provision for losses in the current period:

 Applicable Not applicable**(3). Particulars on bad debt provisions**√ Applicable Not applicable

Unit: Yuan Currency: RMB

Category	Opening balance	Change of the current period				Closing balance
		Accrued	Recovered or reversed	Resold or written-off	Other changes	
Bad debt provisions	9,459,313.99	14,293,974.25	2,298,338.54	1,267,690.53		20,187,259.17

accrued separately						
Account age analysis	73,330,777.94	2,747,387.87			-62,910.42	76,015,255.39
Total	82,790,091.93	17,041,362.12	2,298,338.54	1,267,690.53	-62,910.42	96,202,514.56

Significant bad debt provision amounts recovered or reversed in the current period:

Applicable Not applicable

Other descriptions:

In the bad debt provision for the current year, there are an impact of RMB-75,369.45 due to the exchange rate difference in the conversion of foreign currency financial statements and a provision of RMB12,459.03 due to the acquisition of Shanghai Mymybear Enterprise Management Co., Ltd. (上海沫沫班长企业管理有限公司) (a new business combination not under common control). The bad debt provision recognized for the current year includes an amount of RMB2,298,338.54 recovered or reversed from the provision for bad debts previously recognized, with the actual provision for bad debts being RMB14,743,023.58.

(4). Particulars on accounts receivable actually written-off in the current period

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Written-off amount
Accounts receivable actually written-off	1,267,690.53

Writing-off of significant accounts receivable

Applicable Not applicable

Description on writing-off of accounts receivable:

Applicable Not applicable

(5). Particulars on top five accounts receivable and contract assets in terms of the balance at the end of the period based on debtors

Applicable Not applicable

Unit: Yuan Currency: RMB

Company name	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage (%) in the total balance at the end of the period of accounts receivable and contract assets	Balance of bad debt provisions at the end of the period
First	1,031,327,475.14		1,031,327,475.14	22.07	6,679,276.00
Second	414,633,311.62		414,633,311.62	8.87	4,235,326.70
Third	403,906,075.59		403,906,075.59	8.64	10,671,854.59
Fourth	125,821,456.21		125,821,456.21	2.69	1,732,982.72
Fifth	109,590,825.84		109,590,825.84	2.34	3,043,242.86
Total	2,085,279,144.40		2,085,279,144.40	44.61	26,362,682.87

Other descriptions:

No

Other descriptions:

Applicable Not applicable

6. Contract assets

(1). Particulars on contract assets

Applicable Not applicable

(2). Amount of and reason for significant changes in carrying value during the Reporting Period

Applicable Not applicable

(3). Disclosure by accruing method for bad debt provisions

Applicable Not applicable

Bad debt provisions accrued separately:

Applicable Not applicable

Description on bad debt provisions accrued separately:

Applicable Not applicable

Bad debt provisions accrued according to the combination:

Applicable Not applicable

Bad debt provisions accrued according to the general model of expected credit losses

Applicable Not applicable

Basis of classification of stages and percentage of provision for bad debts

No

Notes to the significant changes in the book balance of contract assets arising from changes in the provision for losses in the current period:

Applicable Not applicable

(4). Provision set aside for bad debts on contract assets in the current period

Applicable Not applicable

Significant bad debt provision amounts recovered or reversed in the current period:

Applicable Not applicable

Other descriptions:

No

(5). Contract assets written off in the current period

Applicable Not applicable

Including: Write-off of significant contract assets

Applicable Not applicable

Notes to write-off of contract assets:

Applicable Not applicable

Other descriptions:

Applicable Not applicable

7. Accounts receivable financing**(1). Classified presentation of accounts receivables financing**

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Bills receivable	31,211,919.98	28,475,371.64
Factoring of accounts receivable		
Accounts receivable		
Total	31,211,919.98	28,475,371.64

(2). Accounts receivables financing pledged by the Company at the end of the period

Applicable Not applicable

(3). Accounts receivables financing endorsed or discounted by the Company at the end of the period but not due yet at the balance sheet date

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills	26,467,790.18	
Total	26,467,790.18	

(4). Disclosure by accruing method for bad debt provisions

Applicable Not applicable

Bad debt provisions accrued separately:

Applicable Not applicable

Description on bad debt provisions accrued separately:

Applicable Not applicable

Bad debt provisions accrued according to the combination:

Applicable Not applicable

Bad debt provisions accrued according to the general model of expected credit losses

Applicable Not applicable

Basis of classification of stages and percentage of provision for bad debts

No

Notes to the significant changes in the book balance of accounts receivables financing arising from changes in the provision for losses in the current period:

Applicable Not applicable

(5). Particulars on bad debt provisions

Applicable Not applicable

Significant bad debt provision amounts recovered or reversed in the current period:

Applicable Not applicable

Other descriptions:

No

(6). Particulars on accounts receivable financing actually written-off in the current period

Applicable Not applicable

Including: Significant write-off of accounts receivables financing

Applicable Not applicable

Notes on write-off:

Applicable Not applicable

(7). Changes in receivables financing during the current period and changes in fair value:

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increased in the current period	Derecognition of the current period	Other changes	Closing balance	Accumulated losses recognized in other comprehensive income
Bills receivable	28,475,371.64	138,453,557.83	135,717,009.49		31,211,919.98	

(8). Other descriptions

Applicable Not applicable

8. Prepayment**(1). Prepayment presented by account age**

Applicable Not applicable

Unit: Yuan Currency: RMB

Account age	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within one year	71,269,409.61	97.23	88,743,121.12	97.80
One to two years	1,915,106.03	2.61	1,471,482.66	1.62
Two to three years	109,931.11	0.15	500,279.73	0.55
Above three years	10,858.15	0.01	28,788.91	0.03
Total	73,305,304.90	100.00	90,743,672.42	100.00

Description on the reasons for failure to settle the prepayment with an account age over one year and a significant amount:

No

(2). Particulars on top 5 prepayments in terms of the balance at the end of the period according to the concentration of parties to which the prepayments are made

Applicable Not applicable

Unit: Yuan Currency: RMB

Company name	Closing balance	Percentage (%) in the total balance at the end of the period of prepayment
First	7,173,883.76	9.79
Second	6,348,082.66	8.66
Third	4,270,379.41	5.83
Fourth	2,925,196.46	3.99
Fifth	2,202,481.42	3.00
Total	22,920,023.71	31.27

Other descriptions:

No

Other descriptions:

Applicable Not applicable

9. Other receivables

Presented by item

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividend receivable		
Other receivables	272,193,803.53	238,243,332.88
Total	272,193,803.53	238,243,332.88

Other descriptions:

Applicable Not applicable

Interest receivable

(1). Classification of interest receivable

Applicable Not applicable

(2). Important overdue interest

Applicable Not applicable

(3). Disclosure by accruing method for bad debt provisions

Applicable Not applicable

Bad debt provisions accrued separately:

Applicable Not applicable

Description on bad debt provisions accrued separately:

Applicable Not applicable

Bad debt provisions accrued according to the combination:

Applicable Not applicable

(4). Bad debt provisions accrued according to the general model of expected credit losses

Applicable Not applicable

Basis of classification of stages and percentage of provision for bad debts

No

Notes to the significant changes in the book balance of interest receivable arising from changes in the provision for losses in the current period:

Applicable Not applicable

(5). Particulars on bad debt provisions

Applicable Not applicable

Significant bad debt provision amounts recovered or reversed in the current period:

Applicable Not applicable

Other descriptions:

No

(6). Particulars on interest receivable actually written-off in the current period

Applicable Not applicable

Including: Write-off of significant interest receivable

Applicable Not applicable

Notes on write-off:

Applicable Not applicable

Other descriptions:

Applicable Not applicable

Dividend receivable

(1). Dividend receivable

Applicable Not applicable

(2). Important dividend receivable with the account age over one year

Applicable Not applicable

(3). Disclosure by accruing method for bad debt provisions

Applicable Not applicable

Bad debt provisions accrued separately:

Applicable Not applicable

Description on bad debt provisions accrued separately:

Applicable Not applicable

Bad debt provisions accrued according to the combination:

Applicable Not applicable

(4). Bad debt provisions accrued according to the general model of expected credit losses

Applicable Not applicable

Basis of classification of stages and percentage of provision for bad debts

No

Notes to the significant changes in the book balance of dividends receivable arising from changes in the provision for losses in the current period:

Applicable Not applicable

(5). Particulars on bad debt provisions

Applicable Not applicable

Significant bad debt provision amounts recovered or reversed in the current period:

Applicable Not applicable

Other descriptions:

No

(6). Particulars on dividend receivable actually written-off in the current period

Applicable Not applicable

Including: Write-off of significant dividend receivable

Applicable Not applicable

Notes on write-off:

Applicable Not applicable

Other descriptions:

Applicable Not applicable

Other receivables

(1). Disclosure by account age

Applicable Not applicable

Unit: Yuan Currency: RMB

Account age	Carrying balance at the end of the period	Carrying balance at the beginning of the period
Within one year (including one year)	206,761,277.66	213,227,356.27
Including: Sub-item within one year		
Within one year	206,761,277.66	213,227,356.27
One to two years	56,598,575.03	39,011,841.61
Two to three years	32,268,144.36	8,492,896.52
Above three years	13,661,083.20	9,862,110.90
Three to four years		
Four to five years		
Above five years		
Less: Bad debt provisions	-37,095,276.72	-32,350,872.42
Total	272,193,803.53	238,243,332.88

(2). Particulars on classification by amount nature

Applicable Not applicable

Unit: Yuan Currency: RMB

Amount nature	Carrying balance at the end of the period	Carrying balance at the beginning of the period
Personal loans and petty cash	7,689,044.44	9,623,635.38
Amount paid for materials	27,780,107.16	36,906,025.77
Consolidated balance of related-parties current accounts - provisional input tax	51,735,123.27	49,172,765.14
Non-housing deposit and margin	91,600,721.28	72,362,755.76
Housing deposit and margin	88,439,343.18	77,354,849.42
Others	42,044,740.92	25,174,173.83
Total	309,289,080.25	270,594,205.30

(3). Particulars on accruing of bad debt provisions

Applicable Not applicable

Unit: Yuan Currency: RMB

Bad debt provisions	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance as at January 1, 2025	32,350,872.42			32,350,872.42
Balance as of January 1, 2025 in the current period				
- Transferred into Phase 2				
- Transferred into Phase 3				
- Reversed into Phase 2				
- Reversed into Phase 1				
Accrued in the current period	4,467,813.84		250,000.00	4,717,813.84
Reserved in the current period				
Resold in the current period				
Written-off in the current period			250,000.00	250,000.00
Other Changes	276,590.46			276,590.46
Balance as at December 31, 2025	37,095,276.72			37,095,276.72

Basis of classification of stages and percentage of provision for bad debts

No

Notes to the significant changes in the book balance of other receivables arising from changes in the provision for losses in the current period:

 Applicable Not applicable

Amount of bad debt provisions accrued for the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly:

 Applicable Not applicable**(4). Particulars on bad debt provisions** Applicable Not applicable

Unit: Yuan Currency: RMB

Category	Opening balance	Change of the current period				Closing balance
		Accrued	Recovered or reversed	Resold or written-off	Other changes	
Bad debt provisions accrued separately		250,000.00		250,000.00		
Account age analysis	28,483,129.75	4,043,698.18			146,481.37	32,673,309.30
Deposit for housing lease	3,867,742.67	424,115.66			130,109.09	4,421,967.42
Total	32,350,872.42	4,717,813.84		250,000.00	276,590.46	37,095,276.72

Significant bad debt provision amounts reversed or recovered in the current period:

 Applicable Not applicable

Other descriptions:

The other changes in the bad debt provision for the current year consist of an impact of RMB-1,064.99 due to the exchange rate difference in the conversion of foreign currency financial statements and a provision of RMB277,655.45 due to the acquisition of Shanghai Mymybear Enterprise Management Co., Ltd. (上海沫沫班长企业管理有限公司) (a new business combination not under common control).

(5). Particulars on other receivables actually written-off in the current period

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Written-off amount
Other receivables actually written-off	250,000.00

Including: Write-off of significant other receivables:

Applicable Not applicable

Notes to the write-off of other receivables:

Applicable Not applicable

(6). Particulars on top 5 other receivables in terms of the balance at the end of the period based on debtors

Applicable Not applicable

Unit: Yuan Currency: RMB

Company name	Closing balance	Percentage (%) in the total balance at the end of the period of other receivables	Account nature	Account age	Bad debt provisions closing balance
Consolidated balance of related-parties current accounts - provisional input tax	51,735,123.27	16.73	Consolidated balance of related-parties current accounts - provisional input tax	Within one year	
China Post Group Co., Ltd. Jiangsu Branch (中国邮政集团有限公司江苏省分公司)	7,000,000.00	2.26	Non-housing deposit and margin	Within one year RMB4.00 million One to two years RMB3.00 million	1,100,000.00
Vinda Commercial and Trade Co., Ltd. Shanghai Branch (维达商贸有限公司上海分公司)	6,807,287.01	2.20	Amount paid for materials	Within one year	340,364.35
Huizhou Guoxu Management Co., Ltd. (惠州市国旭管理有限公司)	6,320,073.00	2.04	Housing deposit and margin	One to two years	316,003.65
Hangzhou Funing Network Technology Co., Ltd. (杭州富柠网络技术有限公司)	5,500,000.00	1.78	Others	Within one year	275,000.00
Total	77,362,483.28	25.01	/	/	2,031,368.00

(7). Other receivables reported due to centralized management of funds

Applicable Not applicable

Other descriptions:

Applicable Not applicable

10. Inventories**(1). Classification of inventories**

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Carrying balance	Provision for the loss on decline in value of inventories/ provision for the impairment of contract performance cost	Carrying value	Carrying balance	Provision for the loss on decline in value of inventories/ provision for the impairment of contract performance cost	Carrying value
Raw materials	201,031,819.01	3,806,221.73	197,225,597.28	177,310,855.52	1,662,853.82	175,648,001.70
Work-in-process	36,731,382.21	1,353,702.95	35,377,679.26	42,946,655.16		42,946,655.16
Finished products	1,459,377,244.80	68,858,468.80	1,390,518,776.00	1,327,590,899.20	65,402,473.76	1,262,188,425.44
Revolving materials	9,730,365.14	194,425.27	9,535,939.87	9,816,312.87	1,131,750.59	8,684,562.28
Expendable biological assets	2,486,345.61		2,486,345.61	3,137,530.49		3,137,530.49
Contract performance cost						
Consigned processing materials	8,911,807.25		8,911,807.25	8,509,873.42		8,509,873.42
Shipped goods	24,981,022.76		24,981,022.76	44,751,670.30		44,751,670.30
Total	1,743,249,986.78	74,212,818.75	1,669,037,168.03	1,614,063,796.96	68,197,078.17	1,545,866,718.79

(2). Data resources recognized as inventories

Applicable Not applicable

(3). Devaluation provisions of inventories and impairment provisions of contract performance cost

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase amount of the current period		Decrease amount of the current period		Closing balance
		Accrued	Others	Reversed or resold	Others	
Raw materials	1,662,853.82	2,143,367.91				3,806,221.73
Work-in-process		1,353,702.95				1,353,702.95
Finished products	65,402,473.76	3,614,559.77		288,846.29	-130,281.56	68,858,468.80
Revolving materials	1,131,750.59	-637,325.32		300,000.00		194,425.27
Expendable biological assets						

Contract performance cost						
Total	68,197,078.17	6,474,305.31		588,846.29	-130,281.56	74,212,818.75

Additional notes: The other changes in the provision for inventory impairment for the current year include a foreign exchange translation difference of RMB-130,281.56 in the financial statements.

Reasons for reversal or write-off of provision for inventories impairment in the current period

Applicable Not applicable

Inventories impairment provisions accrued according to the combination

Applicable Not applicable

Criteria for inventories impairment provisions accrued according to the combination

Applicable Not applicable

(4). Capitalization amount of the borrowing expenses included in the balance of inventories at the end of the period and the criteria and basis for its calculation

Applicable Not applicable

(5). Description on amortization amount of the current period of contract performance cost

Applicable Not applicable

Other descriptions

Applicable Not applicable

11. Held for sale assets

Applicable Not applicable

12. Non-current assets due within one year

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Debt investment due within one year		
Other debt investments due within one year		
Long-term receivables due within one year	215,660.65	862,796.30
Total	215,660.65	862,796.30

Debt investment due within one year

Applicable Not applicable

Other debt investments due within one year

Applicable Not applicable

Additional notes to non-current assets due within one year

No

13. Other current assets

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Contract acquisition cost		

Receivable return cost	94,285,462.11	62,531,670.08
VAT input tax to be verified	559,910.12	513,487.14
VAT input tax to be deducted	56,078,584.05	31,156,492.94
Pre-paid enterprise income tax	52,720.28	7,304,935.55
Pre-paid value added tax		212,307.53
Others	1,316,019.73	1,262,562.90
Fixed term deposits due within one year		141,000,000.00
Total	152,292,696.29	243,981,456.14

Other descriptions:

No

14. Debt investment

(1). Particulars on debt investment

Applicable Not applicable

Changes in provision for impairment on debt investments in the current period

Applicable Not applicable

(2). Important debt investment at the end of the period

Applicable Not applicable

(3). Particulars on accruing of impairment provisions

Applicable Not applicable

Basis of classification of stages and percentage of impairment provision

No

Notes to the significant changes in the book balance of debt investments arising from changes in the provision for losses in the current period:

Applicable Not applicable

Bases for determining the amount of provision set aside for impairment and assessing whether the credit risk of financial instruments has increased substantially in the current period

Applicable Not applicable

(4). Particulars on debt investment actually written-off in the current period

Applicable Not applicable

Including: Write-off of significant debt investments

Applicable Not applicable

Notes to write-off of debt investments:

Applicable Not applicable

Other descriptions

Applicable Not applicable

15. Other debt investment

(1). Other debt investment

Applicable Not applicable

Changes in provision for impairment on other debt investments in the current period

Applicable Not applicable

(2). Important other debt investments at the end of the period

Applicable Not applicable

(3). Particulars on accruing of impairment provisions

Applicable Not applicable

Basis of classification of stages and percentage of impairment provision

No

Notes to the significant changes in the book balance of other debt investments arising from changes in the provision for losses in the current period:

Applicable Not applicable

Bases for determining the amount of provision set aside for impairment and assessing whether the credit risk of financial instruments has increased substantially in the current period

Applicable Not applicable

(4). Particulars on other debt investments actually written-off in the current period

Applicable Not applicable

Including: Write-off of other significant debt investments

Applicable Not applicable

Notes to write-off of other debt investments:

Applicable Not applicable

Other descriptions:

Applicable Not applicable

16. Long-term receivables

(1). Long-term receivables

Applicable Not applicable

(2). Disclosure by accruing method for bad debt provisions

Applicable Not applicable

Bad debt provisions accrued separately:

Applicable Not applicable

Description on bad debt provisions accrued separately:

Applicable Not applicable

Bad debt provisions accrued according to the combination:

Applicable Not applicable

(3). Bad debt provisions accrued according to the general model of expected credit losses

Applicable Not applicable

Basis of classification of stages and percentage of provision for bad debts
No

Notes to the significant changes in the book balance of long-term receivables arising from changes in the provision for losses in the current period:

Applicable Not applicable

Bases for determining the amount of provision set aside for bad debts and assessing whether the credit risk of financial instruments has increased substantially in the current period

Applicable Not applicable

(4). Particulars on bad debt provisions

Applicable Not applicable

Significant bad debt provision amounts recovered or reversed in the current period:

Applicable Not applicable

Other descriptions:

No

(5). Particulars on long-term receivables actually written-off in the current period

Applicable Not applicable

Including: Write-off of significant long-term receivables

Applicable Not applicable

Notes to the write-off of long-term receivables:

Applicable Not applicable

Other descriptions

Applicable Not applicable

17. Long-term equity investments

(1). Long-term equity investments

Applicable Not applicable

Unit: Yuan Currency: RMB

Invested company	Opening balance (carrying value)	Change of the current period								Closing Balance (carrying value)	Balance of impairment provisions at the end of the period
		Additional investment	Withdrawn investment	Investment gains and losses recognized under the equity method	Adjustment to other comprehensive income	Other equity changes	Declaration on distribution of cash dividends or profits	Accruing of impairment provisions	Others		
I. Joint venture											
Subtotal											
II. Associate											
Ningbo Zhongchen Equity Investment Partnership (Limited Partnership)	30,726,231.21			766,143.93	1,435,972.84					32,928,347.98	
Shanghai Pen-making Technology Services Co., Ltd. (上海制笔技术服务)	2,851,883.87			-173,710.01						2,678,173.86	

有限公司)										
Subtotal	33,578,115.08			592,433.92	1,435,972.84					35,606,521.84
Total	33,578,115.08			592,433.92	1,435,972.84					35,606,521.84

(2). Impairment test of long-term equity investments

Applicable Not applicable

The recoverable amount is determined as the net fair value less disposal costs

Applicable Not applicable

The recoverable amount is determined as the present value of the expected future cash flows

Applicable Not applicable

The differences between the foregoing information and the data used in impairment testing in previous years, or external information, are due to apparent reasons

Applicable Not applicable

The reasons for the disparity between the information used in impairment testing in previous years and the actual situation of the current year are evident for the Company

Applicable Not applicable

Other descriptions:

No

18. Investments in other equity instruments**(1). Particulars on other equity instrument investments**√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Change of the current period					Closing balance	Dividend income recognized in the current period	Accumulated gains included in other comprehensive income	Accumulated losses included in other comprehensive income	Reason for designation as at fair value through other comprehensive income
		Addition on investment	Withdrawn investment	Gains included in other comprehensive income in the current period	Accumulated losses included in other comprehensive income in the current period	Others					
Shanghai M&G Culture and Creativity Co., Ltd.	10,579,958.34			237,840.06			10,817,798.40		7,217,798.40		The Company held the investment for non-trading purposes
Total	10,579,958.34			237,840.06			10,817,798.40		7,217,798.40		/

(2). Amount derecognized in the current period Applicable Not applicable

Other descriptions:

 Applicable Not applicable**19. Other non-current financial assets** Applicable Not applicable

Other descriptions:

 Applicable Not applicable**20. Investment real estate**

Measurement model of investment real estate

(1). Impairment test of investment real estate measured at cost

Unit: Yuan Currency: RMB

Item	Property and buildings	Land use right	Construction in progress	Total
I. Original carrying value:				
1. Balance at the beginning of the period	97,542,185.71			97,542,185.71
2. Increase amount of the current period				
(1) Outsourcing				
(2) Transfer-in from inventories, fixed assets and construction in progress				
(3) Increase for business combination				
3. Decrease amount of the current period				

(1) Disposal				
(2) Other transfer-out				
4. Balance at the end of the period	97,542,185.71			97,542,185.71
II. Accumulated depreciation and amortization				
1. Balance at the beginning of the period	46,160,273.54			46,160,273.54
2. Increase amount of the current period	5,094,543.36			5,094,543.36
(1) Accruing or amortization	5,094,543.36			5,094,543.36
3. Decrease amount of the current period				
(1) Disposal				
(2) Other transfer-out				
4. Balance at the end of the period	51,254,816.90			51,254,816.90
III. Impairment provisions				
1. Balance at the beginning of the period				
2. Increase amount of the current period				
(1) Accruing				
3. Decrease amount of the current period				
(1) Disposal				
(2) Other transfer-out				
4. Balance at the end of the period				
IV. Carrying value				
1. Carrying value at the end of the period	46,287,368.81			46,287,368.81
2. Carrying value at the beginning of the period	51,381,912.17			51,381,912.17

(2). Investment real estate without proper certificates of title

Applicable Not applicable

(3). Impairment test of investment real estate measured at cost

Applicable Not applicable

Other descriptions:

Applicable Not applicable

21. Fixed assets**Presented by item**

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Fixed assets	1,682,453,574.18	1,527,715,803.59
Disposal of fixed assets		
Total	1,682,453,574.18	1,527,715,803.59

Other descriptions:

 Applicable Not applicable**Fixed assets****(1). Particulars on fixed assets** Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Property and buildings	Machinery and equipment	Means of transportation	Other equipment	Total
I. Original carrying value:					
1. Balance at the beginning of the period	1,621,912,872.80	1,048,500,012.18	60,287,921.70	437,954,748.96	3,168,655,555.64
2. Increase amount of the current period	210,036,137.56	114,095,349.55	5,188,708.58	62,455,248.75	391,775,444.44
(1) Acquisition	14,833,681.26	51,464,732.22	2,179,172.80	15,740,284.14	84,217,870.42
(2) Transfer-in from construction in progress	195,202,456.30	62,630,617.33	1,951,532.50	46,714,964.61	306,499,570.74
(3) Increase for business combination			1,058,003.28		1,058,003.28
3. Decrease amount of the current period	1,077,921.15	42,898,609.07	4,673,043.86	41,906,949.76	90,556,523.84
(1) Disposal or scraping		41,089,233.44	4,642,178.85	41,443,208.73	87,174,621.02
(2) Translation difference of foreign-currency statements	1,077,921.15	1,809,375.63	30,865.01	463,741.03	3,381,902.82
4. Balance at the end of the period	1,830,871,089.21	1,119,696,752.66	60,803,586.42	458,503,047.95	3,469,874,476.24
II. Accumulated depreciation					
1. Balance at the beginning of the period	615,646,942.08	618,535,788.21	45,621,237.26	347,969,259.05	1,627,773,226.60
2. Increase amount of the current period	80,900,530.04	71,280,624.30	5,722,555.86	53,669,862.75	211,573,572.95
(1) Accruing	80,900,530.04	71,280,624.30	5,439,523.33	53,669,862.75	211,290,540.42
(2) Increase for business combination			283,032.53		283,032.53
3. Decrease amount of the current period	404,890.33	24,955,656.28	3,803,504.25	38,830,070.00	67,994,120.86
(1) Disposal or scraping		23,382,078.79	3,763,790.81	38,516,502.21	65,662,371.81
(2) Translation difference of foreign-currency	404,890.33	1,573,577.49	39,713.44	313,567.79	2,331,749.05

statements					
4. Balance at the end of the period	696,142,581.79	664,860,756.23	47,540,288.87	362,809,051.80	1,771,352,678.69
III. Impairment provisions					
1. Balance at the beginning of the period	11,374,587.33	1,770,457.29		21,480.83	13,166,525.45
2. Increase amount of the current period	1,643,743.47	1,160,474.34	21,439.40	76,040.71	2,901,697.92
(1) Accruing	1,643,743.47	1,160,474.34	21,439.40	70,958.71	2,896,615.92
(2) Translation difference of foreign-currency statements				5,082.00	5,082.00
3. Decrease amount of the current period					
(1) Disposal or scraping					
4. Balance at the end of the period	13,018,330.80	2,930,931.63	21,439.40	97,521.54	16,068,223.37
IV. Carrying value					
1. Carrying value at the end of the period	1,121,710,176.62	451,905,064.80	13,241,858.15	95,596,474.61	1,682,453,574.18
2. Carrying value at the beginning of the period	994,891,343.39	428,193,766.68	14,666,684.44	89,964,009.08	1,527,715,803.59

Other descriptions: For fixed assets used as collaterals, see “1. Important Commitments” under Note “XVI. Commitments and Contingencies”.

(2). Particulars on temporary idle fixed assets

Applicable Not applicable

(3). Particulars on fixed assets leased in under operating leases

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing carrying value
Property and Buildings	963,997.71

(4). Fixed assets without proper certificates of title

Applicable Not applicable

(5). Impairment test of fixed assets

Applicable Not applicable

Other descriptions:

Applicable Not applicable

Disposal of fixed assets

Applicable Not applicable

22. Construction in progress**Presented by item**√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Construction in progress	44,073,444.33	148,515,963.08
Engineering materials		
Total	44,073,444.33	148,515,963.08

Other descriptions:

 Applicable Not applicable**Construction in progress****(1). Particulars on construction in progress**√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Carrying balance	Impairment provisions	Carrying value	Carrying Balance	Impairment provisions	Carrying value
Fixed assets not yet installed and put into use	33,348,375.27		33,348,375.27	47,434,136.72		47,434,136.72
Others	9,925,791.19		9,925,791.19	14,850,222.42		14,850,222.42
Construction works	799,277.87		799,277.87	86,231,603.94		86,231,603.94
Total	44,073,444.33		44,073,444.33	148,515,963.08		148,515,963.08

(2). Changes in important construction in progress projects in the current period Applicable Not applicable**(3). Particulars on impairment provisions accrued for construction in progress in the current period** Applicable Not applicable**(4). Impairment test of construction in progress** Applicable Not applicable

Other descriptions

 Applicable Not applicable**Engineering materials****(1). Particulars on engineering materials** Applicable Not applicable

23. Productive biological assets**(1). Productive biological assets using cost measurement model**

Applicable Not applicable

(2). Impairment test of productive biological assets using cost measurement model

Applicable Not applicable

(3). Productive biological assets using fair value measurement model

Applicable Not applicable

Other descriptions:

Applicable Not applicable

24. Oil and gas assets**(1). Particulars on oil and gas assets**

Applicable Not applicable

(2). Impairment test of oil and gas assets

Applicable Not applicable

Other descriptions:

No

25. Right-of-use assets**(1). Particulars on right-of-use assets**

Applicable Not applicable

Unit: Yuan Currency: RMB				
Item	Property and buildings	Transportation vehicles	Machinery and equipment	Total
I. Original carrying value				
1. Balance at the beginning of the period	777,257,289.17	2,971,574.65	170,119.08	780,398,982.90
2. Increase amount of the current period	332,522,164.23	1,292,272.42		333,814,436.65
(1) New leases	315,038,902.11	1,292,272.42		316,331,174.53
(2) Increase for business combination	21,468,941.82			21,468,941.82
(3) Revaluation adjustment	-3,985,679.70			-3,985,679.70
3. Decrease amount of the current period	234,911,235.47	-20,523.81	170,119.08	235,060,830.74
(1) Disposal	235,454,846.40		170,119.08	235,624,965.48
(2) Translation difference of foreign-currency statements	-543,610.93	-20,523.81		-564,134.74
4. Balance at the end of the period	874,868,217.93	4,284,370.88		879,152,588.81
II. Accumulated depreciation				
1. Balance at the	366,172,997.62	2,461,275.34	45,365.12	368,679,638.08

beginning of the period				
2. Increase amount of the current period	286,862,171.73	569,455.70		287,431,627.43
(1) Accrual	275,769,609.94	569,455.70		276,339,065.64
(2) Increase for business combination	11,092,561.79			11,092,561.79
3. Decrease amount of the current period	216,458,089.44		45,365.12	216,503,454.56
(1) Disposal	216,458,089.44		45,365.12	216,503,454.56
4. Balance at the end of the period	436,577,079.91	3,030,731.04		439,607,810.95
III. Impairment provisions				
1. Balance at the beginning of the period				
2. Increase amount of the current period				
(1) Accrual				
3. Decrease amount of the current period				
(1) Disposal				
4. Balance at the end of the period				
IV. Carrying value				
1. Carrying value at the end of the period	438,291,138.02	1,253,639.84		439,544,777.86
2. Carrying value at the beginning of the period	411,084,291.55	510,299.31	124,753.96	411,719,344.82

(2) Impairment test of right-of-use assets

Applicable Not applicable

Other descriptions:

No

26. Intangible assets**(1). Particulars on intangible assets**

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Land use right	Patent right	Unpatented technology	Trademark use rights	Software	Others	Total
I. Original carrying value							
1. Balance at the beginning of the period	380,364,083.24	21,223,867.74		90,298,953.53	54,527,858.98	35,612,250.69	582,027,014.18
2. Increase amount of the current period		2,239,423.35			9,250,308.20	2,481,634.15	13,971,365.70
(1) Acquisition		2,239,423.35			3,036,660.72	2,481,634.15	7,757,718.22

(2) Internal R&D							
(3) Increase for business combination					85,533.48		85,533.48
(4) Transfer-in from construction in progress					6,128,114.00		6,128,114.00
3. Decrease amount of the current period	1,840,339.11			-6,802,219.30	106,705.66	-292,061.48	-5,147,236.01
(1) Disposal					106,705.66		106,705.66
(2) Translation difference of foreign-currency statements	1,840,339.11			-6,802,219.30		-292,061.48	-5,253,941.67
4. Balance at the end of the period	378,523,744.13	23,463,291.09		97,101,172.83	63,671,461.52	38,385,946.32	601,145,615.89
II. Accumulated amortization							
1. Balance at the beginning of the period	73,701,109.57	8,256,346.03		14,071,175.99	35,213,079.04	18,717,820.67	149,959,531.30
2. Increase amount of the current period	8,125,805.38	1,576,850.13		1,604,617.71	4,864,902.04	4,310,601.12	20,482,776.38
(1) Accruing	8,125,805.38	1,576,850.13		1,604,617.71	4,846,862.40	4,310,601.12	20,464,736.74
(2) Increase for business combination					18,039.64		18,039.64
3. Decrease amount of the current period	351,270.55			-1,823,439.76	21,800.00	-138,485.63	-1,588,854.84
(1) Disposal					21,800.00		21,800.00
(2) Translation difference of foreign-currency statements	351,270.55			-1,823,439.76		-138,485.63	-1,610,654.84
4. Balance at the end of the period	81,475,644.40	9,833,196.16		17,499,233.46	40,056,181.08	23,166,907.42	172,031,162.52
III. Impairment provisions							
1. Balance at the beginning of the period							
2. Increase amount of the current period							
(1) Accruing							
3. Decrease amount of the current period							
(1) Disposal							
4. Balance at the end of the period							
IV. Carrying value							
1. Carrying value at the end of the period	297,048,099.73	13,630,094.93		79,601,939.37	23,615,280.44	15,219,038.90	429,114,453.37
2. Carrying value at the beginning of the period	306,662,973.67	12,967,521.71		76,227,777.54	19,314,779.94	16,894,430.02	432,067,482.88

Other descriptions: For intangible assets used as collaterals, see “1. Important Commitments” under Note “XVI. Commitments and Contingencies”.

The proportion of intangible assets formed by the Company’s internal R&D at the end of the current period in the balance of intangible assets was 0.

(2). Data resources recognized as intangible assets

Applicable Not applicable

(3). Particulars on use rights of land of which the property ownership certificates have not been obtained

Applicable Not applicable

(4). Impairment test of intangible assets

Applicable Not applicable

Other descriptions:

Applicable Not applicable

27. Goodwill

(1). Original carrying value of goodwill

Applicable Not applicable

Unit: Yuan Currency: RMB

Name of invested company or event forming goodwill	Opening balance	Increase of the current period		Decrease of the current period		Closing balance
		Formed due to business combination	Others	Disposal	Others	
Shenzhen Erya Creative and Cultural Development Co., Ltd. (深圳尔雅文化创意发展有限公司)	131,001.23					131,001.23
Axus Stationery (Shanghai) Company Ltd.	30,175,537.19					30,175,537.19
Beckmann Holding AS	63,529,740.20					63,529,740.20
Shanghai Mymybear Enterprise Management Co., Ltd. (上海沫沫班长企业管理有限公司)		41,875,098.79				41,875,098.79
Total	93,836,278.62	41,875,098.79				135,711,377.41

(2). Impairment provisions of goodwill

Applicable Not applicable

Unit: Yuan Currency: RMB

Name of invested company or event forming goodwill	Opening balance	Increase of the current period		Decrease of the current period		Closing balance
		Accrued	Others	Disposal	Others	
Shenzhen Erya Creative and Cultural Development Co., Ltd. (深圳尔雅文化创意发展有限公司)	131,001.23					131,001.23
Axus Stationery (Shanghai) Company Ltd.	30,175,537.19					30,175,537.19

Total	30,306,538.42					30,306,538.42
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(3). Information regarding the asset group or the combination of asset groups to which goodwill belongs

√ Applicable □ Not applicable

Item	Composition and basis of the asset group or combination of asset groups	Operating segments and basis	Whether it is consistent with the previous year
Back to School Holding AS has assessed the asset group containing goodwill as of the valuation reference date.	The asset group comprises fixed assets, right-of-use assets, trademarks, customer contracts, other intangible assets, lease liabilities, deferred income tax assets, deferred income tax liabilities and goodwill. The cash flows generated by this asset group or combination are independent of other assets or asset groups.	These assets represent the core traditional business activities, where the Company offers various products or services or engages in operational activities in different regions.	Yes
Shanghai Mymybear Enterprise Management Co., Ltd. (上海沫沫班长企业管理有限公司) has assessed the asset group containing goodwill as of the valuation reference date.	The asset group comprises fixed assets, intangible assets, right-of-used assets, long-term prepaid expenses, goodwill, deferred income tax assets, other non-current assets, non-current liabilities due within one year, lease liabilities and deferred income tax liabilities. The cash flows generated by this asset group or combination are independent of other assets or asset groups.	These assets represent the large retail store business activities, where the Company offers various products or services or engages in operational activities in different regions.	Not applicable

Changes in asset groups or combinations of asset groups

□ Applicable √ Not applicable

Other descriptions:

□ Applicable √ Not applicable

(4). Specific determination method for recoverable amount

The recoverable amount is determined as the net fair value less disposal costs

□ Applicable √ Not applicable

The recoverable amount is determined as the present value of the expected future cash flows

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Carrying value	Recoverable amount	Impairment amount	Years of the forecast period	Key parameters for the forecast period (growth rate, profit margin, etc.)	Basis for determining the parameters for the forecast period	Key parameters of the stable period (growth rate, profit margin, discount rate, etc.)	Basis for determining key parameters for the stable period
Back to School Holding AS has assessed the asset group containing goodwill as of the	161,268,220.21	169,322,400.00		Five years	Projected operating revenue growth rate: 2.9% to	Based on the profit forecast provided	Steady-state operating revenue growth rate:	The operating revenue growth rate is determined based on the long-term CPI

valuation reference date.					6.9% Projected profit margin: 10.8% to 11.3%	by the Company and relevant supporting evidence	2% Post-tax discount rate: 12.2%	growth rate in the region where the asset group is located, while the post-tax discount rate is determined according to the weighted average cost of capital model.
Shanghai Mymybear Enterprise Management Co., Ltd. (上海沫沫班长企业管理有限公司) has assessed the asset group containing goodwill as of the valuation reference date.	115,955,355.68	136,000,000.00		Five years	Projected operating revenue growth rate: 6.59% to 20.57% Projected profit margin: -0.7% to 2.1%	Based on the profit forecast provided by the Company and relevant supporting evidence	Steady-state operating revenue growth rate: 0% Post-tax discount rate: 9.1%	The post-tax discount rate is determined according to the weighted average cost of capital model.
Total	277,223,575.89	305,322,400.00		/	/	/	/	/

Other descriptions: For the current year, the Company hired Shanghai Lixin Appraisal Co., Ltd. to issue the *Asset Appraisal Report on the Recoverable Amount of Goodwill Asset Groups Arising from the Acquisition of Back to School Holding AS (hereinafter referred to as "Beckmann")* by SHANGHAI M&G STATIONERY (SINGAPORE) PTE. LTD. Involved in the Goodwill Impairment Test Carried out by Shanghai M&G Stationery Inc. for the Purpose of Financial Reporting with the report number of LXA Ping Bao Zi [2026] No.090025 and the *Asset Appraisal Report on the Recoverable Amount of Goodwill Asset Groups Arising from the Acquisition of Shanghai Mymybear Enterprise Management Co., Ltd. (上海沫沫班长企业管理有限公司) (hereinafter referred to as "Mymybear")* by Jiumu M&G Store Enterprise Management Co., Ltd. (九木杂物社企业管理有限公司) Involved in the Goodwill Impairment Test Carried out by Shanghai M&G Stationery Inc. for the Purpose of Financial Reporting with the report number of LXA Ping Bao Zi [2026] No.090024 on March 30, 2026. According to the appraisal results, as of December 31, 2025, the carrying value of the asset group or the combination of asset groups including goodwill of Beckmann and Mymybear acquired by the Company was RMB161.27 million and RMB115.96 million, respectively, and the recoverable amount was not lower than RMB169.32 million and RMB136.00 million, respectively; after the test, there was no impairment risk in the goodwill formed by the Company's acquisition of Beckmann and Mymybear.

The differences between the foregoing information and the data used in impairment testing in previous years, or external information, are due to apparent reasons

Applicable Not applicable

The reasons for the disparity between the information used in impairment testing in previous years and the actual situation of the current year are evident for the Company

Applicable Not applicable

(5). Performance commitments and corresponding goodwill impairment

Performance commitments existed at the time goodwill was formed and are within the performance commitment period in the current period or the previous period

Applicable Not applicable

Other descriptions:

Applicable Not applicable

28. Long-term prepaid expenses

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase amount of the current period	Amortization amount of the current period	Other decrease amounts	Increase for business combination	Closing balance
Decoration fee	109,306,971.70	74,714,447.37	70,232,194.88	-351,840.68	5,775,495.27	119,916,560.14
Others	3,490,550.21	5,421,179.43	3,501,377.43	-936,647.18		6,346,999.39
Total	112,797,521.91	80,135,626.80	73,733,572.31	-1,288,487.86	5,775,495.27	126,263,559.53

Other descriptions:

The other decrease amounts are foreign exchange translation difference.

29. Deferred income tax assets/Deferred income tax liabilities**(1). Unoffset deferred income tax assets**

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax Assets	Deductible temporary differences	Deferred income tax Assets
Impairment provisions of assets	137,338,051.99	33,315,819.94	120,844,446.20	28,998,769.34
Unrealized profits from internal transactions	191,299,636.78	31,061,479.70	141,035,187.99	23,285,906.53
Deductible losses				
Changes in fair value of financial assets	46,320.08	10,190.42	2,408,051.41	529,771.31
Deferred income	15,667,877.83	2,804,469.78	34,595,802.71	5,845,382.03
Depreciation or amortization difference	124,422,523.56	31,105,630.89	185,155,781.39	46,282,052.13
Time difference in revenue recognition	101,000,869.80	25,173,489.36	67,108,025.22	16,766,417.03
Changes in lease liabilities	427,581,608.67	101,141,280.44	399,376,748.00	95,921,485.73
Total	997,356,888.71	224,612,360.53	950,524,042.92	217,629,784.10

(2). Unoffset deferred income tax liabilities

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Assets appreciation for business combination not under the common control	139,812,616.37	25,297,433.26	155,090,164.84	28,249,671.71
Changes in fair value of other debt investments				
Changes in fair value of other equity instrument investments	7,217,798.40	1,082,669.76	6,979,958.34	1,046,993.75
Depreciation or amortization difference	67,704,242.02	14,894,933.24	63,733,938.58	14,021,466.49
Time difference in cost recognition	94,285,462.11	23,494,637.44	62,531,670.08	15,622,328.23
Changes in right-of-use assets	439,544,777.86	104,095,294.65	411,719,344.82	98,624,099.41
Changes in fair value of trading financial assets	108,620,317.14	18,659,914.17	79,112,993.22	13,106,928.92
Total	857,185,213.90	187,524,882.52	779,168,069.88	170,671,488.51

(3). Deferred income tax assets or liabilities presented on a net basis after offsetting

Applicable Not applicable

(4). Details of unrecognized deferred income tax assets

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Deductible temporary differences	95,317,231.85	80,773,622.60
Deductible losses	603,354,380.45	518,009,519.82
Total	698,671,612.30	598,783,142.42

(5). The deductible losses of unrecognized deferred income tax assets will expire in the following years

Applicable Not applicable

Unit: Yuan Currency: RMB

Year	Closing balance	Opening balance	Note
2030	186,170,026.13		
2029	107,829,141.34	83,692,750.79	
2028	62,411,790.51	48,975,391.17	
2027	145,673,301.80	162,908,006.28	
2026	101,270,120.67	102,558,401.24	
2025		119,874,970.34	
Total	603,354,380.45	518,009,519.82	/

Other descriptions:

Applicable Not applicable

30. Other non-current assets

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Carrying balance	Impairment provisions	Carrying value	Carrying balance	Impairment provisions	Carrying value
Contract acquisition cost						
Contract performance cost						
Receivable return cost						
Contract assets						
Prepayments for real estate, engineering, equipment, etc.	4,753,846.49		4,753,846.49	19,704,965.34		19,704,965.34
Total	4,753,846.49		4,753,846.49	19,704,965.34		19,704,965.34

Other descriptions:

No

31. Assets with restricted ownership or use rights

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	At the end of the period				At the beginning of the period			
	Carrying balance	Carrying value	Type of restriction	Restriction details	Carrying balance	Carrying value	Type of restriction	Restriction details
Cash and equivalents								
Bills receivable								
Inventories								
Including: data resources								
Fixed assets	135,291,477.09	50,557,700.60	Mortgage	Mortgaged borrowings	135,291,477.09	59,840,900.18	Mortgage	Mortgaged borrowings
Intangible assets	113,742,703.94	88,363,482.12	Mortgage	Mortgaged borrowings	113,742,703.94	91,058,752.02	Mortgage	Mortgaged borrowings
Including: data resources								
Cash and equivalents - Other cash and equivalents	22,409,291.17	22,409,291.17	Pledge	Performance bonds, letter of credit deposits, etc.	5,977,684.75	5,977,684.75	Pledge	Performance bonds, letter of credit deposits, etc.
Cash and equivalents - Cash at bank	1,015,028,800.00	1,015,028,800.00	Frozen	Fixed-term deposits exceeding three months	1,210,000,000.00	1,210,000,000.00	Frozen	Fixed-term deposits exceeding three months
Cash and equivalents - Cash at bank					19,530,000.00	19,530,000.00	Frozen	Project money deposits
Cash and equivalents - Cash at bank	624,254.74	624,254.74	Frozen	Bank guarantees and litigation freezes	93,585.19	93,585.19	Frozen	Trading deposits
Cash and equivalents - Other cash and equivalents	1,016,987.58	1,016,987.58	Frozen	Trading deposits				
Other current assets					141,000,000.00	141,000,000.00	Pledge	A time deposit that matures within one year and is used as performance bond
Investment real estate	97,542,185.71	46,287,368.81	Mortgage	Mortgaged borrowings	97,542,185.71	51,381,912.17	Mortgage	Mortgaged borrowings
Total	1,385,655,700.23	1,224,287,885.02			1,723,177,636.68	1,578,882,834.31	/	/

Other descriptions:

For the current year, the amount of continuing involvement in bills receivable that have been endorsed or discounted but are not yet due was RMB39,233,234.14, compared with RMB11,149,017.23 in the prior year.

For the current year, the amount of continuing involvement in digital credit certificates that have been endorsed or discounted but are not yet due was RMB10,446,427.33, compared with RMB9,926,137.03 in the prior year.

32. Short-term borrowings

(1). Classification of short-term borrowings

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Pledged borrowings	30,000,000.00	321,000,000.00
Mortgaged borrowings	190,000,000.00	
Guaranteed borrowings		
Credit borrowings	24,960,000.00	19,880,000.00
Borrowing interest expenses	171,111.12	181,169.83
Total	245,131,111.12	341,061,169.83

Description on classification of short-term borrowings:

See 1. "Important Commitments" under "Note XVI. Commitments and Contingencies".

(2). Particulars on overdue but yet unrepaid short-term borrowings

Applicable Not applicable

Particulars of important overdue but yet unrepaid short-term borrowings:

Applicable Not applicable

Other descriptions:

Applicable Not applicable

33. Held-for-trading financial liabilities

Applicable Not applicable

Other descriptions:

Applicable Not applicable

34. Derivative financial liabilities

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Foreign exchange derivatives	46,320.08	
Total	46,320.08	

Other descriptions:

No

35. Bills payable

(1). Presentation of notes payable

Applicable Not applicable

36. Accounts payable

(1). Presentation of accounts payable

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Within one year	5,696,945,775.67	4,738,062,847.51
One to two years	212,733,094.27	216,444,348.99
Two to three years	48,270,453.48	43,336,096.68
Above three years	22,443,255.77	8,643,270.02
Total	5,980,392,579.19	5,006,486,563.20

(2). Accounts payable with the account age over one year or overdue Applicable Not applicable

Other descriptions:

 Applicable Not applicable**37. Accounts received in advance****(1). Presentation of accounts received in advance** Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Rent received in advance	3,378,737.08	
Total	3,378,737.08	

(2). Significant accounts received in advance with an age of more than one year Applicable Not applicable**(3). Amount of and reason for significant changes in carrying value during the Reporting Period** Applicable Not applicable

Other descriptions:

 Applicable Not applicable**38. Contract liabilities****(1). Contract liabilities** Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Loans	57,820,365.32	62,270,073.96
Membership points	20,263,759.52	21,223,869.00
Vouchers	64,093,926.55	59,853,460.48
Total	142,178,051.39	143,347,403.44

(2). Significant contract liabilities with an age of more than one year Applicable Not applicable**(3). Amount of and reason for significant changes in carrying value during the Reporting Period** Applicable Not applicable

Other descriptions:

 Applicable Not applicable

39. Employee benefits payable**(1). Presentation of employee benefits payable**

√ Applicable □ Not applicable

Item	Unit: Yuan Currency: RMB			
	Opening balance	Increase of the current period	Decrease of the current period	Closing balance
I. Short-term benefits	180,543,619.89	1,107,868,875.77	1,092,132,618.45	196,279,877.21
II. Post-employment benefits - Defined contribution plans	8,946,459.40	129,779,790.15	126,291,800.19	12,434,449.36
III. Termination benefits		3,214,312.74	2,097,274.74	1,117,038.00
IV. Other benefits due within one year				
Total	189,490,079.29	1,240,862,978.66	1,220,521,693.38	209,831,364.57

(2). Presentation of short-term benefits

√ Applicable □ Not applicable

Item	Unit: Yuan Currency: RMB			
	Opening balance	Increase of the current period	Decrease of the current period	Closing balance
I. Salary, bonus, allowance and subsidy	170,806,637.08	966,328,996.80	951,689,482.16	185,446,151.72
II. Employee benefits	240.00	8,639,890.72	8,631,090.32	9,040.40
III. Social insurance	4,937,241.33	77,086,836.16	76,567,084.85	5,456,992.64
Including: Medical insurance	4,744,938.55	72,786,147.92	72,435,057.10	5,096,029.37
Work-related injury insurance	192,302.78	3,781,768.83	3,625,352.30	348,719.31
Maternity insurance		518,919.41	506,675.45	12,243.96
IV. Housing provident fund	2,927,800.55	47,165,233.68	46,889,056.00	3,203,978.23
V. Labor union and employee education funds	437,114.18	1,698,559.31	1,682,261.42	453,412.07
VI. Short-term compensated absences	1,432,427.29	6,255,722.66	5,980,007.26	1,708,142.69
VII. Short-term profit sharing plan				
VIII. Other short-term benefits	2,159.46	693,636.44	693,636.44	2,159.46
Total	180,543,619.89	1,107,868,875.77	1,092,132,618.45	196,279,877.21

(3). Presentation of defined contribution plans

√ Applicable □ Not applicable

Item	Unit: Yuan Currency: RMB			
	Opening balance	Increase of the current period	Decrease of the current period	Closing balance
1. Basic pension	8,683,178.79	125,526,166.61	122,158,239.02	12,051,106.38
2. Unemployment insurance	263,280.61	4,253,623.54	4,133,561.17	383,342.98
3. Enterprise annuity payment				
Total	8,946,459.40	129,779,790.15	126,291,800.19	12,434,449.36

Other descriptions:

 Applicable Not applicable**40. Taxes payable** Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Value added tax (“VAT”)	71,935,247.70	67,364,971.75
Consumption tax		
Business tax		
Enterprise income tax	147,742,637.85	141,700,868.38
Personal income tax	12,264,552.03	11,797,380.30
Urban maintenance and construction tax	5,138,634.36	4,707,859.62
Property tax	4,252,883.93	3,770,165.05
Education surcharge	4,072,214.96	3,797,795.50
Land use tax	339,610.60	237,892.23
Stamp duty	4,269,269.50	3,927,147.11
Others	506.00	8,653.25
Total	250,015,556.93	237,312,733.19

Other descriptions:

No

41. Other payables**(1). Presented by item** Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interest payable		
Dividend payable		
Other payables	534,646,908.51	518,745,735.51
Total	534,646,908.51	518,745,735.51

Other descriptions:

 Applicable Not applicable**(2). Interest payable**

Presentation by category

 Applicable Not applicable

Significant interest payable overdue:

 Applicable Not applicable

Other descriptions:

 Applicable Not applicable**(3). Dividend payable**

Presentation by category

 Applicable Not applicable

(4). Other payables

Other payables presented by amount nature

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Margin and deposit	201,684,729.87	185,153,547.16
Product license fee	18,317,000.00	12,643,000.00
Estimated fees	258,829,636.53	267,581,460.00
Engineering and decoration fund	8,733,233.20	19,886,522.63
Others	47,082,308.91	33,481,205.72
Total	534,646,908.51	518,745,735.51

Significant other payables with the account age over one year or overdue

□ Applicable √ Not applicable

Other descriptions:

□ Applicable √ Not applicable

42. Held-for-sale liabilities

□ Applicable √ Not applicable

43. Non-current liabilities due within one year

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	29,698.35	4,008,983.34
Bonds payable due within one year		
Long-term payables due within one year		
Lease liabilities due within one year	213,399,856.12	200,592,728.05
Total	213,429,554.47	204,601,711.39

Other descriptions:

No

44. Other current liabilities

Particulars on other current liabilities

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Short-term bonds payable		
Return amount payable	103,493,695.13	68,885,061.74
Output tax to be written off	6,485,535.28	6,568,492.61
Receivables that cannot be derecognized	49,679,661.47	21,075,154.26
Advance from shareholders	4,750,000.00	
Others		2,408,051.41
Total	164,408,891.88	98,936,760.02

Changes in short-term bonds payable:

Applicable Not applicable

Other descriptions:

Applicable Not applicable

45. Long-term borrowings

(1). Classification of long-term borrowings

Applicable Not applicable

Item	Unit: Yuan Currency: RMB	
	Closing balance	Opening balance
Pledged borrowings		
Mortgaged borrowings	31,998,000.00	6,000,000.00
Guaranteed borrowings		
Credit borrowings	4,000,000.00	
Total	35,998,000.00	6,000,000.00

Notes to the classification of long-term borrowings:

No

Other descriptions:

Applicable Not applicable

46. Bonds payable

(1). Bonds payable

Applicable Not applicable

(2). Changes in bonds payable: (excluding other financial instruments such as preferred shares classified as financial liabilities and perpetual bonds)

Applicable Not applicable

(3). Description on convertible corporate bonds

Applicable Not applicable

Accounting for transfers of equity and basis of judgment

Applicable Not applicable

(4). Description on other financial instruments classified as financial liabilities

Basic information on other financial instruments such as outstanding preferred shares and perpetual bonds at the end of the period

Applicable Not applicable

Form of changes in financial instruments such as outstanding preferred shares and perpetual bonds at the end of the period

Applicable Not applicable

Description on the basis for classification of other financial instruments as financial liabilities:

Applicable Not applicable

Other descriptions:

Applicable Not applicable

47. Lease liabilities

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Long-term lease liabilities	427,999,385.28	399,697,915.76
Less: Lease liabilities due within one year	-213,399,856.12	-200,592,728.05
Total	214,599,529.16	199,105,187.71

Other descriptions:

No

48. Long-term payables

Presented by item

Applicable Not applicable

Other descriptions:

Applicable Not applicable

Long-term payables

(1). Long-term payables presented by amount nature

Applicable Not applicable

Special payables

(1). Special payables presented by amount nature

Applicable Not applicable

49. Long-term employee benefits payable

Applicable Not applicable

50. Estimated liabilities

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance	Cause of formation
External guarantee			
Pending litigation	500,000.00	369,927.50	Civil lawsuit
Product quality assurance			
Restructuring obligations			
Onerous contract to be implemented			
Return amount payable			
Others			
Total	500,000.00	369,927.50	/

Other descriptions, including descriptions on important assumptions and estimates related to important estimated liabilities:

No

51. Deferred income

Particulars on deferred income

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase of the current period	Decrease of the current period	Closing balance	Cause of formation
Government subsidies	34,963,559.04	9,000,000.00	28,075,925.44	15,887,633.60	Government subsidies received
Total	34,963,559.04	9,000,000.00	28,075,925.44	15,887,633.60	/

Other descriptions:

□ Applicable √ Not applicable

52. Other non-current liabilities

□ Applicable √ Not applicable

53. Share capital

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

	Opening balance	Increase or decrease (+ or -) due to this change					Closing balance
		Issue new shares	Bonus shares	Provident funds transferred shares	Others	Subtotal	
Total shares	923,828,420.00				-2,858,043.00	-2,858,043.00	920,970,377.00

Other descriptions:

The Company convened the 10th meeting of the 6th Board of Directors on March 24, 2025 and the 2024 Annual General Meeting of Shareholders on April 16, 2025, respectively, at which the *Proposal on Re-purposing Part of the Repurchased Shares and Retiring Such Shares* was reviewed and approved. It was approved that the purpose of the repurchased shares under the 2022 Share Repurchase Plan held in the special securities account for repurchased shares be changed from “to be used for equity incentives or employee stock ownership plans” to “to be retired and to reduce the registered capital accordingly”. Specifically, the Company will retire 2,858,043 shares in the special securities account for repurchased shares and reduce its registered capital accordingly.

The quantity of shares repurchased and canceled in this instance amounts to 2,858,043 shares, with a decrease of RMB150,012,246.20 in treasury shares, a decrease of RMB2,858,043.00 in share capital and a decrease of RMB147,154,203.20 in capital reserve.

54. Other equity instruments**(1). Basic information on other financial instruments such as outstanding preferred shares and perpetual bonds at the end of the period**

□ Applicable √ Not applicable

(2). Form of changes in financial instruments such as outstanding preferred shares and perpetual bonds at the end of the period

□ Applicable √ Not applicable

Changes in other equity instruments of the current period, reasons for changes, and basis for relevant accounting treatment:

Applicable Not applicable

Other descriptions:

Applicable Not applicable

55. Capital reserve

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase of the current period	Decrease of the current period	Closing balance
Capital premium (Share premium)	829,572,634.15	21,282,881.10	147,154,203.20	703,701,312.05
Other capital reserve	10,747,859.24			10,747,859.24
Total	840,320,493.39	21,282,881.10	147,154,203.20	714,449,171.29

Other descriptions, including descriptions on changes of the current period and reasons for changes:

1. Increase or decrease in capital premium for the current year:

(1) As stated in Note VII (53), the capital reserve was decreased by RMB147,154,203.20 due to the repurchase of shares.

(2) The amount of other changes in equity recognized as capital reserve in subsidiaries of the Company during the year was RMB21,282,881.10.

56. Treasury shares

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase of the current period	Decrease of the current period	Closing balance
Repurchase through the stock exchange	251,095,546.75	48,957,706.02	150,012,246.20	150,041,006.57
Total	251,095,546.75	48,957,706.02	150,012,246.20	150,041,006.57

Other descriptions, including descriptions on changes of the current period and reasons for changes:

(1) According to the *Proposal on the Plan for Share Repurchase through the Stock Exchange*, which was approved at the 8th meeting of the 6th session of the Board of Directors, the Company repurchased, through the stock exchange, treasury shares with a total amount of RMB48,957,706.02 in the current year.

(2) As detailed in Note VII (53) to these financial statements, treasury shares were decreased by RMB150,012,246.20 during the year due to share repurchases.

57. Other comprehensive income

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Amount accounted for in the current period						Closing balance
		Amount incurred before income tax for the current period	Less: Included in other comprehensive income in the previous period and	Less: Included in other comprehensive income in the previous period and transferred to retained	Less: Income tax expenses	Attributable to the parent company after the tax	Attributable to minority shareholders after the tax	

			transferred to profit or loss in the current period	earnings in the current period				
I. Other comprehensive income not to be reclassified into profit or loss	7,385,207.44	-269,836.42			35,676.01	-305,512.43		7,079,695.01
Including: Change in re-measurement of defined benefit plans								
Other comprehensive income that may not be reclassified to profit or loss under equity method	1,452,242.85	-507,676.48				-507,676.48		944,566.37
Changes in fair value of other equity instrument investments	5,932,964.59	237,840.06			35,676.01	202,164.05		6,135,128.64
Change in fair value of enterprise's own credit risk								
II. Other comprehensive income to be reclassified into profit or loss	-18,808,658.75	9,452,780.88			519,580.89	11,138,238.91	-2,205,038.92	-7,670,419.84
Including: Other comprehensive income that may be reclassified to profit or loss under equity method	-92,328.13	1,943,649.32				1,943,649.32		1,851,321.19
Changes in fair value of other debt investments								
Amount included in other comprehensive income on reclassification of financial assets								
Credit impairment								

provisions of other debt investments								
Cash flow hedging reserve	-1,812,835.38	2,296,286.61			519,580.89	1,776,705.72		-36,129.66
Exchange differences from translation of financial statements	-16,903,495.24	5,212,844.95				7,417,883.87	-2,205,038.92	-9,485,611.37
Total other comprehensive income	-11,423,451.31	9,182,944.46			555,256.90	10,832,726.48	-2,205,038.92	-590,724.83

Other descriptions, including the adjustment of the effective portion of cash flow hedging profit or loss transferred to the initial recognition amount of the hedged item:

No

58. Special reserve

Applicable Not applicable

59. Surplus reserve

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase of the current period	Decrease of the current period	Closing balance
Statutory surplus reserve	464,201,654.91			464,201,654.91
Arbitrary surplus reserve				
Reserve fund				
Enterprise development fund				
Others				
Total	464,201,654.91			464,201,654.91

Descriptions on surplus reserve, including descriptions on changes of the current period and reasons for changes:

The statutory surplus reserve is accrued at 10% of the parent company's net profits and is capped at 50% of the share capital.

60. Undistributed profit

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Previous period
Pre-adjustment undistributed profits at the end of the previous period	6,944,027,602.89	6,287,174,031.99
Total adjustment amount of undistributed profits at the beginning of the period (“+” refers to increase by adjustment and “-” refers to decrease by adjustment)		
Post-adjustment amount of undistributed profits at the beginning of the period	6,944,027,602.89	6,287,174,031.99
Add: Net profit attributable to shareholders of the parent company in the current period	1,310,448,991.96	1,395,844,392.50
Less: Statutory surplus reserve accrued		

Arbitrary surplus reserve accrued		
Withdrawal of general risk provision		
Dividends on common shares payable	915,795,377.00	738,990,821.60
Dividends on common shares converted to stock capital		
Undistributed profit at the end of the period	7,338,681,217.85	6,944,027,602.89

Details on adjustment of undistributed profits at the beginning of the period:

1. Due to the retrospective adjustment based on the *Accounting Standards for Business Enterprises* and their related new regulations, the affected undistributed profit at the beginning of the period was RMB0.00.
2. Due to changes in accounting policies, the affected undistributed profit at the beginning of the period was RMB0.00.
3. Due to the correction of major accounting errors, the affected undistributed profit at the beginning of the period was RMB0.00.
4. Due to changes in the scope of the consolidated financial statements caused by the business combination under common control, the affected undistributed profit at the beginning of the period was RMB0.00.
5. Due to other adjustments, the affected undistributed profit at the beginning of the period was RMB0.00.

61. Revenue and operating costs

(1). Particulars on revenue and operating costs

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Amount accounted for in the current period		Amount accounted for in the previous period	
	Revenue	Costs	Revenue	Costs
Main operations	25,004,637,548.36	20,424,594,798.09	24,170,660,271.82	19,619,066,898.47
Other operations	59,272,288.11	38,219,165.21	57,588,426.83	30,685,661.00
Total	25,063,909,836.47	20,462,813,963.30	24,228,248,698.65	19,649,752,559.47

(2). Information on the breakdown of revenue and operating costs

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Classification of contracts	Traditional business		Direct office supplies business		Inter-branch offset		Total	
	Revenue	Operating costs	Revenue	Operating costs	Revenue	Operating costs	Revenue	Operating costs
Types of goods								
1. Sales of goods	10,115,534,650.41	6,515,410,350.51	15,048,206,300.07	14,068,895,343.98	-160,209,343.46	-159,710,896.40	25,003,531,607.02	20,424,594,798.09
2. Management fee for franchising	485,849.00						485,849.00	
3. Hardware and software	620,092.34						620,092.34	
4. Material income	1,207,851.17	1,341,292.31					1,207,851.17	1,341,292.31
5. Supply chain service	32,086,324.33	26,190,115.39			-1,188,288.06		30,898,036.27	26,190,115.39
6. Others	16,688,111.47	2,395,072.41			-756,090.82		15,932,020.65	2,395,072.41
Classification by operation territory								
1. China	9,066,604,152.28	5,860,941,442.05	15,048,206,300.07	14,068,895,343.98	-162,153,722.34	-159,710,896.40	23,952,656,730.01	19,770,125,889.63

2. Other countries	1,100,018,726.44	684,395,388.57					1,100,018,726.44	684,395,388.57
Classification by the time of goods transfer								
1. Recognized at a specific point in time	10,166,622,878.72	6,545,336,830.62	15,048,206,300.07	14,068,895,343.98	-162,153,722.34	-159,710,896.40	25,052,675,456.45	20,454,521,278.20
2. Recognized within a specific time period								
Total	10,166,622,878.72	6,545,336,830.62	15,048,206,300.07	14,068,895,343.98	-162,153,722.34	-159,710,896.40	25,052,675,456.45	20,454,521,278.20

Other descriptions:

Applicable Not applicable

(3). Description on performance obligations

Applicable Not applicable

(4). Description on allocation to remaining performance obligations

Applicable Not applicable

(5). Significant contract changes or significant transaction price adjustments

Applicable Not applicable

Other descriptions:

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the last period
Description on revenue from customer contracts	25,052,675,456.45	24,218,767,480.33
Rental income	11,234,380.02	9,481,218.32
Total	25,063,909,836.47	24,228,248,698.65

62. Taxes and surcharges

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount accounted for in the current period	Amount accounted for in the previous period
Consumption tax		
Business tax		
Urban maintenance and construction tax	36,747,010.36	35,234,681.73
Education surcharge	31,320,876.65	29,905,670.30
Resource tax		
Property tax	16,043,954.13	15,124,917.89
Land use tax	1,468,334.78	1,267,099.83
Taxes and surcharges		
Stamp duty	14,686,752.60	13,952,936.42
Others	123,412.21	160,252.54
Total	100,390,340.73	95,645,558.71

Other descriptions:

No

63. Selling expenses√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount accounted for in the current period	Amount accounted for in the previous period
Salaries and benefits	480,803,215.92	463,856,805.74
Channel construction fee	154,292,542.04	157,597,672.44
Depreciation and amortization	227,119,788.26	199,413,845.99
Brand promotion fee	131,999,447.30	122,371,874.05
Business promotion fee	206,723,945.78	174,530,342.37
Others	659,205,691.73	620,269,069.02
Total	1,860,144,631.03	1,738,039,609.61

Other descriptions:

No

64. Administrative expenses√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount accounted for in the current period	Amount accounted for in the previous period
Salaries and benefits	452,014,997.62	415,620,864.74
Depreciation and amortization	154,644,281.65	155,964,622.72
Office expense	22,184,626.64	20,262,468.64
Share-based Payments	27,362,922.48	75,565,518.76
Others	310,025,022.24	314,389,373.35
Total	966,231,850.63	981,802,848.21

Other descriptions:

No

65. R&D expenses√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount accounted for in the current period	Amount accounted for in the previous period
Salaries and benefits	121,078,253.59	108,773,449.55
Inventory consumption	42,408,392.42	45,025,440.91
Others	26,152,708.86	35,347,090.20
Total	189,639,354.87	189,145,980.66

Other descriptions:

No

66. Finance expenses√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount accounted for in the current period	Amount accounted for in the previous period
Interest expense	27,831,891.86	27,331,016.15
Including: Interest expense of lease	20,771,027.05	19,277,519.25

liabilities		
Less: Interest income	-35,152,616.54	-64,177,866.11
Exchange gains and losses	-6,225,653.72	-11,521,794.93
Others	8,470,151.42	8,744,909.87
Total	-5,076,226.98	-39,623,735.02

Other descriptions:

No

67. Other income

Applicable Not applicable

Unit: Yuan Currency: RMB

Classification based on nature	Amount accounted for in the current period	Amount accounted for in the previous period
Government subsidies	118,760,958.97	105,118,017.62
Input tax credits	10,776,241.33	26,605,598.57
Handling charge on withholding personnel income tax	949,201.64	706,772.53
Direct VAT relief	3,250.00	7,800.00
Total	130,489,651.94	132,438,188.72

Other descriptions:

No

68. Investment income

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount accounted for in the current period	Amount accounted for in the previous period
Long-term equity investment income accounted for under the equity method	592,433.92	-3,962,188.64
Investment income from disposal of long-term equity investment	7,500,000.00	
Investment income from held-for-trading financial assets during the holding period		
Dividend income from other equity instrument investments during the holding period		
Interest income from debt investment during the holding period		
Interest income from other debt investments during the holding period		
Investment income from disposal of held-for-trading financial assets	1,803,396.09	3,597,430.59
Investment income from disposal of other equity instrument investments		
Investment income from disposal of debt investment		
Investment income from disposal of other debt investments		
Gains from debt restructuring		
Total	9,895,830.01	-364,758.05

Other descriptions:

No

69. Net gain on exposure hedging Applicable Not applicable**70. Gain on change in fair value** Applicable Not applicable

Unit: Yuan Currency: RMB

Sources of income from changes in fair value	Amount accounted for in the current period	Amount accounted for in the previous period
Held-for-trading financial assets	58,155,252.93	54,361,789.99
Including: Income from changes in fair value of derivative financial instruments		
Held-for-trading financial liabilities		
Investment real estate measured at fair value		
Total	58,155,252.93	54,361,789.99

Other descriptions:

No

71. Credit impairment losses Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount accounted for in the current period	Amount accounted for in the previous period
Bad debt losses of notes receivable	3,412,048.47	-766,192.55
Bad debt losses of accounts receivable	14,743,023.58	22,408,405.72
Bad debt losses of other receivables	4,717,813.84	6,768,653.98
Impairment losses of debt investment		
Impairment losses of other debt investments		
Bad debt losses of long-term receivables		
Impairment losses related to financial guarantee		
Total	22,872,885.89	28,410,867.15

Other descriptions:

No

72. Asset impairment losses Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount accounted for in the current period	Amount accounted for in the previous period
I. Impairment losses of contract assets		
II. Loss for decline in value of inventories and loss for impairment of contract performance cost	6,474,305.31	1,482,316.16
III. Impairment losses of long-term equity investment		
IV. Impairment losses of investment real estate		

V. Impairment losses of fixed assets	2,896,615.92	11,396,995.52
VI. Impairment losses of engineering materials		
VII. Impairment losses of construction in progress		
VIII. Impairment losses of productive biological assets		
IX. Impairment losses of oil and gas assets		
X. Impairment losses of intangible assets		
XI. Impairment losses of goodwill		
XII. Others		
Total	9,370,921.23	12,879,311.68

Other descriptions:

No

73. Gains from asset disposal

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount accounted for in the current period	Amount accounted for in the previous period
Gains or losses from disposal of fixed assets	-2,717,992.09	-148,497.50
Gains or losses from disposal of right-of-use assets	-129,913.06	138,212.61
Total	-2,847,905.15	-10,284.89

Other descriptions:

No

74. Non-operating profits

Particulars on non-operating profits

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount accounted for in the current period	Amount accounted for in the previous period	Amount included in the current non-recurring gains and losses
Total gains from disposal of non-current assets	92,585.33	21,145.17	92,585.33
Including: Gains from disposal of fixed assets			
Gains from disposal of intangible assets			
Gains from exchange of non-currency assets			
Donations received			
Government subsidies	67,250,000.00	50,495,805.49	67,250,000.00
Liquidated damages and fine income	4,057,523.65	24,069,222.81	4,057,523.65
Others	4,231,382.37	3,543,640.12	4,231,382.37
Total	75,631,491.35	78,129,813.59	75,631,491.35

Other descriptions:

 Applicable Not applicable**75. Non-operating expenses** Applicable Not applicable

Item	Unit: Yuan		Currency: RMB
	Amount accounted for in the current period	Amount accounted for in the previous period	Amount included in the current non-recurring gains and losses
Total losses from disposal of non-current assets			
Including: Losses from disposal of fixed assets			
Losses from disposal of intangible assets			
Losses from exchange of non-currency assets			
Offering of donations	6,781,960.13	3,802,728.09	6,781,960.13
Loss from damage and retirement of non-current assets	3,306,225.54	5,691,909.94	3,306,225.54
Fine late payment	7,137,075.14	4,699,931.33	7,137,075.14
Compensation expenses	725,250.52	956,627.30	725,250.52
Others	2,191,692.55	341,264.35	2,191,692.55
Total	20,142,203.88	15,492,461.01	20,142,203.88

Other descriptions:

No

76. Income tax expenses**(1). Table of income tax expenses** Applicable Not applicable

Item	Unit: Yuan		Currency: RMB
	Amount accounted for in the current period	Amount accounted for in the previous period	
Current income tax expenses	338,026,758.11	356,063,320.52	
Deferred income tax expenses	9,507,440.27	10,459,734.92	
Total	347,534,198.38	366,523,055.44	

(2). Adjustment process of accounting profits and income tax expenses Applicable Not applicable

Item	Unit: Yuan		Currency: RMB
	Amount accounted for in the current period		
Total profits	1,708,704,232.97		
Income tax expenses calculated at statutory/applicable rates	256,305,634.95		
Effect of applying different tax rates to subsidiaries	64,482,058.82		
Effect of adjusting income taxes of the previous periods	-24,863,769.30		
Effect of non-taxable income	-115,637.05		
Effect of non-deductible costs, expenses and losses	10,278,934.44		
Effect of deductible losses of deferred income tax assets not recognized in the previous period			

Effect of deductible temporary differences or deductible losses of deferred income tax assets not recognized in the current period	46,538,331.42
Tax effect of offsetting losses in previous years	-5,091,354.90
Income tax expenses	347,534,198.38

Other descriptions:

Applicable Not applicable

77. Other comprehensive income

Applicable Not applicable

For details, refer to Note VII (57) Other Comprehensive Income.

78. Items of the cash flow statement

(1). Cash related to operating activities

Other cash received from operating activities

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount accounted for in the current period	Amount accounted for in the previous period
Recovery of current amount and advances	1,249,801,400.20	1,673,016,388.16
Special allowances and subsidies	164,105,412.87	147,308,734.33
Interest income	35,152,616.54	64,177,866.11
Non-operating profits	4,391,650.75	27,015,657.72
Total	1,453,451,080.36	1,911,518,646.32

Descriptions on other cash received from operating activities:

No

Cash paid for other operating activities

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount accounted for in the current period	Amount accounted for in the previous period
Inter-company business	1,173,439,524.94	1,303,684,272.66
Sales expenses	1,095,233,431.51	1,039,633,623.52
Administration expenses	267,345,549.89	303,320,097.07
Financial expenses	8,141,125.36	8,583,688.94
Non-operating expenses	16,335,978.34	12,116,411.77
R&D expenses	26,825,061.47	34,127,283.46
Total	2,587,320,671.51	2,701,465,377.42

Descriptions on cash paid for other operating activities:

No

(2). Cash related to investing activities

Significant cash received related to investing activities

Applicable Not applicable

Significant cash paid related to investing activities

Applicable Not applicable

Other cash received relating to investing activities

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount accounted for in the current period	Amount accounted for in the previous period
Compensation for the acquisition of the original controlling shareholders of Axus Stationery	647,135.65	497,844.25
Net cash received from the acquisition of the subsidiary	4,572,026.66	
Total	5,219,162.31	497,844.25

Description on other cash received relating to investing activities:

No

Other cash paid relating to investing activities

 Applicable Not applicable**(3). Other cash received related to financing activities**

Other cash received relating to financing activities:

 Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount accounted for in the current period	Amount accounted for in the previous period
Advance from shareholders	4,750,000.00	
Total	4,750,000.00	

Description on other cash received relating to financing activities:

No

Other cash paid for financing-related activities

 Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount accounted for in the current period	Amount accounted for in the previous period
Repurchase payment of treasury shares	48,957,706.02	164,262,456.55
Purchase of minority equity of subsidiaries		35,292,114.56
Cash paid for capital reduction		83,268,833.33
Lease payments related to the new lease standards	320,908,072.33	286,225,486.38
Total	369,865,778.35	569,048,890.82

Descriptions on other cash paid for financing-related activities:

No

Changes in liabilities arising from financing activities

 Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase of the current period		Decrease of the current period		Closing balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Short-term borrowings	341,061,169.83	317,960,000.00	5,413,296.10	419,303,354.81		245,131,111.12
Long-term borrowings (including non-current liabilities due within one year)	10,008,983.34	30,000,000.00	1,004,158.51	4,985,443.50		36,027,698.35
Lease liabilities (including non-current liabilities due within one year)	399,697,915.76		354,585,463.70	320,908,072.33	5,375,921.85	427,999,385.28

Treasury shares - Stock exchange	251,095,546.75	48,957,706.02			150,012,246.20	150,041,006.57
Dividend payable			915,795,377.00	915,795,377.00		
Total	1,001,863,615.68	396,917,706.02	1,276,798,295.31	1,660,992,247.64	155,388,168.05	859,199,201.32

(4). Notes to the presentation of cash flows on a net basis

Applicable Not applicable

(5). Significant activities and financial effects that do not involve current cash receipts and payments but affect the financial position of the enterprise or may affect the enterprise's cash flows in the future

Applicable Not applicable

79. Supplementary information for the cash flow statement**(1). Supplementary information for the cash flow statement**

Applicable Not applicable

Unit: Yuan Currency: RMB

Supplementary information	Amount in the current period	Amount in the last period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	1,361,170,034.59	1,454,734,931.09
Add: Impairment provisions of assets	9,370,921.23	12,879,311.68
Credit impairment losses	22,872,885.89	28,410,867.15
Depreciation of fixed assets, oil and gas assets, and productive biological assets	216,385,083.78	213,524,911.19
Amortization of right-of-use assets	276,339,065.64	256,401,112.69
Amortization of intangible assets	20,464,736.74	21,627,433.27
Amortization of long-term prepaid expenses	73,733,572.31	61,428,447.42
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" refers to gains)	2,847,905.15	10,284.89
Losses from retirement of fixed assets ("-" refers to gains)	3,213,640.21	5,670,764.77
Losses from changes in fair value ("-" refers to gains)	-58,155,252.93	-54,361,789.99
Financial expenses ("-" refers to income)	25,137,529.75	18,549,263.81
Investment losses ("-" refers to gains)	-9,895,830.01	364,758.05
Decrease in deferred income tax assets ("-" refers to increase)	-4,947,530.25	5,610,913.07
Increase in deferred income tax liabilities ("-" refers to decrease)	14,223,622.99	4,868,235.30
Decrease in inventories ("-" refers to increase)	-120,768,209.69	31,710,912.54
Decrease in operating receivables ("-" refers to increase)	-342,696,673.89	126,083,918.39
Increase in operating payables ("-" refers to decrease)	792,776,967.14	101,826,521.47
Others		
Net cash flow generated from operating activities	2,282,072,468.65	2,289,340,796.79
2. Major investing and financing activities not involving cash payment and receipts:		
Debts converted to capital		
Convertible company bonds due within one year		
Fixed assets acquired under financing		

leases		
3. Particulars on net changes in cash and cash equivalents:		
Closing balance of cash	2,942,543,207.01	3,726,616,032.18
Less: Opening balance of cash	3,726,616,032.18	3,708,085,136.83
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-784,072,825.17	18,530,895.35

(2). Net cash amount paid for the acquisition of subsidiaries in the current period√ Applicable Not applicable

Unit: Yuan Currency: RMB

	Amount
Cash or cash equivalents paid in the current period from the business combination in the period	22,500,000.00
Including: Shanghai Mymybear Enterprise Management Co., Ltd. (上海沫沫班长企业管理有限公司)	22,500,000.00
Less: Cash and cash equivalents held by subsidiaries at the acquisition date	8,648,108.58
Including: Shanghai Mymybear Enterprise Management Co., Ltd. (上海沫沫班长企业管理有限公司)	4,076,081.92
SHANGHAI M&G STATIONERY (THAILAND) CO., LTD.	4,572,026.66
Add: Cash or cash equivalents paid in the current period from the business combination in prior periods	
Net cash payments for the acquisition of subsidiaries	13,851,891.42

Other descriptions:

No

(3). Net cash amount received from the disposal of subsidiaries in the current period Applicable √ Not applicable**(4). Composition of cash and cash equivalents**√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
I. Cash	2,942,543,207.01	3,726,616,032.18
Including: Cash on hand	809,289.01	1,316,928.26
Bank deposits readily available for payment	2,922,656,405.97	3,692,325,654.15
Other cash and equivalents readily available for payment at any time	19,077,512.03	32,973,449.77
Due from central bank available for payment		
Due from placements with banks and other financial institutions		
Call loan to banks and other financial institutions		
II. Cash equivalents		
Including: Bond investments due within three months		
III. Closing balance of cash and cash equivalents	2,942,543,207.01	3,726,616,032.18
Including: Cash and cash equivalents of		

which the use is restricted for the parent company or subsidiaries within the group		
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(5). Presentation of cash and cash equivalents with restricted use

Applicable Not applicable

(6). Monetary funds not classified as cash and cash equivalents

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance	Reason
Deposits for project money		19,530,000.00	Frozen
Deposits for letter of credit	4,253,113.16	1,819,766.78	Pledge
Performance bond	18,247,095.96	3,674,534.42	Pledge
Trading margin	435,785.60	93,585.19	Frozen
Fixed-term deposits exceeding three months	1,015,028,800.00	1,210,000,000.00	Period exceeding three months at maturity
Others	581,201.98	483,383.55	Pledge
Frozen funds	533,336.79		Frozen
Total	1,039,079,333.49	1,235,601,269.94	/

Other descriptions:

Applicable Not applicable

80. Notes to items of the statement of changes in owners' equity

Description on "other" item name and adjustment amount adjusted for balance at the end of the previous year:

Applicable Not applicable

81. Foreign currency monetary items**(1). Foreign currency monetary items**

Applicable Not applicable

Unit: Yuan

Item	Foreign currency balance at the end of the period	Translation foreign exchange rate	RMB translated at the end of the period balance
Cash and equivalents	-	-	257,372,375.38
Including: USD	30,815,570.69	7.0288	216,596,483.27
EURO	1,832,631.34	8.2355	15,092,635.40
HKD	14,708.68	0.9032	13,284.88
GBP	375.00	9.4346	3,537.98
VND	4,077,299,363.00	0.0003	1,223,189.81
NOK	26,992,977.68	0.6968	18,808,706.85
DKK	664,641.16	1.1018	732,301.63
SGD	287,226.60	5.4586	1,567,855.12
SEK	57,034.00	0.7617	43,442.80
THB	14,790,730.96	0.2225	3,290,937.64
Accounts receivable	-	-	113,180,757.81
Including: USD	11,530,805.59	7.0288	81,047,726.33
EURO	48,462.36	8.2355	399,111.77
VND	460,950,912.00	0.0003	138,285.27

NOK	25,442,001.98	0.6968	17,727,986.98
THB	62,326,505.44	0.2225	13,867,647.46
Long-term borrowings	-	-	
Including: USD			
EURO			
HKD			
Accounts payable	-	-	31,207,052.50
Including: USD	225,045.44	7.0288	1,581,799.39
VND	18,578,487,966.48	0.0003	5,573,546.39
NOK	17,178,039.24	0.6968	11,969,657.74
HKD	9,305.00	0.9032	8,404.28
CHF	82,774.45	8.8510	732,636.66
THB	50,970,822.67	0.2225	11,341,008.04
Other receivables	-	-	1,048,492.78
Including: USD	48,973.33	7.0288	344,223.74
VND	1,369,414,802.00	0.0003	410,824.44
NOK	5,689.73	0.6968	3,964.60
THB	1,210,261.50	0.2225	269,283.18
SGD	3,700.00	5.4586	20,196.82
Other payables	-	-	89,562,798.83
Including: USD	4,000.00	7.0288	28,115.20
VND	2,014,631,909.00	0.0003	604,389.57
HKD	16,000.00	0.6968	11,148.80
NOK	924,671.52	0.2225	205,739.41
THB	19,682,946.34	4.4940	88,455,160.85
SGD	47,309.75	5.4586	258,245.00

Other descriptions:

No

(2). Descriptions on overseas operating entities, including: for important overseas business entities, their main overseas business locations, bookkeeping currency and selection basis shall be disclosed; in case of any change in the bookkeeping currency, the reasons for such change shall be also disclosed

Applicable Not applicable

82. Lease

(1). As a lessee

Applicable Not applicable

Variable lease payments not included in the measurement of lease liabilities

Applicable Not applicable

The current variable lease payments not included in the measurement of lease liabilities but included in related asset costs or the current profit or loss were RMB11,505,979.24.

Rental of simplified short-term leases and leases of low-value assets

Applicable Not applicable

The simplified treatment of short-term lease expenses included in relevant asset costs or current period expenses amounted to RMB10,632,494.88. Additionally, the simplified treatment of low-value asset lease expenses included in relevant asset costs or current period expenses (excluding short-term lease expenses of low-value assets) amounted to RMB17,682.31.

Sale and leaseback transactions and basis of judgment

Applicable Not applicable

Total cash outflows related to leases was 343,064,228.76 (Unit: Yuan Currency: RMB)

(2) As a lessor

Operating leases as a lessor

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Rental income	Including: income relating to variable lease payments not recognized as lease receipts
Operating lease income	11,234,380.02	
Total	11,234,380.02	

Financial leases as a lessor

Applicable Not applicable

Reconciliation statement of undiscounted lease receipts and net investment in leases

Applicable Not applicable

Undiscounted lease receipts for the next five years

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Annual undiscounted lease receipts	
	Closing balance	Opening balance
First year	11,554,167.36	11,741,770.78
Second year	11,300,823.68	11,005,320.44
Third year	11,519,674.92	11,377,225.84
Fourth year	11,614,434.66	11,520,441.00
Fifth year	11,828,432.35	11,614,434.66
Total undiscounted lease receipts after five years	51,420,880.15	58,975,207.82

(3). Profit or losses on sales recognized under finance leases as a producer or distributor

Applicable Not applicable

Other descriptions:

No

83. Data resources

Applicable Not applicable

84. Others

Applicable Not applicable

VIII. R&D expenses

1. Presented based on nature of expense

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount accounted for in the current period	Amount accounted for in the previous period
Employee benefits	121,078,253.59	108,773,449.55

Consumption materials	42,408,392.42	45,025,440.91
Others	26,152,708.86	35,347,090.20
Total	189,639,354.87	189,145,980.66
Including: Expensed R&D expenditure	189,639,354.87	189,145,980.66
Capitalized R&D expenditure		

Other descriptions:

No

2. Development expenses on R&D projects eligible for capitalization

Applicable Not applicable

Significant capitalized R&D projects

Applicable Not applicable

Provision for impairment of development expenses

Applicable Not applicable

Other descriptions:

No

3. Significant outsourced ongoing research projects

Applicable Not applicable

IX. Change in Consolidation Scope

1. Business combination not under common control

Applicable Not applicable

(1). Business combination not under common control in the current period

Applicable Not applicable

Unit: Yuan Currency: RMB

Name of acquiree	Time and place of gaining equity	Cost of gaining the equity	Proportion of equity (%)	Way to gain equity	Purchase date	Recognition basis of purchase date	Income of acquiree from the purchase date to the end of the period	Net profit of acquiree from the purchase date to the end of the period	Cash flows of the acquiree from the purchase date to the end of the period
Shanghai Mymybear Enterprise Management Co., Ltd. (上海沫沫班长企业管理有限公司)	2025/1/10	30,000,000.00	100.00	Acquisition not under common control	January 10, 2025	The date when control of the acquiree is effectively obtained	24,308,390.73	-16,077,082.69	3,356,716.35
SHANGHAI M&G STATIONERY (THAILAND) CO., LTD.	2025/6/12	20,760,105.90	70.00	Capital increase	June 12, 2025	The date when control of the acquiree is effectively obtained	15,877,557.92	-3,240,140.32	3,298,829.52

Other descriptions:

No

(2). Combination cost and goodwill√ Applicable Not applicable

Unit: Yuan Currency: RMB

Combination cost	Shanghai Mymybear Enterprise Management Co., Ltd. (上海沫沫班长企业管理有限公司)
--Cash	30,000,000.00
--Fair value of non-cash assets	
--Fair value of debt issued or assumed	
--Fair value of equity securities issued	
--Fair value of contingent consideration	
--Fair value of equity interests on the purchase date held before the purchase date	
--Others	
Total combination costs	30,000,000.00
Less: share in the fair value of identifiable net assets acquired	-11,875,098.79
The amount of goodwill/combination cost less than the share in the fair value of identifiable net assets acquired	41,875,098.79

Combination cost	SHANGHAI M&G STATIONERY (THAILAND) CO., LTD.
--Cash	20,760,105.90
--Fair value of non-cash assets	
--Fair value of debt issued or assumed	
--Fair value of equity securities issued	
--Fair value of contingent consideration	
--Fair value of equity interests on the purchase date held before the purchase date	
--Others	
Total combination costs	20,760,105.90
Less: share in the fair value of identifiable net assets acquired	20,760,105.90
The amount of goodwill/combination cost less than the share in the fair value of identifiable net assets acquired	

Method of determining the fair value of the combination cost:

 Applicable Not applicable

Fulfillment of performance commitments:

 Applicable Not applicable

The main formation reason for the large goodwill:

 Applicable Not applicable

Other descriptions:

No

(3). Identifiable assets and liabilities of acquirees on purchase date√ Applicable Not applicable

Unit: Yuan Currency: RMB

	Shanghai Mymybear Enterprise Management Co., Ltd. (上海沫沫班长企业管理有限公司)	SHANGHAI M&G STATIONERY (THAILAND) CO., LTD.
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	Fair value on purchase date	Carrying value on purchase date	Fair value on purchase date	Carrying value on purchase date
Assets:	35,766,983.96	35,766,983.96	4,572,026.66	4,572,026.66
Cash and equivalents	4,076,081.92	4,076,081.92	4,572,026.66	4,572,026.66
Accounts receivable	413,022.58	413,022.58		
Inventories	8,015,735.32	8,015,735.32		
Fixed assets	774,970.75	774,970.75		
Intangible assets	67,493.84	67,493.84		
Prepayment	612,664.08	612,664.08		
Other receivables	3,100,513.12	3,100,513.12		
Right-of-use assets	10,376,380.03	10,376,380.03		
Long-term prepaid expenses	5,775,495.27	5,775,495.27		
Deferred income tax assets	2,554,627.05	2,554,627.05		
Liabilities:	47,642,082.75	47,642,082.75		
Borrowings				
Accounts payable	1,077,921.21	1,077,921.21		
Deferred income tax liabilities	2,594,095.01	2,594,095.01		
Other payables	31,513,395.94	31,513,395.94		
Lease liabilities	10,218,508.18	10,218,508.18		
Other liabilities	349,286.44	349,286.44		
Employee benefits payable	1,888,875.97	1,888,875.97		
Net assets	-11,875,098.79	-11,875,098.79	4,572,026.66	4,572,026.66
Less: Non-controlling interests				
Net assets acquired	-11,875,098.79	-11,875,098.79	4,572,026.66	4,572,026.66

The determination method of the fair value of identifiable assets and liabilities:

Determined based on the carrying value of the assets and liabilities of Shanghai Mymybear Enterprise Management Co., Ltd. (上海沫沫班长企业管理有限公司)

Contingent liability of acquiree undertaken in the business combination:

No

Other descriptions:

No

(4). Gains or losses from re-measurement of equity held before the purchase date at fair value

Whether there is a transaction that through multiple transaction step by step to realize business combination and gaining the control during the Reporting Period

Applicable Not applicable

(5). Inability to reasonably determine the acquisition consideration or the fair value of acquirees' identifiable assets and liabilities at acquisition dates or the period-ends of the combinations

Applicable Not applicable

(6). Other descriptions

Applicable Not applicable

2. Business combination under common control

Applicable Not applicable

3. Reverse acquisition

Applicable Not applicable

4. Disposal of subsidiaries

Whether there were any transactions or events during the current period in which control of subsidiaries was lost

Applicable Not applicable

Unit: Yuan Currency: RMB

Name of subsidiary	Time of cease of control	Disposal price at the time of cease of control	Proportion of disposal at the time of cease of control (%)	Disposal method at the time of cease of control	Basis for determining time of cease of control	Difference between the disposal price and the share of the equity of the subsidiary in the consolidated financial statements corresponding to the investment disposed of	Remaining equity interests on the date of cease of control (%)	Carrying value of remaining equity interests in the consolidated financial statements on the date of cease of control	Fair value of remaining equity interests in the consolidated financial statements on the date of cease of control	Gains or losses arising from remeasurement of remaining equity interests under the fair value method	Method and main assumptions for determining the fair value of the remaining equity interests in the consolidated financial statements on the date of cease of control	Amount of other comprehensive income related to the disposed of equity investment in the subsidiary transferred to return on investment or retained earnings
Jiangsu M&G Life Enterprise Management Co., Ltd. (江苏晨光生活馆企业管理有限公司)	June 3, 2025		100.00	Cancellation	Cancellation completed							

Other descriptions:

Applicable Not applicable

Whether there was a step-by-step disposal of investments in subsidiaries through multiple transactions and loss of control during the current period

Applicable Not applicable

Other descriptions:

Applicable Not applicable

5. Changes in scope of consolidated financial statements for other reasons

Descriptions on changes in the scope of consolidated financial statements for other reasons (e.g., establishing subsidiaries, clearing subsidiaries, etc.) and their related circumstances:

Applicable Not applicable

One new subsidiary was established during the current period: Lanzhou M&G Cultural Supplies Co., Ltd. (兰州晨光文化用品有限公司)

6. Others

Applicable Not applicable

X. Equity in Other Entities**1. Equity in subsidiaries****(1). Composition of the corporate group**

√ Applicable □ Not applicable

Unit: 0'000 Currency: RMB

Subsidiary name	Main place of businesses	Registered capital	Registered address	Nature of the business	Shareholding ratio (%)		Acquisition way
					Direct	Indirect	
Colipu Technologies Group Co., Ltd. (科力普科技集团股份有限公司)	Shanghai	59,400.00	Shanghai	Retail, wholesale, etc.	77.78		Establishment
Shanghai M&G Stationery & Gift Co., Ltd. (上海晨光文具礼品有限公司)	Shanghai	19,941.94	Shanghai	Production, sale and so forth	100		Establishment
Shanghai M&G Stationery Sales Co., Ltd. (上海晨光文具销售有限公司)	Shanghai	1,300.00	Shanghai	Retail, wholesale, etc.		100	Establishment
Guangzhou M&G Stationery&Gifts Sales Co., Ltd. (广州晨光文具礼品销售有限公司)	Guangzhou	3,950.00	Guangzhou	Retail, wholesale, etc.		100	Establishment
Yiwu Chenxing Stationery Co., Ltd. (义乌市晨兴文具用品有限公司)	Yiwu	1,800.00	Yiwu	Retail, wholesale, etc.		100	Establishment
Zhejiang Benwei Technology Co., Ltd. (浙江本味科技有限公司)	Yiwu	1,000.00	Yiwu	Information technology services		100	Acquired by business combination not under common control
M&G Life Enterprise Management Co., Ltd. (晨光生活馆企业管理有限公司)	Shanghai	10,000.00	Shanghai	Retail, wholesale, etc.	100		Establishment
Shanghai M&G Jiamei Stationery Co., Ltd. (上海晨光佳美文具有限公司)	Shanghai	3,000.00	Shanghai	Production, sale and so forth	100		Establishment
Shanghai M&G Information Technology Co., Ltd. (上海晨光信息科技有限公司)	Shanghai	5,000.00	Shanghai	E-commerce business, etc.	55		Establishment
Zhejiang New M&G Life Enterprise Management Co., Ltd. (浙江新晨光生活馆企业管理有限公司)	Hangzhou	3,000.00	Hangzhou	Retail, wholesale, etc.		100	Establishment
Jiumu M&G Store Enterprise Management Co., Ltd. (九木杂物社企业管理有限公司)	Shanghai	20,000.00	Shanghai	Retail, wholesale, etc.		85	Establishment

Shanghai M&G Zhenmei Stationery Co., Ltd. (上海晨光珍美文具有限公司)	Shanghai	1,000.00	Shanghai	Retail, wholesale, etc.	100		Acquired by business combination under common control
Harbin M&G Sanmei Stationery Co., Ltd. (哈尔滨晨光三美文具有限公司)	Harbin	1,900.00	Harbin	Retail, wholesale, etc.		100	Acquired by business combination under common control
Zhengzhou M&G Stationery&Gifts Co., Ltd. (郑州晨光文具礼品有限责任公司)	Zhengzhou	2,600.00	Zhengzhou	Retail, wholesale, etc.		100	Acquired by business combination under common control
Shenzhen Erya Creative and Cultural Development Co., Ltd. (深圳尔雅文化创意发展有限公司)	Shenzhen	2,000.00	Shenzhen	Retail, wholesale, etc.	51		Acquired by business combination not under common control
Shanghai M&G Office Stationery Co., Ltd.	Shanghai	5,000.00	Shanghai	Retail, wholesale, etc.	100		Establishment
Lianyungang Colipu Office Supplies Co., Ltd. (连云港市科力普办公用品有限公司)	Lianyungang	100.00	Lianyungang	Retail, wholesale, etc.		100	Establishment
Shenyang Colipu Office Supplies Trading Co., Ltd. (沈阳科力普办公用品贸易有限公司)	Shenyang	50.00	Shenyang	Retail, wholesale, etc.		100	Establishment
Hangzhou Sanmei M&G Stationery Co., Ltd. (杭州三美晨光文具有限公司)	Hangzhou	1,800.00	Hangzhou	Retail, wholesale, etc.		100	Establishment
Axus Stationery (Shanghai) Company Ltd.	Shanghai	8,100.00	Shanghai	Production, sale and so forth	56		Acquired by business combination not under common control
Jiangsu Marco Pen Co., Ltd. (江苏马可笔业有限公司)	Siyang	5,000.00	Siyang	Production, sale and so forth		100	Acquired by business combination not under common control
Changchun Macro Stationery Co., Ltd. (长春马可文教用品有限公司)	Changchun	4,000.00	Changchun	Production, sale and so forth		100	Acquired by business combination not under common control
Yili Senlai Wood Co., Ltd. (伊犁森徠木业有限公司)	Yili	2,000.00	Yili	Production, sale and so forth		100	Acquired by business combination

司)							not under common control
Axus Stationery (Hong Kong) Company Ltd.	Hong Kong	550.00	Hong Kong	Retail, wholesale, etc.		100	Acquired by business combination not under common control
International stationery company	Vietnam	100.00	Vietnam	Production, sale and so forth		100	Acquired by business combination not under common control
Shanghai Qizhihaowan Culture and Creativity Co., Ltd. (上海奇只好玩文化创意有限公司)	Shanghai	10,000.00	Shanghai	Creative service	57		Establishment
Shanghai Chenxun Enterprise Management Co., Ltd. (上海晨讯企业管理有限公司)	Shanghai	23,500.00	Shanghai	Enterprise management	100		Establishment
Shanghai Colipu Information Technology Co., Ltd. (上海科力普信息科技有限公司)	Shanghai	500.00	Shanghai	Software development		100	Establishment
Shanghai Meixin Stationery Co., Ltd. (上海美新文具有限公司)	Shanghai	5,000.00	Shanghai	Wholesale and retail		100	Establishment
SHANGHAI M&G STATIONERY (SINGAPORE) PTE. LTD.	Singapore	4,606.45	Singapore	Enterprise management		100	Establishment
M&G Jiumu Enterprise Management (Beijing) Co., Ltd. (晨光九木企业管理(北京)有限公司)	Beijing	100.00	Beijing	Wholesale and retail		100	Establishment
Back to School Holding AS	Norway	99.55	Norway	Holding company		100	Acquired by business combination not under common control
Beckmann AS	Norway	66.00	Norway	Production, sale and so forth		100	Acquired by business combination not under common control
Beckmann Norway GmbH (Germany)	Germany	2.50	Germany	Retail, wholesale, etc.		100	Acquired by business combination not under common control

							control
Beckmann Norway Inc	United States	0.0001	United States	Retail, wholesale, etc.		100	Establishment
Beckmann Norway GmbH (Austria)	Austria	3.50	Austria	Retail, wholesale, etc.		100	Establishment
Guangdong South China Stationery Co., Ltd. (广东华南文教用品有限公司)	Huizhou	5,000.00	Huizhou	Retail, wholesale, etc.	100		Establishment
Shanghai Colipu Technology Development Co., Ltd. (上海科力普科技发展有限公司)	Shanghai	10,000.00	Shanghai	Technical services		100	Establishment
Shanghai Yichengxiang E-commerce Co., Ltd. (上海益诚祥电子商务有限公司)	Shanghai	50.00	Shanghai	Retail, wholesale, etc.		100	Establishment
Hubei M&G Central China Information Technology Co., Ltd. (湖北晨光华中信息科技有限公司)	Wuhan	20,000.00	Wuhan	General cargo warehousing services	100		Acquisition that does not constitute a business
Shanghai M&G Online Selection Stationery Co., Ltd. (上海晨光在线甄选文具有限公司)	Shanghai	2,000.00	Shanghai	Retail, wholesale, etc.	100		Establishment
Shanghai Mymybear Enterprise Management Co., Ltd. (上海沫沫班长企业管理有限公司)	Shanghai	3,000.00	Shanghai	Retail, wholesale, etc.		100	Acquired by business combination not under common control
SHANGHAI M&G STATIONERY (THAILAND) CO., LTD.	Thailand	13,500.00	Thailand	Retail, wholesale, etc.		70	Acquired by business combination not under common control
Lanzhou M&G Cultural Supplies Co., Ltd. (兰州晨光文化用品有限公司)	Lanzhou	2,000.00	Lanzhou	Retail, wholesale, etc.		100	Establishment

Additional Note: The registered capital currency for Axus Stationery (Hong Kong) Company Ltd. is HKD, International Stationery Company and Beckmann Norway Inc. is USD, SHANGHAI M&G STATIONERY (SINGAPORE) PTE. LTD. is SGD, Back to School Holding AS and Beckmann AS is NOK, Beckmann Norway GmbH (Germany) and Beckmann Norway GmbH (Austria) is EURO, SHANGHAI M&G STATIONERY (THAILAND) CO., LTD. is THB.

Descriptions on the situation that the shareholding ratio in the subsidiary is different from the share of the voting rights:

No

Basis for holding half or less of the voting rights of the investee but still controlling the investee and holding more than half of the voting rights but not controlling the investee:

No

Basis for controlling important structured entities included in the scope of consolidated financial statements:

No

Basis for determining whether the Company is an agent or a principal:

No

Other descriptions:

No

(2). Important non-wholly owned subsidiaries

Applicable Not applicable

Unit: 0'000 Currency: RMB

Name of subsidiaries	Minority shareholding ratio	Profits and losses attributable to minority shareholders in the current period	Dividends declared and distributed to minority shareholders in the current period	Minority equity balance at the end of the period
Colipu Technologies Group Co., Ltd. (科力普科技集团股份有限公司)	22.22%	7,435.88		60,345.30

Descriptions on the situation that the shareholding ratio of minority shareholders in the subsidiary is different from that of the voting rights:

Applicable Not applicable

Other descriptions:

Applicable Not applicable

(3). Major financial information of important non-wholly owned subsidiaries

Applicable Not applicable

Unit: 0'000 Currency: RMB

Name of subsidiaries	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Colipu Technologies Group Co., Ltd. (科力普科技集团股份有限公司)	813,622.55	12,825.64	826,448.19	550,677.29	4,189.90	554,867.19	672,667.17	15,896.79	688,563.96	447,918.09	5,265.99	453,184.08

Name of subsidiaries	Amount accounted for in the current period				Amount accounted for in the previous period			
	Revenue	Net profit	Total comprehensive income	Cash flow from operating activities	Revenue	Net profit	Total comprehensive income	Cash flow from operating activities
Colipu Technologies Group Co., Ltd. (科力普科技集团股份有限公司)	1,504,820.63	33,464.83	33,464.83	52,476.66	1,383,143.57	32,178.31	32,178.31	52,709.16

Other descriptions:

No

(4). Significant restrictions on the use of corporate group assets and the liquidation of corporate group debts

Applicable Not applicable

(5). Financial support or other support provided to structured entities included in the scope of consolidated financial statements

Applicable Not applicable

Other descriptions:

Applicable Not applicable

2. Transactions which result in a change in the share of owners' equity in the subsidiary but the Company still controls the subsidiary

Applicable Not applicable

3. Equity in joint ventures or associates

Applicable Not applicable

(1). Important joint ventures or associates

Applicable Not applicable

(2). Major financial information of important joint ventures

Applicable Not applicable

(3). Major financial information of important associates

Applicable Not applicable

(4). Summary financial information of unimportant joint ventures and associates

Applicable Not applicable

Unit: Yuan Currency: RMB

	Closing balance/Amount accounted for in the current period	Opening balance/Amount accounted for in the previous period
Joint ventures:		
Total carrying value of investments		
Total of the following items calculated according to the shareholding ratio		
- Net profits		
- Other comprehensive income		
- Total comprehensive income		
Associates:		
Total carrying value of investments	35,606,521.84	33,578,115.08
Total of the following items calculated according to the shareholding ratio		
- Net profits	592,433.92	-3,962,188.64
- Other comprehensive income	1,435,972.84	308,191.25
- Total comprehensive income	2,028,406.76	-3,653,997.39

Other descriptions:

No

(5). Descriptions on significant limitation of the ability of a joint venture or associate to transfer funds to the Company

Applicable Not applicable

(6). Excess losses incurred by a joint venture or associate

Applicable Not applicable

(7). Unrecognized commitments related to joint venture investment

Applicable Not applicable

(8). Contingent liabilities related to joint venture or associate investment

Applicable Not applicable

4. Important joint operations

Applicable Not applicable

5. Equity in structured entities not included in the consolidated financial statements

Descriptions on structured entities not included in the consolidated financial statements:

Applicable Not applicable

6. Others

Applicable Not applicable

XI. Government subsidies**1. Government subsidies recognized at the end of the current period based on amounts receivable**

Applicable Not applicable

Reasons for not receiving the projected amount of government subsidies at the projected point in time

Applicable Not applicable

2. Liability items involving government subsidies

Applicable Not applicable

Unit: Yuan Currency: RMB

Financial statement item	Opening balance	Subsidies increased in the current period	Amount recognized as non-operating income in the current period	Other income entered in the current period	Other changes in the current period	Closing balance	Related to assets/income
Deferred income	19,963,559.04	1,500,000.00		5,575,925.44		15,887,633.60	Asset-related
Deferred income	15,000,000.00	7,500,000.00		22,500,000.00			Income-related
Total	34,963,559.04	9,000,000.00		28,075,925.44		15,887,633.60	/

3. Government subsidies recognized as profit and loss of the current period

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Type	Amount accounted for in the current period	Amount accounted for in the previous period
Asset-related	5,575,925.44	5,416,244.55
Income-related	113,185,033.53	150,197,578.56
Total	118,760,958.97	155,613,823.11

Other descriptions:

No

XII. Risks Associated with Financial Instruments**1. Financial instrument risk**

√ Applicable □ Not applicable

We face various financial risks in its business operations: credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risk). The above financial risks and the risk management policies adopted by us to reduce these risks are as follows:

The Board of Directors is responsible for planning and establishing the Company's risk management structure, formulating the Company's risk management policies and related guidelines, and supervising the implementation of risk management measures. We have formulated risk management policies to identify and analyse the risks faced by us. These risk management policies clearly stipulate specific risks, covering many aspects in the management of market risk, credit risk and liquidity risk. We regularly evaluate the market environment and changes in the Company's business activities to determine whether to update the risk management policies and systems. The Company's risk management is carried out in accordance with the policies approved by the Board of Directors. Identifying, evaluating and avoiding related risks through working closely with other business departments of the Company. The Internal Audit Department of the Company conducts regular audits on risk management control and procedures, and reports the audit results.

We diversify the risk of financial instruments through appropriate diversified investment and business portfolios, and reduce the risks relating to concentration in a single industry, specific region or specific counterparty through formulation of corresponding risk management policies.

(I) Credit risk

Credit risk refers to the risk of the Company's financial losses due to the failure of the counterparty to perform its contractual obligations.

The main sources of credit risk for the Company primarily arise from cash and equivalents, bills receivable, accounts receivable, financing of accounts receivable, and other receivables.

The Company's monetary funds are mainly bank deposits deposited in reputable state-owned banks and other large and medium-sized listed banks with high credit ratings, thus we believe that there are no significant credit risks and almost no major losses caused by bank defaults.

In addition, for notes receivable, accounts receivable, financing receivables and other receivables, we set relevant policies to control credit risk exposure. We evaluate the customer's credit qualifications and set the corresponding credit period based on the customer's financial status, possibility of obtaining guarantees from a third party, credit history and other factors such as current market conditions. We regularly monitor customer credit records. For customers with poor credit records, we use written dunning and shorten or cancel the credit period, etc., to ensure that the Company's overall credit risk is within the controllable range.

(II) Liquidity risk

Liquidity risk is the risk of a shortage of funds of the Company when the Company is performing its obligation to settle in the form of delivery of cash or other financial assets.

The Company's policy is to ensure that there is sufficient cash to pay off the debts due. Liquidity risk is centrally controlled by the Company's Finance Department. Finance Department ensures that the

Company has sufficient funds to repay debts under all reasonable forecasts by monitoring cash balances, marketable securities at any time, and rolling forecasts of the cash flows in the coming 12 months. Finance Department also continuously monitors whether the Company complies with the provisions of the loan agreement and obtains commitments from major financial institutions to provide sufficient reserve funds so as to meet short- and long-term funding needs.

Financial liabilities of the Company are presented as unrealized contractual cash flows on the maturity date as follows:

Item	Closing balance						Total undiscounted contract amount	Carrying value
	Immediate repayment	Within one year	One to two years	Two to five years	Above five years			
Short-term borrowings	171,111.12	247,863,498.00				248,034,609.12	245,131,111.12	
Accounts payable		5,980,392,579.19				5,980,392,579.19	5,980,392,579.19	
Other payables		534,646,908.51				534,646,908.51	534,646,908.51	
Non-current liabilities due within one year	29,698.35	229,328,642.12				229,358,340.47	213,429,554.47	
Long-term borrowings			36,792,355.90			36,792,355.90	35,998,000.00	
Lease liabilities			142,690,320.04	80,035,902.22	1,001,014.34	223,727,236.60	214,599,529.16	
Total	200,809.47	6,992,231,627.82	179,482,675.94	80,035,902.22	1,001,014.34	7,252,952,029.79	7,224,197,682.45	

Item	Balance at the end of last year						Total undiscounted contract amount	Carrying value
	Immediate repayment	Within one year	One to two years	Two to five years	Above five years			
Short-term borrowings	181,169.83	340,880,000.00				341,061,169.83	341,061,169.83	
Accounts payable		5,006,486,563.20				5,006,486,563.20	5,006,486,563.20	
Other payables		518,745,735.51				518,745,735.51	518,745,735.51	
Non-current liabilities due within one year	8,983.34	218,933,041.34				218,942,024.68	204,601,711.39	
Long-term borrowings				6,000,000.00		6,000,000.00	6,000,000.00	
Lease liabilities			128,853,810.92	77,417,674.75	2,409,642.05	208,681,127.72	199,105,187.71	
Total	190,153.17	6,085,045,340.05	128,853,810.92	83,417,674.75	2,409,642.05	6,299,916,620.94	6,276,000,367.64	

(III) Market risk

Market risk of financial instruments is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices including exchange rate risk, interest rate risk and other price risks.

1. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market rates.

Interest-bearing financial instruments with fixed and floating rates expose the Company to fair value interest rate risk and cash flow interest rate risk, respectively. The Company determines the percentages of fixed interest rate instruments and floating interest rate instruments according to the market environment, and maintains an appropriate combination of fixed interest rate instruments and floating interest rate instruments through regular review and monitoring. When necessary, the Company adopts interest rate swap instruments to hedge the interest rate risk.

As of December 31, 2025, assuming all other variables remain constant, a 100 basis points increase or decrease in the borrowing interest rate calculated at a floating rate will result in a decrease or increase of RMB280.96 in the net profit of the Company (as of December 31, 2024: RMB3.51 million).

2. Exchange rate risk

Exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company continuously monitors the scale of foreign-currency transactions and foreign-currency assets and liabilities to minimize foreign exchange risks. In addition, the Company may also sign forward foreign exchange contracts or currency swap contracts to avoid exchange rate risk. During the current period and prior periods, the Company did not sign any forward foreign exchange contracts or currency swap contracts.

Foreign exchange risk faced by the Company mainly comes from financial assets and liabilities denominated in USD, and the amounts of foreign currency financial assets and liabilities converted into RMB are shown below:

Item	Closing balance			Balance at the end of last year		
	USD	Other foreign currencies	Total	USD	Other foreign currencies	Total
Cash and equivalents	216,596,483.27	40,775,892.11	257,372,375.38	174,064,268.67	24,478,100.25	198,542,368.92
Accounts receivable	81,047,726.33	32,133,031.48	113,180,757.81	147,352,950.61	15,984,570.50	163,337,521.11
Other receivables	344,223.74	704,269.04	1,048,492.78	956,629.61	136,355.22	1,092,984.83
Total foreign currency financial assets	297,988,433.34	73,613,192.63	371,601,625.97	322,373,848.89	40,599,025.97	362,972,874.86
Accounts payable	1,581,799.39	29,625,253.11	31,207,052.50	27,692,768.42	24,740,290.75	52,433,059.17
Other payables	28,115.20	89,534,683.63	89,562,798.83	19,285,689.85	561,932.16	19,847,622.01
Total foreign currency financial liabilities	1,609,914.59	119,159,936.74	120,769,851.33	46,978,458.27	25,302,222.91	72,280,681.18

As of December 31, 2025, assuming all other variables remain constant, a 5% appreciation or depreciation of the RMB against USD will result in an increase or decrease of RMB12.57 million in the net profit of the Company (as of December 31, 2024: RMB14.53 million).

3. Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than exchange rate risk and interest rate risk.

The Company's other price risk arises mainly from investments in various types of equity instruments and is subject to the risk of changes in the price of equity instruments.

2. Hedging

(1). The Company conducts hedging operations for risk management

√ Applicable □ Not applicable

Item	Risk management strategy and objectives	Qualitative and Quantitative Information about the Hedged Risk	Economic Relationship between the Hedged Item and the Hedging Instrument	Effectiveness of the Hedging Relationship in Achieving the Risk Management Objective	Impact of Hedging Activities on Risk Exposure
Forward foreign exchange contracts	Foreign exchange forwards, foreign exchange swaps, foreign exchange options, structured forwards, interest rate swaps, currency swaps, or combinations thereof are used to mitigate the impact of exchange rate risk.	To effectively hedge against foreign exchange market risks and prevent adverse effects arising from significant fluctuations in exchange rates.	Based on the Company's prudent forecasts of foreign currency receipts and actual business exposure, the settlement dates of foreign exchange derivative transactions need to match the Company's forecasted timing of foreign currency receipts, deposit periods or foreign currency payments.	The Company conducts foreign exchange derivative transactions in accordance with the principles of legality, prudence, safety and effectiveness. It has established a sound and effective risk management system and internal control mechanism for foreign exchange derivative transactions, appropriately staffed with professionals responsible for investment decision-making, transaction execution and risk control. Strict decision-making procedures, reporting systems and risk monitoring measures are in place, with clearly defined authorization limits, operational guidelines, accounting treatment and disclosure	By using purchased foreign exchange derivative contracts, the Company hedges the risk of fluctuations in exchange rates and interest rates arising from its foreign currency receipt business, thereby effectively managing the risk exposure to significant cash flow volatility caused by exchange rate movements in such receipts, and reducing the impact of

				requirements. The types, scale and duration of transactions are determined based on the Company's risk tolerance, ensuring effective overall management.	exchange rate fluctuations on the Company's operations.
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Other descriptions:

Applicable Not applicable

(2). The Company conducts qualifying hedging operations and applies hedge accounting

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Carrying value of the hedged item and the hedging instrument	Cumulative fair value hedge adjustment of the hedged item included in the recognized carrying value of the hedged item	Hedge effectiveness and sources of hedge ineffectiveness	Impact of hedge accounting on the Company's financial statements
Types of hedge risk				
Foreign exchange risks	-46,320.08	Not applicable	Correlation between the hedged item and the hedging instrument	As at the end of the Reporting Period, the amount recognized in derivative financial liabilities was RMB 46,320.08, the amount recognized in other comprehensive income was RMB -36,129.66, and the amount recognized in deferred tax assets was RMB 10,190.42. The gain or loss arising during the Reporting Period amounted to RMB -2,293,967.43.
Types of hedge				

Other descriptions:

Applicable Not applicable

(3). The Company conducts hedging operations for risk management, expects to achieve its risk management objectives, but does not apply hedge accounting

Applicable Not applicable

Other descriptions:

Applicable Not applicable

3. Transfer of financial asset

(1). Classification of transfer modalities

Applicable Not applicable

Unit: Yuan Currency: RMB

Transfer modality	Nature of financial assets transferred	Amount of financial assets transferred	Derecognition	Basis for determining derecognition
Bill endorsement	Bank acceptance	26,467,790.18	Terminated	Almost all risks

	bills			and remuneration of the ownership have been transferred
Bill endorsement	Commercial acceptance draft	29,545,500.78	Non-terminated	Not applicable
Bill endorsement	Finance company acceptance bills	9,687,733.36	Non-terminated	Not applicable
Assignment or subdivision transfer	Digital accounts receivable claims certificates	10,446,427.33	Non-terminated	Not applicable
Total	/	76,147,451.65	/	/

(2). Financial assets derecognized as a result of a transfer√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Modality for the transfer of financial assets	Amount of financial assets derecognized	Gains or losses related to derecognition
Bank acceptance bills	Bill endorsement	26,467,790.18	
Total	/	26,467,790.18	

(3). Transferred financial assets that continue to be involved√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Asset transfer modality	Amount of assets generated through continuing involvement	Amount of liabilities generated through continuing involvement
Commercial acceptance draft	Bill endorsement	29,545,500.78	29,545,500.78
Finance company acceptance bills	Bill endorsement	9,687,733.36	9,687,733.36
Digital accounts receivable claims certificates	Assignment or subdivision transfer	10,446,427.33	10,446,427.33
Total	/	49,679,661.47	49,679,661.47

Other descriptions:

 Applicable Not applicable**XIII. Disclosure of Fair Value****1. Closing fair value of assets and liabilities measured at fair value**√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing fair value			
	Level-1 fair value measurement	Level-2 fair value measurement	Level-3 fair value measurement	Total
I. Continuous fair value measurement				
(I) Trading financial assets				
1. Financial assets at fair value through profit or loss				

(1) Debt instrument investment				
(2) Equity instrument investment				
(3) Derivative financial assets				
(4) Others	4,108,620,317.14			4,108,620,317.14
2. Financial assets designated as at fair value through profit or loss				
(1) Debt instrument investment				
(2) Equity instrument investment				
(II) Other debt investments				
(III) Other equity instrument investments		10,817,798.40		10,817,798.40
(IV) Investment real estate				
1. Land use rights used for rent				
2. Rental buildings				
3. Land use rights held and ready to be transferred after appreciation				
(V) Biological assets				
1. Consumable biological assets				
2. Productive biological assets				
(VI) Receivables financing		31,211,919.98		31,211,919.98
Total assets continuously measured at fair value	4,108,620,317.14	42,029,718.38		4,150,650,035.52
(VI) Trading financial liabilities				
1. Financial liabilities at fair value through profit or loss				
Including: Trading bonds issued				
Derivative financial liabilities				
Others				
2. Financial liabilities designated as at fair value through profit or loss				
(VII) Derivative financial liabilities		46,320.08		46,320.08
Total liabilities continuously measured at fair value		46,320.08		46,320.08
II. Non-continuous fair value measurement				
(I) Assets held for sale				
Total assets not continuously measured at fair value				
Total liabilities not continuously measured at fair value				

2. Basis for determining market prices of items continuously and not continuously measured at the first-level fair value

√ Applicable □ Not applicable

The input value of the first level is the unadjusted quotation of the same asset or liability that can be obtained on the measurement date in the active market.

3. Qualitative and quantitative information on valuation techniques and important parameters adopted by items continuously and not continuously measured at the second-level fair value

Applicable Not applicable

The input value of the second level is the directly or indirectly observable input value of related assets or liabilities except the input value of the first level.

4. Qualitative and quantitative information on valuation techniques and important parameters adopted by items continuously and not continuously measured at the third-level fair value

Applicable Not applicable

5. Information on adjustment between the beginning carrying value and the closing carrying value of items continuously measured at the third-level fair value and sensitivity analysis on unobservable parameters

Applicable Not applicable

6. For items continuously measured at fair value, in case of any conversion between various levels during the period, reasons for the conversion and policies to determine the conversion time should be provided

Applicable Not applicable

7. Changes in valuation techniques and reasons for changes during the period

Applicable Not applicable

8. Particulars on fair value of financial assets and liabilities which are not measured at fair value

Applicable Not applicable

9. Others

Applicable Not applicable

XIV. Related Parties and Related-Party Transactions

1. Particulars on the parent company of the Company

Applicable Not applicable

Unit: 0'000 Currency: RMB

Name of the parent company	Registered address	Nature of the business	Registered capital	The parent company's shareholding ratio in the Company (%)	The parent company's voting right ratio in the Company (%)
M&G Holdings (Group) Co., Ltd.	Shanghai	Industrial Investment	300 million	58.20	58.20

Descriptions on the parent company of the Company

No

The ultimate controlling party of the Company is Chen Huwen, Chen Huxiong and Chen Xueling

Other descriptions:

No

2. Particulars on subsidiaries of the Company

Particulars on subsidiaries of the Company are shown in the relevant notes

Applicable Not applicable

For particulars on subsidiaries of the Company, see Note X. Equity in Other Entities for details.

3. Particulars on joint ventures and associates of the Company

For important joint ventures and associates of the Company, see the Notes for details

Applicable Not applicable

For important joint ventures and associates of the Company, see Note X. “Equity in Other Entities” for details.

Particulars on other joint ventures and associates which have related-party transactions with the Company in the current period or had related-party transactions with the Company in the previous period and form balances are as follows

Applicable Not applicable

Name of joint venture and associate	Relationship with the Company
Ningbo Zhongchen Equity Investment Partnership (Limited Partnership)	Associates
Shanghai Pen-making Technology Services Co., Ltd. (上海制笔技术服务有限公司)	Associates
Shanghai Mymybear Enterprise Management Co., Ltd. (上海沫沫班长企业管理有限公司)	Associates

Other descriptions:

Applicable Not applicable

During the current period, Shanghai Mymybear Enterprise Management Co., Ltd. (上海沫沫班长企业管理有限公司) became a controlled subsidiary resulting from a business combination not under common control.

4. Particulars on other related parties

Applicable Not applicable

Name of other related parties	Relationship between other related parties and the Company
PELEG DESIGN Ltd	Others
Shanghai M&G Charity Foundation	Others
Shanghai KACO Industrial Co., Ltd.	Others
Guo Weilong	Others
Guo Shaomin	Others
Nanjing Zhaochen Stationery Sales Co., Ltd.	Others
Nanjing Chenri Stationery Sales Co., Ltd.	Others
Nanjing Youchen Stationery Sales Co., Ltd.	Others
Nanjing Liuhe District Weifeng Qichen Cultural Products Co., Ltd.	Others
Nanjing Chenzhiheng Stationery Sales Co., Ltd. (南京晨之恒文化用品销售有限公司)	Others
Nanjing Chenzhiguang Stationery Sales Co., Ltd. (南京晨之光文化用品销售有限公司)	Others
Nanjing Chenzhipei Stationery Sales Co., Ltd. (南京晨之沅文化用品销售有限公司)	Others
RISING GOAL INVESTMENTS PTE. LTD.	Others
Contemporary Amperex Technology Co., Limited	Others

Other descriptions:

No

5. Particulars on related-party transactions

(1). Related-party transactions for the purchase and sales of goods and the rendering and receipt of services

Table of information on the purchase of goods/the receipt of services

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Related party	Related-party transaction content	Amount accounted for in the current period	Approved transaction line (if applicable)	Over the transaction line or not (if applicable)	Amount accounted for in the previous period
PELEG DESIGN Ltd	Receipt of services	2,470,420.00			2,769,000.00
Shanghai KACO Industrial Co., Ltd.	Purchase of goods	6,747,179.13			1,047,086.13
Shanghai Mymybear Enterprise Management Co., Ltd. (上海沫沫班长企业管理有限公司)	Purchase of goods				174,147.01
Shanghai Pen-making Technology Services Co., Ltd. (上海制笔技术服务有限公司)	Receipt of services	533,886.22			57,825.74
M&G Holdings (Group) Co., Ltd.	Purchase of goods	133.14			

Table of information on the sale of goods/the rendering of services

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Related party	Related-party transaction content	Amount accounted for in the current period	Amount accounted for in the previous period
Sales entities controlled by Guo Weilong	Sale of goods	6,068,721.47	180,530,383.08
Sales entities controlled by Guo Shaomin	Sale of goods	256,305,112.44	85,811,972.83
Sales entities controlled by Guo Shaomin	Provision of labour service	1,366,980.77	
PELEG DESIGN Ltd	Sale of goods	1,655,687.01	740,060.70
Shanghai Mymybear Enterprise Management Co., Ltd. (上海沫沫班长企业管理有限公司)	Sale of goods		2,735,930.79
Shanghai Mymybear Enterprise Management Co., Ltd. (上海沫沫班长企业管理有限公司)	Provision of labour service		1,522,745.49
Shanghai Pen-making Technology Services Co., Ltd. (上海制笔技术服务有限公司)	Provision of labour service		33,822.92

RISING GOAL INVESTMENTS PTE. LTD.	Sale of goods	52,097,285.65	21,495,428.17
M&G Holdings (Group) Co., Ltd.	Sale of goods	100,555.26	41,330.97
Contemporary Amperex Technology Co., Limited	Sale of goods	189,650.17	121,250.66
Shanghai M&G Charity Foundation	Sale of goods	110,853.28	

Particulars on related-party transactions for the purchase and sales of goods and the rendering and receipt of services

Applicable Not applicable

No

(2). Particulars on related-party entrusted management/contracting and entrusting management/outsourcing

Table of information on the Company's entrusted management/contracting:

Applicable Not applicable

Particulars on related-party entrusting/contracting

Applicable Not applicable

Table of information on the Company's entrusting management/outsourcing

Applicable Not applicable

Particulars on related-party management/outsourcing

Applicable Not applicable

(3). Particulars on related-party leases

The Company as the lessor:

Applicable Not applicable

Unit: Yuan Currency: RMB

Name of lessee	Type of leased assets	Rental income recognized in the current period	Rental income recognized in the previous period
Shanghai Mymybear Enterprise Management Co., Ltd. (上海沫沫班长企业管理有限公司)	Self-owned office building		396,330.28
M&G Holdings (Group) Co., Ltd. (晨光控股(集团)有限公司)	Self-owned office building	193,458.72	
M&G Holdings (Group) Co., Ltd. (晨光控股(集团)有限公司)	Property fee	20,954.37	
M&G Holdings (Group) Co., Ltd. (晨光控股(集团)有限公司)	Energy cost	30,096.28	

The Company as the lessee:
 Applicable Not applicable

Unit: Yuan Currency: RMB

Name of lessor	Type of leased assets	Amount accounted for in the current period					Amount accounted for in the previous period				
		Rental costs for short-term leases and leases of low-value assets with simplified treatment (if applicable)	Variable lease payments not included in lease liabilities (if applicable)	Rental payments	Interest expense on lease liabilities	Increase in right-of-use assets	Rental costs for short-term leases and leases of low-value assets with simplified treatment (if applicable)	Variable lease payments not included in lease liabilities (if applicable)	Rental payments	Interest expense on lease liabilities	Increase in right-of-use assets
M&G Holdings (Group) Co., Ltd.	Self-owned houses (including office buildings, workshops, parking spaces, warehouses, dormitory buildings, etc.)			6,065,000.00	696,074.72	16,941,226.92			4,852,000.00	79,337.90	
M&G Holdings (Group) Co., Ltd.	Self-owned office buildings and parking spaces	70,857.17		21,016,938.20	1,308,506.87	6,904,298.76	66,857.16		19,187,344.23	1,568,961.13	12,508,685.91
M&G Holdings (Group) Co., Ltd.	Utilities			6,006,506.14					6,391,171.48		

Descriptions on related-party leases
 Applicable Not applicable

(4). Particulars on related-party guarantees

The Company as a guarantor

 Applicable Not applicable

The Company as a guaranteed party

 Applicable Not applicable

Descriptions on related-party guarantees

 Applicable Not applicable**(5). Related-party fund lending** Applicable Not applicable**(6). Related-party asset transfer and debt restructuring** Applicable Not applicable**(7). Compensation of key management personnel** Applicable Not applicable**(8). Other related-party transactions** Applicable Not applicable**6. Receivables from and payables to related parties****(1). Receivables** Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Related party	Closing balance		Opening balance	
		Carrying balance	Bad debt provisions	Carrying balance	Bad debt provisions
Accounts receivable	Shanghai M&G Charity Foundation	125,264.21	6,263.21	14,684.00	4,405.20
Accounts receivable	Shanghai Mymybear Enterprise Management Co., Ltd. (上海沫沫班长企业管理有限公司)			312,428.41	15,621.42
Accounts receivable	Sales entities controlled by Guo Weilong			2,288,601.66	114,430.08
Accounts receivable	Contemporary Amperex Technology Co., Limited	94,017.47	470.09	21,862.07	109.31
Accounts receivable	Sales entities controlled by	16,003,402.57	800,170.13	230,915.84	11,545.79

	Guo Shaomin				
Accounts receivable	M&G Holdings (Group) Co., Ltd.	2,097.22	10.49	19,935.00	99.68
Accounts receivable	RISING GOAL INVESTMENTS PTE. LTD.	53,752,198.68	3,023,786.60	17,357,788.43	867,889.42
Accounts receivable	PELEG DESIGN Ltd	1,096,376.75	54,818.84	163,134.43	8,156.72
Prepaid accounts	Shanghai Pen-making Technology Services Co., Ltd. (上海制笔技术服务有限公司)	12,800.00			
Other receivables	Shanghai Mymybear Enterprise Management Co., Ltd. (上海沫沫班长企业管理有限公司)			6,054.68	302.73
Other receivables	M&G Holdings (Group) Co., Ltd.	141,884.18	7,094.21	13,714.29	685.71
Other receivables	Sales entities controlled by Guo Shaomin	288,532.11	14,426.61		

(2). Payables

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Related party	Carrying balance at the end of the period	Carrying balance at the beginning of the period
Accounts payable	Sales entities controlled by Guo Weilong		2,938.49
Accounts payable	Sales entities controlled by Guo Shaomin	28,513.59	2,884.61
Accounts payable	Shanghai KACO Industrial Co., Ltd.	255,776.88	1,045,140.04
Accounts payable	Shanghai Mymybear Enterprise Management Co., Ltd. (上海沫沫班长企业管理有限公司)		156,447.87

	公司)		
Other payables	Sales entities controlled by Guo Weilong	24,000.00	32,000.00
Other payables	Sales entities controlled by Guo Shaomin	866,000.00	632,000.00
Other payables	Shanghai KACO Industrial Co., Ltd.	20,000.00	
Other payables	Guo Shaomin	4,250,000.00	
Lease liabilities	M&G Holdings (Group) Co., Ltd.	11,861,111.14	15,451,571.65
Non-current liabilities due within one year	M&G Holdings (Group) Co., Ltd.	20,310,133.27	19,939,265.14

(3). Others

Applicable Not applicable

7. Related-party commitments

Applicable Not applicable

8. Others

Applicable Not applicable

XV. Share-based Payments**1. Various equity instruments****(1). Details**

Applicable Not applicable

(2). Outstanding stock options or other equity instruments at the end of the period

Applicable Not applicable

2. Particulars on equity-settled share-based payment

Applicable Not applicable

3. Particulars on cash-settled share-based payment

Applicable Not applicable

4. Share-based payment expense in the current period

Applicable Not applicable

5. Particulars on modification and termination of share-based payment

Applicable Not applicable

6. Others

Applicable Not applicable

XVI. Commitments and Contingencies

1. Important commitments

Applicable Not applicable

Important external commitments, nature, and amount existing on the balance sheet date

1. Particulars on mortgaged assets

(1) The subsidiary, Axus Stationery (Shanghai) Company Ltd. (hereinafter referred to as “Axus Stationery”), entered into the Maximum Mortgage Contract numbered ZD9874202200000005 and the Supplementary Agreement to the Maximum Mortgage Contract number ZD9874202200000005-01 with Shanghai Pudong Development Bank Co., Ltd. Fengxian Sub-branch respectively on September 15, 2022 and September 22, 2025, under which it mortgaged its lands and plants under Property HFDQ Zi (2013) No. 015437, Property HFDQ Zi (2013) No. 013396 and Property HFDQ Zi (2015) No. 015718 at the maximum amount of secured obligation of RMB200 million and for the term of credit line from September 15, 2022 to December 31, 2027.

(2) The subsidiary Jiangsu Marco Pen Co., Ltd. (江苏马可笔业有限公司) entered into the Maximum Mortgage Contract numbered BD133202411010001201 with Jiangsu Siyang Rural Commercial Bank Co., Ltd. on October 30, 2024, under which it mortgaged its lands and plants under Su (2019) Siyang County Real Estate No. 0018047, Su (2019) Siyang County Real Estate No. 0018032, Su (2019) Siyang County Real Estate No. 0017990 and Su (2019) Siyang County Real Estate No. 0017993 at the maximum principal limit of RMB49,507,300 and for the term of credit line from October 30, 2024 to October 17, 2027.

(3) The subsidiary Jiangsu Marco Pen Co., Ltd. (江苏马可笔业有限公司) entered into the Maximum Mortgage Contract numbered DY131425000031 with Bank of Jiangsu Co., Ltd. Suqian Branch on June 4, 2025, under which it mortgaged its lands and plants under Su (2019) Siyang County Real Estate No. 0017990, Su (2019) Siyang County Real Estate No. 0018047, Su (2019) Siyang County Real Estate No. 0018032 and Su (2019) Siyang County Real Estate No. 0017993 at the maximum amount of secured obligation of RMB45.78 million and for the term of credit line from June 4, 2025 to May 21, 2028.

(4) The subsidiary Jiangsu Marco Pen Co., Ltd. (江苏马可笔业有限公司) entered into the Maximum Pledge Contract numbered 110011125001C001 with Bank of Jiangsu Co., Ltd. Suqian Branch on December 19, 2025, under which it pledged its patents, namely: an automatic plate turnover device (Certificate No. CN109850536B), an automatic feeding round stacking plate device (Certificate No. CN107253613B), a defect detection and sorting device for wooden pencil boards during processing (Certificate No. CN105548209B), and a preparation method for colored pencil lead (Certificate No. CN101412867B). The maximum principal amount secured under this contract is RMB10.00 million, with the term of the pledge facility valid from December 19, 2025 to December 19, 2026.

2. Important commitments on the balance sheet date

Among them, the unconfirmed commitments related to related parties are detailed in Note XIV. “Related Parties and Related-Party Transactions”; those related to investments in joint ventures are detailed in Note X. “Equity in Other Entities”; and those related to lease are detailed in Note VII.(82) Lease.

2. Contingencies

(1). Important contingencies on the balance sheet date

Applicable Not applicable

The contingent liabilities related to investments in joint ventures or associated enterprises are detailed in Note X. “Equity in Other Entities”.

(2). If the Company has no important contingent issues that need to be disclosed, it should also be explained:

Applicable Not applicable

3. Others

Applicable Not applicable

XVII. Post-balance Sheet Date Events**1. Important non-adjustment matters**

Applicable Not applicable

2. Profit distribution

Applicable Not applicable

Unit: Yuan Currency: RMB

Profits or dividends proposed to be distributed	915,795,377.00
Profits or dividends reviewed and approved to be declared for distribution	

According to the *Profit Distribution Plan for 2025 and Authorization of Interim Dividend for 2026* reviewed and approved at the 15th meeting of the 6th session of Board of Directors held by the Company on March 30, 2026, the Company proposes to distribute cash dividend of RMB10.00 (tax inclusive) per 10 shares based on the Company's total share capital (exclusive of shares in the Company's special securities account for repurchased shares) registered as at the registration date for the implementation of dividend distribution. The remaining distributable profits in 2025 will be carried forward to the following year. This proposal is subject to review and approval by the Company's 2025 annual meeting of shareholders.

3. Sales return

Applicable Not applicable

4. Particulars on other post-balance-sheet-date events

Applicable Not applicable

XVIII. Other Important Issues**1. Correction of previous-period accounting errors**

For details, please refer to "Analysis and Explanation from the Company on the Reasons and Impact of the Change of Accounting Policies, Accounting Estimates or Correction on Significant Accounting Errors" under "Major Events".

2. Significant debt restructuring

Applicable Not applicable

3. Asset replacement**(1). Non-monetary asset exchange**

Applicable Not applicable

(2). Other asset replacement

Applicable Not applicable

4. Annuity plan

Applicable Not applicable

5. Discontinued operations

Applicable Not applicable

6. Segment information**(1). Basis for determining reporting segments and accounting policies**

Applicable Not applicable

According to the Company's internal organizational structure, management requirements and internal reporting system, two reporting segments are identified, namely: direct office supplies business and traditional business. The Company's reporting segments provide different products or services, or engages in operational activities in different regions. Since each segment requires different technical or marketing strategies, the management of the Company separately manages the operating activities of each reporting segment and regularly evaluates the operating results of these reporting segments to determine the allocation of resources to them and the evaluation of their performance.

The transfer price between segments is determined on the basis of the actual transaction price, and the expenses indirectly attributable to each segment are grouped according to the actual share of each segment. Allocation among segments is conducted accordingly. Assets are allocated according to the operation of the segment and the location of the asset. Segment liabilities include liabilities that can be attributed to the segment formed by the segment's operating activities. If the expenses associated with liabilities shared by multiple operating segments are allocated to these operating segments, the jointly assumed liabilities are also allocated to these operating segments.

(2). Financial information of reporting segments

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Direct office supplies business	Traditional business	Inter-segment elimination	Total
Revenue from foreign transactions	15,038,159,332.21	10,025,750,504.26		25,063,909,836.47
Revenue from inter-segment transactions	10,046,967.86	163,649,443.50	173,696,411.36	
Income from investments in associates and joint ventures		592,433.92		592,433.92
Credit impairment losses	-12,023,878.96	-10,849,006.93		-22,872,885.89
Asset impairment losses	-778,757.53	-8,592,163.70		-9,370,921.23
Depreciation and Amortization charges	34,032,191.17	552,890,267.30		586,922,458.47
Total profits (total losses)	451,261,854.46	1,257,940,825.57	498,447.06	1,708,704,232.97
Income tax expenses	116,613,594.33	231,045,215.82	124,611.77	347,534,198.38
Net profits (net losses)	334,648,260.13	1,026,895,609.75	373,835.29	1,361,170,034.59
Total assets	8,264,481,946.01	9,820,405,853.70	9,921,068.56	18,074,966,731.15
Total liabilities	5,548,671,922.83	2,657,084,160.93	7,786,963.26	8,197,969,120.50

(3). If the Company does not have a reporting segment, or if it cannot disclose the total assets and total liabilities of each reporting segment, the reason should be explained

Applicable Not applicable

(4). Other descriptions

Applicable Not applicable

7. Other important transactions and matters that have an impact on investors' decisions

Applicable Not applicable

8. Others

Applicable Not applicable

XIX. Notes on the Main Items of the Parent Company's Financial Statements**1. Accounts receivable****(1). Disclosure by account age**

Applicable Not applicable

Unit: Yuan Currency: RMB

Account age	Carrying balance at the end of the period	Carrying balance at the beginning of the period
Within one year (including one year)	263,688,075.98	220,362,762.45
Including: Sub-item within one year		
Within one year	263,688,075.98	220,362,762.45
One to two years	37,354.88	925,241.61
Two to three years	17,449.81	
Above three years		
Three to four years		
Four to five years		
Above five years		
Total	263,742,880.67	221,288,004.06

(2). Disclosure by accruing method for bad debt provisions

Applicable Not applicable

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Carrying balance		Bad debt provisions		Carrying value	Carrying balance		Bad debt provisions		Carrying value
	Amount	Percentage (%)	Amount	Accruing percentage (%)		Amount	Percentage (%)	Amount	Accruing percentage (%)	
Bad debt provisions accrued separately										
Including:										
Bad debt provisions accrued according to the combination	263,742,880.67	100.00	3,384,042.29	1.28	260,358,838.38	221,288,004.06	100.00	4,316,243.19	1.95	216,971,760.87
Including:										
Account age analysis	67,302,123.48	25.52	3,384,042.29	5.03	63,918,081.19	81,698,655.78	36.92	4,316,243.19	5.28	77,382,412.59

Related parties in the scope of the consolidated financial statements	196,440,757.19	74.48			196,440,757.19	139,589,348.28	63.08			139,589,348.28
Total	263,742,880.67	/	3,384,042.29	/	260,358,838.38	221,288,004.06	/	4,316,243.19	/	216,971,760.87

Bad debt provisions accrued separately:

Applicable Not applicable

Bad debt provisions accrued according to the combination:

Applicable Not applicable

Combination item: Credit risk characteristic combination

Unit: Yuan Currency: RMB

Item	Closing balance		
	Carrying balance	Bad debt provisions	Accruing percentage (%)
Account age analysis	67,302,123.48	3,384,042.29	5.03
Related parties in the scope of the consolidated financial statements	196,440,757.19		
Total	263,742,880.67	3,384,042.29	

Description on bad debt provisions accrued according to the combination:

Applicable Not applicable

Bad debt provisions accrued according to the general model of expected credit losses

Applicable Not applicable

Basis of classification of stages and percentage of provision for bad debts

No

Notes to the significant changes in the book balance of accounts receivable arising from changes in the provision for losses in the current period:

Applicable Not applicable

(3). Particulars on bad debt provisions

Applicable Not applicable

Unit: Yuan Currency: RMB

Category	Opening balance	Change of the current period				Closing balance
		Accrued	Recovered or reversed	Resold or written-off	Other changes	
Account age analysis	4,316,243.19	-932,200.90				3,384,042.29
Total	4,316,243.19	-932,200.90				3,384,042.29

Significant bad debt provision amounts recovered or reversed in the current period:

Applicable Not applicable

Other descriptions

No

(4). Particulars on accounts receivable actually written-off in the current period

Applicable Not applicable

Writing-off of significant accounts receivable

Applicable Not applicable

Description on writing-off of accounts receivable:

Applicable Not applicable

(5). Particulars on top five accounts receivable and contract assets in terms of the balance at the end of the period based on debtors

Applicable Not applicable

		Unit: Yuan		Currency: RMB	
Company name	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage (%) in the total balance at the end of the period of accounts receivable and contract assets	Balance of bad debt provisions at the end of the period
First	78,648,410.00		78,648,410.00	29.82	
Second	40,082,272.90		40,082,272.90	15.20	
Third	27,559,517.15		27,559,517.15	10.45	
Fourth	18,012,119.77		18,012,119.77	6.83	900,605.99
Fifth	13,108,881.65		13,108,881.65	4.97	655,444.08
Total	177,411,201.47		177,411,201.47	67.27	1,556,050.07

Other descriptions:

No

Other descriptions:

Applicable Not applicable

2. Other receivables

Presented by item

Applicable Not applicable

		Unit: Yuan		Currency: RMB	
Item	Closing balance	Opening balance			
Interest receivable					
Dividend receivable					
Other receivables	521,438,557.39	1,089,091,354.20			
Total	521,438,557.39	1,089,091,354.20			

Other descriptions:

Applicable Not applicable

Interest receivable**(1). Classification of interest receivable**

Applicable Not applicable

(2). Important overdue interest

Applicable Not applicable

(3). Disclosure by accruing method for bad debt provisions

Applicable Not applicable

Bad debt provisions accrued separately:

Applicable Not applicable

Description on bad debt provisions accrued separately:

Applicable Not applicable

Bad debt provisions accrued according to the combination:

Applicable Not applicable

(4). Bad debt provisions accrued according to the general model of expected credit losses

Applicable Not applicable

Basis of classification of stages and percentage of provision for bad debts

No

Notes to the significant changes in the book balance of interest receivable arising from changes in the provision for losses in the current period:

Applicable Not applicable

(5). Particulars on bad debt provisions

Applicable Not applicable

Significant bad debt provision amounts recovered or reversed in the current period:

Applicable Not applicable

Other descriptions:

No

(6). Particulars on interest receivable actually written-off in the current period

Applicable Not applicable

Including: Write-off of significant interest receivable

Applicable Not applicable

Notes on write-off:

Applicable Not applicable

Other descriptions:

Applicable Not applicable

Dividend receivable

(1). Dividend receivable

Applicable Not applicable

(2). Important dividend receivable with the account age over one year

Applicable Not applicable

(3). Disclosure by accruing method for bad debt provisions

Applicable Not applicable

Bad debt provisions accrued separately:

Applicable Not applicable

Description on bad debt provisions accrued separately:

Applicable Not applicable

Bad debt provisions accrued according to the combination:

Applicable Not applicable

(4). Bad debt provisions accrued according to the general model of expected credit losses

Applicable Not applicable

Basis of classification of stages and percentage of provision for bad debts

No

Notes to the significant changes in the book balance of dividends receivable arising from changes in the provision for losses in the current period:

Applicable Not applicable

(5). Particulars on bad debt provisions

Applicable Not applicable

Significant bad debt provision amounts recovered or reversed in the current period:

Applicable Not applicable

Other descriptions:

No

(6). Particulars on dividend receivable actually written-off in the current period

Applicable Not applicable

Including: Write-off of significant dividend receivable

Applicable Not applicable

Notes on write-off:

Applicable Not applicable

Other descriptions:

Applicable Not applicable

Other receivables**(1). Disclosure by account age**

Applicable Not applicable

Unit: Yuan Currency: RMB

Account age	Carrying balance at the end of the period	Carrying balance at the beginning of the period

Within one year (including one year)	128,749,655.62	378,367,180.81
Including: Sub-item within one year		
Within one year	128,749,655.62	378,367,180.81
One to two years	104,722,713.26	200,710,586.90
Two to three years	97,637,346.64	202,098,108.30
Above three years	191,205,004.21	309,119,611.93
Three to four years		
Four to five years		
Above five years		
Less: Bad debt provisions	-876,162.34	-1,204,133.74
Total	521,438,557.39	1,089,091,354.20

(2). Particulars on classification by amount nature√ Applicable Not applicable

Unit: Yuan Currency: RMB

Amount nature	Carrying balance at the end of the period	Carrying balance at the beginning of the period
Personal loans and petty cash	4,376,097.84	5,350,793.28
Consolidated balance of related-parties current accounts	507,138,799.84	1,071,865,083.18
Amount paid for materials	993,904.71	5,390,341.29
Consolidated balance of related-parties current accounts - provisional input tax	2,994,578.01	3,514,957.39
Non-housing deposit and margin	321,200.00	261,200.00
Housing deposit and margin	3,165,394.00	3,231,994.00
Others	3,324,745.33	681,118.80
Total	522,314,719.73	1,090,295,487.94

(3). Particulars on accruing of bad debt provisions√ Applicable Not applicable

Unit: Yuan Currency: RMB

Bad debt provisions	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance as at January 1, 2025	1,204,133.74			1,204,133.74
Balance as of January 1, 2025 in the current period				
- Transferred into Phase 2				
- Transferred into Phase 3				
- Reversed into Phase 2				
- Reversed into Phase 1				
Accrued in the current period	-327,971.40			-327,971.40
Reserved in the current period				
Resold in the current period				
Written-off in the current period				
Other Changes				
Balance as at December 31, 2025	876,162.34			876,162.34

Basis of classification of stages and percentage of provision for bad debts
No

Notes to the significant changes in the book balance of other receivables arising from changes in the provision for losses in the current period:

Applicable Not applicable

Amount of bad debt provisions accrued for the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly:

Applicable Not applicable

(4). Particulars on bad debt provisions

Applicable Not applicable

Unit: Yuan Currency: RMB

Category	Opening balance	Change of the current period				Closing balance
		Accrued	Recovered or reversed	Resold or written-off	Other changes	
Account age analysis	1,042,534.04	-324,641.40				717,892.64
Deposit for housing lease	161,599.70	-3,330.00				158,269.70
Total	1,204,133.74	-327,971.40				876,162.34

Significant bad debt provision amounts reversed or recovered in the current period:

Applicable Not applicable

Other descriptions:

No

(5). Particulars on other receivables actually written-off in the current period

Applicable Not applicable

Including: Write-off of significant other receivables:

Applicable Not applicable

Notes to the write-off of other receivables:

Applicable Not applicable

(6). Particulars on top 5 other receivables in terms of the balance at the end of the period based on debtors

Applicable Not applicable

Unit: Yuan Currency: RMB

Company name	Closing balance	Percentage (%) in the total balance at the end of the period of other receivables	Account nature	Account age	Bad debt provisions closing balance
Shanghai M&G Information Technology Co., Ltd. (上海晨光信息科技有限公司)	426,489,904.72	81.65	Consolidated balance of related-parties current accounts	Within one year: RMB95.14 million Above one year: RMB331.35 million	
Axus Stationery (Shanghai) Company Ltd.	60,000,000.00	11.49	Consolidated balance of related-parties current accounts	Within one year: RMB2.44 million Above one year: RMB57.56 million	
Jiumu M&G Store Enterprise Management Co., Ltd. (九木杂物社企业管理有限公司)	6,962,431.65	1.33	Consolidated balance of related-parties current accounts	Within one year: RMB6.96 million	
Guangdong South China M&G Stationery Co., Ltd. (广东华南晨光文教用品有限公司)	4,539,401.38	0.87	Consolidated balance of related-parties current accounts	Within one year: RMB3.75 million Above one year: RMB0.79 million	
Shanghai M&G Jiamei Stationery Co., Ltd. (上海晨光佳美文具有限公司)	3,694,539.46	0.71	Consolidated balance of related-parties current accounts	Within one year: RMB3.69 million	
Total	501,686,277.21	96.05	/	/	

(7). Other receivables reported due to centralized management of funds

Applicable Not applicable

Other descriptions:

Applicable Not applicable

3. Long-term equity investments

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
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	Carrying balance	Impairment provisions	Carrying value	Carrying balance	Impairment provisions	Carrying value
Investment to subsidiaries	1,784,957,222.61		1,784,957,222.61	1,644,957,222.61		1,644,957,222.61
Investments to associates and joint ventures	35,606,521.84		35,606,521.84	33,578,115.08		33,578,115.08
Total	1,820,563,744.45		1,820,563,744.45	1,678,535,337.69		1,678,535,337.69

(1). Investment to subsidiaries

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Invested company	Opening balance (carrying value)	Opening balance of impairment provisions	Change of the current period				Closing balance (carrying value)	Closing balance of impairment provisions
			Additional investment	Withdrawn investment	Accruing of impairment provisions	Others		
Colipu Technologies Group Co., Ltd. (科力普科技集团股份有限公司)	505,324,042.52						505,324,042.52	
Shanghai M&G Zhenmei Stationery Co., Ltd. (上海晨光珍美文具有限公司)	13,288,599.09						13,288,599.09	
Shanghai M&G Stationery & Gift Co., Ltd. (上海晨光文具礼品有限公司)	199,419,400.00						199,419,400.00	
M&G Life Enterprise Management Co., Ltd. (晨光生活馆企业管理有限公司)	240,000,000.00						240,000,000.00	
Shanghai M&G Jiamei Stationery Co., Ltd. (上海晨光佳美文具有限公司)	30,000,000.00						30,000,000.00	
Shanghai M&G Information Technology Co., Ltd. (上海晨光信息科技有限公司)	27,500,000.00						27,500,000.00	
Shenzhen Erya Creative and Cultural Development Co., Ltd. (深圳尔雅文化创意发展有限公司)	6,339,300.00						6,339,300.00	
Shanghai M&G Office Stationery Co., Ltd. (上海晨光办公用品有限公司)	50,000,000.00						50,000,000.00	
Axus Stationery (Shanghai) Company Ltd.	177,038,110.00						177,038,110.00	
Shanghai Qizhihaowan Culture and Creativity Co., Ltd. (上海奇只好玩文化创意有限公司)	28,500,000.00						28,500,000.00	

Shanghai Chenxun Enterprise Management Co., Ltd. (上海晨讯企业管理有限公司)	235,000,000.00								235,000,000.00	
Guangdong South China Stationery Co., Ltd. (广东华南文教用品有限公司)	40,000,000.00								40,000,000.00	
Hubei M&G Central China Information Technology Co., Ltd. (湖北晨光华中信息科技有限公司)	72,547,771.00			140,000,000.00					212,547,771.00	
Shanghai M&G Online Selection Stationery Co., Ltd. (上海晨光在线甄选文具有限公司)	20,000,000.00								20,000,000.00	
Total	1,644,957,222.61			140,000,000.00					1,784,957,222.61	

(2). Investments to associates and joint ventures√ Applicable Not applicable

Unit: Yuan Currency: RMB

Investment unit	Opening balance (carrying value)	Change of the current period								Closing balance (carrying value)	Balance of impairment provisions at the end of the period
		Additio nal investm ent	Withdra wn investm ent	Investme nt gains and losses recogniz ed under the equity method	Adjustmen t to other comprehen sive income	Other equit y chang es	Declarat ion on distribut ion of cash dividend s or profits	Accruin g of impairm ent provisio ns	Othe rs		
I. Joint venture											
Subtotal											
II. Associate											
Ningbo Zhongchen Equity Investment Partnership (Limited Partnership)	30,726,231.21			766,143.93	1,435,972.84						32,928,347.98
Shanghai Pen-making Technology Services Co., Ltd. (上海制笔技术服务有限公司)	2,851,883.87			-173,710.01							2,678,173.86
Subtotal	33,578,115.08			592,433.92	1,435,972.84						35,606,521.84
Total	33,578,115.08			592,433.92	1,435,972.84						35,606,521.84

(3). Impairment test of long-term equity investments Applicable Not applicable

Other descriptions:

No

4. Revenue and operating costs**(1). Particulars on revenue and operating costs**√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount accounted for in the current period		Amount accounted for in the previous period	
	Revenue	Costs	Revenue	Costs
Main operations	3,925,773,362.06	2,128,754,070.75	4,170,394,130.88	2,298,583,148.56
Other operations	225,946,337.49	172,663,888.89	209,003,299.92	162,051,201.63
Total	4,151,719,699.55	2,301,417,959.64	4,379,397,430.80	2,460,634,350.19

(2). Information on the breakdown of revenue and operating costs√ Applicable Not applicable

Unit: Yuan Currency: RMB

Classification of contracts	Total	
	Revenue	Operating costs
Types of goods		
1. Sales of goods	3,925,773,362.06	2,128,754,070.75
2. Supply chain service	195,895,293.67	168,676,464.56
3. Others	10,844,964.66	2,015,355.98
Classification by operation territory		
1. China	3,641,605,561.20	2,009,451,600.55
2. Other countries	490,908,059.19	289,994,290.74
Types of markets or customers		
Types of contracts		
Classification by the time of goods transfer		
1. Recognized at a specific point in time	4,132,513,620.39	2,299,445,891.29
2. Recognized within a specific time period		
Classification by contract term		
Classification by sales channels		
Total	4,132,513,620.39	2,299,445,891.29

Other descriptions:

√ Applicable Not applicable

No

(3). Description on performance obligations Applicable Not applicable**(4). Description on allocation to remaining performance obligations** Applicable Not applicable**(5). Significant contract changes or significant transaction price adjustments** Applicable Not applicable

Other descriptions:

Details on revenue:

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the last period
Revenue from customer contracts	4,132,513,620.39	4,359,257,641.43
Rental income	19,206,079.16	20,139,789.37
Total	4,151,719,699.55	4,379,397,430.80

5. Investment income√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount accounted for in the current period	Amount accounted for in the previous period
Long-term equity investment income calculated by cost method		285,833,333.33
Long-term equity investment income accounted for under the equity method	592,433.92	-583,369.62
Investment income from disposal of long-term equity investment		
Investment income from held-for-trading financial assets during the holding period		
Dividend income from other equity instrument investments during the holding period		
Interest income from debt investment during the holding period		
Interest income from other debt investments during the holding period		
Investment income from disposal of held-for-trading financial assets	1,672,749.11	2,592,421.97
Investment income from disposal of other equity instrument investments		
Investment income from disposal of debt investment		
Investment income from disposal of other debt investments		
Gains from debt restructuring		
Total	2,265,183.03	287,842,385.68

Other descriptions:

No

6. Others Applicable Not applicable**XX. Supplementary Information****1. Table on details of non-recurring gains and losses of the current period**√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount	Description
Gains or losses on disposal of non-current assets (inclusive of impairment allowance write-offs)	4,652,094.85	

Government subsidies included in profits and losses for the current period, excluding those that are closely related to the Company's normal business operations and given in accordance with defined criteria and in compliance with government policies, and have a continuing impact on the Company's profits or losses	186,963,410.61	
Gains or losses on fair-value changes in financial assets and liabilities held by a non-financial enterprise, as well as on disposal of financial assets and liabilities (exclusive of the effective portion of hedges that is related to the Company's normal business operations)	59,958,649.02	
Reversal of provision for impairment of receivables which are individually tested for impairment.	2,298,338.54	
Other net non-operating income and expenses, other than the above items	-11,760,712.53	
Minus: Effect of income tax	41,525,443.98	
Effect of minority equity (after tax)	14,056,975.42	
Total	186,529,361.09	

Items unlisted in the *Explanatory Announcement on Information Disclosure by Companies Offering Securities to the Public No. 1: Non-Recurring Profits and Losses* are identified as non-recurring profit and loss items and the items are of a significant amount, and non-recurring profit and loss items listed in the *Explanatory Announcement on Information Disclosure by Companies Offering Securities to the Public No. 1: Non-Recurring Profits and Losses* are defined as recurring profits and losses

Applicable Not applicable

Other descriptions:

Applicable Not applicable

2. Return on net assets and earnings per share

Applicable Not applicable

Profits during the Reporting Period	Weighted average ROE (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	14.56	1.4306	1.4306
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	12.48	1.2270	1.2270

3. Difference in the Accounting Information under the PRC Accounting Standards for Business Enterprise ("PRC GAAP") and Overseas Accounting Standards

Applicable Not applicable

4. Others

Applicable Not applicable

Chairman: Chen Huwen

Date of report and submission approved by the Board of Directors: March 30, 2026

Revision information

Applicable Not applicable