



**芒果超媒**  
MANGO EXCELLENT MEDIA

**MANGO EXCELLENT MEDIA CO., Ltd.**

**2020 Annual Report**

**April 2021**

## **Section I Important Notes, Content and Definitions**

**The board of directors, board of supervisors, directors, supervisors, and officers of the Company certify that this report is free from any misrepresentations, misleading statements or material omissions, and are jointly and severally liable for the authenticity, accuracy and completeness of the content.**

**ZHANG Huali, the legal representative, LIANG Deping, the chief financial officer, and TAO Jinyu, the head of accounting department (the person in charge of accounting) of the Company undertake that the financial statements contained herein are authentic, accurate and complete.**

**All directors of the Company attended the board meeting with respect to the review of the annual report.**

**The forward-looking contents in respects of future development outlook, etc., herein are plans in nature, which shall in no event constitute the Company's substantive commitment to investors and related persons. The investors and related persons should maintain sufficient risk awareness thereof and understand the differences between plans, forecasts, and commitments.**

**The Company describes the possible risks in its operations and the measures to be taken in Section IV "Discussion and Analysis of Business Conditions - Development Outlook" for investors' review.**

**The proposal for profit distribution approved by the Board is as follows: on the basis of 1,780,377,511 shares in total, all shareholders will be paid cash dividends (including tax) at RMB1.3 and given 0 bonus shares (including tax) per 10 shares and awarded with additional stock of 0 shares per 10 shares with corresponding consideration to be paid by capital reserve.**

## Content

Section I Important Notes, Content and Definitions .....	2
Section II General Information and Financial Indicators of the Company .....	7
Section III Overview of the Company' s Business .....	12
Section IV Discussion and Analysis of Business Conditions .....	19
Section V Important Events .....	43
Section VI Share Changes and Information of Shareholders.....	83
Section VII Preferred Shares.....	93
Section VIII Convertible Bonds .....	94
Section IX Directors, Supervisors, Officers and Employees .....	95
Section X Governance .....	107
Section XI Corporate Bonds.....	116
Section XII Financial Report.....	117
Section XIII List of Documents Available for Inspection .....	254

## Definitions

Words	Refers to	Definition
Mango Excellent Media, Company, the Company or Listed Company	Refers to	Mango Excellent Media Co., Ltd.
Mango Excellent Media Co., Ltd.	Refers to	The full name of 芒果超媒股份有限公司 in English
MANGO	Refers to	The abbreviated name of 芒果超媒股份有限公司 in English
Happy Sunshine	Refers to	Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd., a wholly-owned company of the Listed Company
Mango Studios	Refers to	Mango Studios Culture Co., Ltd., a wholly-owned company of the Listed Company
Mango Entertainment	Refers to	Hunan Mango Entertainment Co., Ltd., a wholly-owned company of the Listed Company
EE-Media	Refers to	Shanghai EE-Media Co., Ltd., a wholly-owned company of the Listed Company
Mangofun	Refers to	Shanghai Mangofun Technology Co., Ltd., a wholly-owned company of the Listed Company
Happigo	Refers to	Happigo Co. Ltd., a wholly-owned company of the Listed Company,
Happy Money	Refers to	Hunan Happy Money Microfinance Co., Ltd., a wholly-owned company of the Listed Company
Mango TV	Refers to	An internet video platform subordinated to the Listed Company and operated by Happy Sunshine
China Mobile	Refers to	China Mobile Communications Group Co., Ltd.
IPTV	Refers to	Internet Protocol Television, a technology integrated with internet, multimedia, communication, and other technologies through broadband network to provide family users a variety of interactive services including digital television
OTT	Refers to	Over the Top, which provides a variety of video and data services to users via the Internet
IP	Refers to	Intellectual property, the property rights of an obligee to the results of his or her intellectual work
APP	Refers to	Application
PAD	Refers to	Portable Device
PC	Refers to	Personal computer
TV	Refers to	Television

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AR	Refers to	Augmented Reality
VR	Refers to	Virtual Reality
5G	Refers to	5G Network
KOL	Refers to	Key Opinion Leader
UGC	Refers to	User Generated Content

## Section II General Information and Financial Indicators of the Company

### I. Company profile

Stock abbreviation	Mango Excellent Media	Stock code	300413
Company name in Chinese	芒果超媒股份有限公司		
Abbreviation name in Chinese	芒果超媒		
Company name in English (if any)	Mango Excellent Media Co., Ltd.		
Abbreviation name in English (if any)	Mango		
Legal representative	ZHANG Huali		
Registration address	Golden Eagle TV Culture City, Changsha City, Hunan Province		
Post code of registration address	410003		
Office address	Golden Eagle TV Culture City, Changsha City, Hunan Province		
Post code of office address	410003		
Website	<a href="https://www.mgtv.com">https://www.mgtv.com</a>		
Email	mangocm@mangocm.com		

### II. Contact and contact information

	Secretary of the Board	Representative of Security Affairs
Name	WU Jun	HUANG Jianyong
Address	Golden Eagle TV Culture City, Changsha City, Hunan Province	Golden Eagle TV Culture City, Changsha City, Hunan Province
Telephone	(0731) 82967188	(0731)82967188
Fax	(0731) 82897962	(0731) 82897962
Email	mangocm@mangocm.com	mangocm@mangocm.com

### III. Information disclosure and the locations

Designated newspapers for information disclosure	<i>China Securities Journal, Securities Times, Securities Daily and Shanghai Securities News</i>
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Website designated by CSRC for the publication of the Company's annual report	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
The Company's annual report is available at	Golden Eagle TV Culture City, Changsha City, Hunan Province

## VI. Other relevant information

The certified public accountants engaged by the Company

Name	Pan-China Certified Public Accountants LLP
Office address	19/F, New Century Building, No.198, Furong Middle Road, Changsha City, Hunan Province
Certified Public Accountant in signature	LI Xinkui, ZHANG Hong

Sponsor performing continuous supervision duties in the Reporting Period

Applicable     N/A

Financial advisor performing continuous supervision duties in the Reporting Period

Applicable     N/A

## V. Major accounting data and financial indicators

Whether it is necessary for the Company to make retrospective adjustment or restatement on the accounting data in previous years

Yes     No

	2020	2019	Year-on-year increase or decrease	2018
Operating income (in RMB)	14,005,534,955.36	12,500,664,232.05	12.04%	9,660,661,413.72
Net profit attributable to shareholders of the listed company (in RMB)	1,982,159,476.82	1,156,285,253.73	71.42%	865,568,532.45
Net profit attributable to shareholders of the listed company, net of non-recurring profit or loss (in RMB)	1,846,203,181.73	1,093,036,165.68	68.91%	287,569,612.17
Net cash flows from operating activities (in RMB)	580,970,353.08	292,866,711.18	98.37%	-376,920,617.58
Basic earnings per share (RMB/share)	1.11	0.66	68.18%	0.54
Diluted earnings per share (RMB/share)	1.11	0.66	68.18%	0.54



Weighted average return on equity	20.46%	15.68%	4.78%	17.43%
	At the end of 2020	At the end of 2019	Year-on-year increase or decrease	At the end of 2018
Total assets (in RMB)	19,265,699,802.98	17,078,206,149.68	12.81%	12,111,376,784.55
Net asset attributable to shareholders of the listed company (in RMB)	10,587,978,185.42	8,783,859,219.07	20.54%	5,639,373,295.72

Whether the lower of the Company's net profit before and after deduction of the non-recurring profit or loss in the past three accounting years is negative, and the audit report of the last year shows that it remains uncertain as to the Company's ability to continue as a going concern.

Yes  No

Whether the lower of the net profit before and after deduction of the non-recurring profit or loss is negative

Yes  No

## VI. Major financial indicators by quarter

In RMB

	Q1	Q2	Q3	Q4
Operating income	2,727,232,097.21	3,046,531,909.01	3,696,934,898.85	4,534,836,050.29
Net profit attributable to shareholders of the listed company	479,871,363.62	623,504,210.38	508,514,082.57	370,269,820.25
Net profit attributable to shareholders of the listed company, net of non-recurring profit or loss	441,483,222.17	533,648,020.70	475,483,944.20	395,587,994.66
Net cash flows from operating activities	-353,131,865.13	364,640,666.35	349,564,689.33	219,896,862.53

Whether there is any material difference between the above financial indicators, or their aggregates, and those disclosed in the Company's quarterly and semi-annual reports

Yes  No

## VII. Differences between accounting data under foreign and domestic accounting principles

### 1. Differences between net profit and net assets disclosed in the financial report under Chinese Accounting Standards and International Accounting Standards

Applicable  N/A

There is no difference between net profit and net assets disclosed in the financial report under Chinese Accounting Standards and

International Accounting Standards during the Company's Reporting Period.

## 2. Differences between net profit and net assets disclosed in the financial report under Chinese Accounting Standards and Oversea Accounting Standards

Applicable  N/A

There is no difference between net profit and net assets disclosed in the financial report under Chinese Accounting Standards and Oversea Accounting Standards during the Company's Reporting Period.

## VIII. Items and amounts of non-recurring profit or loss

Applicable  N/A

In: RMB

Items	2020 Amount	2019 Amount	2018 Amount	Note
Profit or loss from disposal of non-current assets (including the offset part of the retained asset impairment provisions)	70,055,759.62	-253,138.65	-592,600.43	Mainly due to income from equity disposal
Governmental grants included in the current profit or loss (except for those closely related with the normal operation of the Company and gained at a fixed amount or quantity according to certain standards based on State policies)	49,700,923.82	57,599,556.19	30,084,939.12	
Profit or loss from entrusting others with investment or asset management	3,906,349.28	7,344,704.18	29,283,549.28	
Enterprises' reorganization fees, such as staffing expenses and integration fees			-6,109,972.47	
Current net profit or loss of the subsidiaries established by merger of enterprises under common control from the opening of the accounting period to the date of consolidation			633,706,593.00	
Reversal of impairment provisions of accounts receivable and contract assets that have been tested for impairment separately	31,747,600.00	1,800,000.00		
Other non-operating income and expenses besides the above items	-18,913,395.60	-111,786.45	-31,529,319.92	
Less: impact on income tax	1,209.77	2,138,585.88	2,610,651.01	
Impact on minority equity (net of tax)	539,732.26	991,661.34	74,233,617.29	
Total	135,956,295.09	63,249,088.05	577,998,920.28	--

It is required to explain the basis on which the Company defined the items as those of non-recurring profit or loss under the *Information Disclosure and Explanation Announcement No. 1 for Companies with Publicly Offered Securities- Non-recurring Profit*

*or Loss*, and the reason why the Company defined as items of recurring profit or loss for those are illustrated as items of non-recurring profit or loss pursuant to the *Information Disclosure and Explanation Announcement No. 1 for Companies with Publicly Offered Securities- Non-recurring Profit or Loss*.

Applicable     N/A

The Company has no cases described above during the Reporting Period.

## Section III Overview of the Company's Business

### I. Principal Activities of the Company within the Reporting Period

#### (I) About the principal activities

The Company carries out its principal activities through Mango TV Internet Video Business, New Media Interactive Entertainment Content Production and Media Retail, among other businesses. By leveraging its distinctive green media convergence, and in light of its media attributes and content genes, the Company has built an ecology of entire media industry chain around internet video platform operation with coordinated development of upstream and downstream businesses covering membership, advertising, IPTV, OTT, movie and TV drama, variety show, artists agency, music copyright operation, game and IP derivative development, and content e-commerce, etc.



#### 1. Mango TV internet video business

Taking the channel synergy advantage of “one cloud for multiple screens”, the Company is committed to building a high threshold long video platform. Facing the global user group, featured by “self-made competitive products + Mango exclusive broadcast + high quality selection” and relying on the increasingly mature self-made content ecosystem and differentiated quality content matrix, the Company has launched a wide range of content products covering variety show, movie and TW drama, film, animation and short video, etc. Through the self-developed and operation Mango TV internet video platform, IPTV, OTT, and other channels, it provides content services across the full screens to cover PC web terminal, PC client, mobile APP, internet TV and so on.

The sales modes for the Mango TV internet video business are mainly divided into advertising sales, member sales and operator business sales. Advertising sales are primarily sub-divided into soft sales and hard sales, of which the soft sales refer to a mode around the content of fully exploring the marketing value of high-quality content IP to provide customers with advertising products such as naming and placement, while hard sales refer to a mode of continuous expansion of the platform popularity and enhancing the number of platform visits through high-quality content services to provide customers with advertising products such as pre-rolls and spots. Member sales are primarily sub-divided into online sales and offline sales, of which online sales refer to a mode whereby

the Company attracts users to buy membership packages on a monthly, seasonal, and annual basis, etc., through online consumption by virtue of its advantages of rich copyright resources and high-quality exclusive broadcasting content, while offline sales refer to a mode of selling membership cards to users. The operator large-screen business sales mainly refer to a mode of entering into cooperation agreements with major operators and cable TV operators based on which the Company will provide content products and cooperate with marketing, and the operators will develop users, with the relevant revenue to be shared between them after the users place orders.

### Mobile APP Homepage of Mango TV



### PC Web Homepage of Mango TV



### TV Homepage of Mango TV



## 2. New media interactive entertainment content production

(1) Content production and operation. As one of the leading content producers in the market, the Company has an open and innovative talent incentive mechanism and continuously produces high-quality content that meets the needs of the public, creating a business closed-loop of the entire industry chain to cover IP copyright, planning and creation, shooting and production, commercial distribution, and copyright sales, among others.

(2) Artist agency. By exploring and cultivating potential new talents, the Company provides artists with all-round services from positioning, publicity, modeling, and business endorsement, etc. to form a mature artist echelon with rich levels and complete types. It maximizes the commercial value of artists by organizing them to participate in movie and TV dramas, variety shows, commercial performances, brand concerts, brand endorsements, and peripheral derivative product licenses.

(3) Music copyright. Based on the long-term accumulation and constant enlarging of music IP resources by artist brokers, the Company carries out exclusive digital music licensing businesses such as online APP licensing, overseas digital music licensing, game licensing, program use licensing, movie, and TV soundtrack cooperation.

(4) Game and IP derivative development. The Company creates competitive game products by virtue of Mango's high-quality IP resources; operates e-sports IP events and creates IPTV e-sports channel to provide value-added services; carries out IP derivatives licensing and development, IP offline entertainment entity projects, among other businesses; and develop prime game products based on Mango's excellent IP resources.

### 3. Content e-commerce business

(1) The traditional media retail business mainly includes TV shopping, media e-commerce and outbound call. In terms of TV shopping, the cable TV network is leveraged to provide shopping display scenes on the large screen; in terms of media e-commerce, IPTV and OTT channels are expanded to create e-commerce live broadcast format; and in terms of outbound call, the private IP is built to release commodity information to target groups.

(2) With the advantages of its long video content, the Company launches a vertical content e-commerce platform "XIAOMANG" for the Z era, using contents as a basis to evoke resonance and further create demands, thus stimulating consumption. Through the content creation sharing based on short videos and the e-commerce shopping platform featured by sharing and recommendation, a new video content e-commerce mode with "video + content + e-commerce" as the core is formed.

### 4. Other business

Relying on the content production matrix and internet TV license, the Company continues to cooperate with intelligent hardware manufacturers, and precisely participates in the innovative R&D, design and production of intelligent hardware based on 5G, AI, VR/AR, Ultra HD, and other new technology applications.

#### (II) About the Industry

##### 1. The outline of the national development plan clearly emphasizes the continuous promotion of in-depth media convergence

In June 2020, the Central Committee for Deepening Overall Reform passed a new round of reform plan, requiring continuing the intensified reform of state-owned enterprises and deepen the promotion of media convergence. In September, the General Office of the CPC Central Committee and the General Office of the State Council issued the *Opinions on Accelerating the In-depth Media Convergence and Development* with a notice to clarify the overall requirements for the in-depth media convergence and development to optimize the allocation of resources with internet thinking and give full play to the main force in an all-round way, and stress that party committees and governments at all levels should strengthen the guarantee of funds and policies to support the in-depth convergence and development of media. In November, the National Radio and Television Administration issued the *Opinions on Accelerating the In-depth Convergence and Development of Radio and Television Media*, pointing out that in order to speed up the reform of deepening system and mechanism, it is encouraged to support radio and television institutions to hold or participate in internet and technology enterprises. In March 2021, the "fourteenth five-year plan" of the State was officially released, further emphasizing the promotion of in-depth media convergence and improvement of new mainstream media.

2. High-loyalty individuals become the main driving force for the online video development, and the platform is actively constructing a multi-level membership system

According to the QuestMobile data, in 2020 the penetration of online video users exceeds 75%, and the average monthly per capita usage duration of pan-entertainment users increases by more than 13% year on year. High-loyalty individuals become the main driving force for the industry development, and the growth rate of vertical video platforms exceeds the average level of the industry. Each platform actively seeks to change the traditional "bulk-cheap" strategy by increasing the benchmark price for platform members and decreasing the promotion for members. While speeding up the refinement of content and enhancing the originality and self-making, the Company is constantly innovating and diversifying the payment methods, with the mode of preview screening for members and video-on-demand after payment for a single drama becoming a new normal in the industry; continues to boost the platforms to build multi-level and refined member price and service operation systems, so as to keep pace with the increasingly rich content needs and viewing habits of different customer groups; and builds a more diversified and reasonable membership system, to further facilitate the expansion of revenue sources for video platforms, so as to achieve long-term sustainable development.

##### 3. Branding, digitization and precision become the core competitiveness in the advertising market

According to the CTR Market Research Report, the advertising market continued to differentiate throughout the year, with the growth rate of internet brand advertising exceeding that of traditional leading industries, and the internet platforms having high traffic and strong transformation ability becoming popular among advertisers. Relying on independent broadcast control platforms, creative content production capacity, matrix advertising products, full chain after-sales service systems, global marketing channels and digitally precise advertising abilities, main competitors show significant global advantages with respect to the actual effective conversion rate in the terminal market, core customer loyalties, brand premium and ecological innovation and development, thus obtaining the continuous appreciation by the market.

4. The supply-clearing of drama market maintains, and the proportion of self-made high-quality drama on video platform increases

According to the data from the National Radio and Television Administration, 670 TV dramas with 23,500 episodes were filmed, produced, and filed nationwide in 2020, 26% and 31.7% lower than the 905 TV dramas with 34,400 episodes in 2019 respectively. The risks and challenges faced by well-founded movie and TV companies are increasing, regulatory policies keep intensifying to regulate movie and television content frauds and other issues, the number of movie and TV episodes is constantly streamlined, and the multi-dimensional clearing of supply in the industry runs through the whole year, resulting in a main trend of “reducing quantity and improving quality” and a mainstream consensus on best quality. The first-line movie and television companies continue to show their competitive advantages by virtue of high-quality content production and stable financial situation. In respect of the video platforms, by integrating content creativity, production, distribution, broadcast operation, member derivation, advertising, marketing, and other key business segments, and further participating in the key links of the upstream and downstream industries of movie and television drama production, the quantity of original self-made and high-quality drama is creased, raising their proportions in the total constantly.

5. Content e-commerce keeps upgrading, and the platforms’ advantages of “brand promotion and sales efficiency” combined marketing become prominent

The new e-commerce competition involving video, content, personality, and social contact remains intense. By reconstructing such elements as users, products and scenes, the new content e-commerce upgrades the simple “shopping environment” to “social + shopping environment”, creates an immersive shopping experience by combining multiple scenes and digital technology, thus improving the monetization efficiency of supply and demand. Each flow platform actively expands the new mode of e-commerce, and widely cooperates with leading IP, creative contents, stars, artists and KOL talents to jointly innovate the new generation of e-commerce channels with short and medium contents, IP derivatives and live-streaming sales, among others. With the industrial closed-loop building capability of complete product R&D, content creativity, and “brand promotion and sales efficiency” combined marketing, the internet platforms have significant advantages in the new round of content e-commerce competition.

6. The two-way integration of long and short videos is intensified, and the vertical competition is upgraded

The traffic competition among platforms focusing on contents becomes fiercer. The two-way penetration of long and short videos and the multi-dimensional integration are accelerated, with the “long-short linkage” becoming the industry norm. High quality variety shows, dramas and other professional content products are still the core competitiveness in the long video industry. Relying on high-quality copyright and self-made content, the long video platforms accelerate the upgrade of content and users, continue to launch innovative short and medium video services, strengthen the traffic support and business incentives for UP in various fields, and seek to improve their own PUGC ecosystem, with the purpose to actively create a compound content ecology and diversified derivative business model. The short video platforms show more intensive multi-dimensional competition with respect to contents, traffics and users, by continuing to expand the layout of professional content fields such as movies, movie and TV dramas, micro variety shows, short plays and music libraries, accelerating the improvement of traffic commercialization operation efficiency, and upgrading and improving the user value realization mode around “short video + e-commerce”.

7. The distribution of digital copyrights and cross-platform contents is regulated, and the crackdown on copyright infringement is intensified with the joint efforts of the content industry

The protection of content keeps improving. Meanwhile, the distribution of cross-platform and cross-terminal video and audio contents, as well as the establishment of digital copyrights management system standards continue to be strengthened. In order to further implement the new requirements for the media convergence and development, ultra HD TV, 5G applications and other fields, the National Radio and Television Administration officially released the *Management Standard System on Digital Copyrights for Video and Audio Content Distribution* in February 2021, covering cable digital TV, IPTV, internet TV and internet video, among other business fields, further regulating the digital copyrights protection in the process of video and audio content distribution, terminal receiving and broadcasting, and terminal-to-terminal transmission. The crackdown efforts and coverage on UGC and short video copyrights infringements continue to increase, in which scenario the popular TV dramas, variety shows, cinema movies and other long video content products become the main force of rights protection. On the one hand, the forms of short video copyright infringement are diversified and complicated. On the other hand, the improvement of platform review, real-time monitoring, nature identification, right confirmation and protection, supervision, and protection in response to all kinds of infringement are sped up. In April 2021, more than 70 movie and television media entities and enterprises issued a joint statement on the protection of movie and television copyrights, indicating that they would initiate centralized and necessary legal actions against the public account producers and operators for their unauthorized editing, cutting, transferring and communicating of movie and television works, and meanwhile calling for the producers and operators of short video platforms and public accounts to enhance the awareness of copyright protection.

8. The market share of IPTV continues to rise, the industry standards are regulated, and the brand building is accelerated

According to the Ministry of Industry and Information Technology of the PRC, by the end of 2020, the three leading operators had 484 million broadband access users and 315 million IPTV users, a net increase of 21.2 million in the whole year, and an IPTV business revenue of RMB33.5 billion, an increase of 13.6% compared with that in 2019. In 2020, the revenue from fixed value-added telecom services based on IPTV, cloud computing and big data increases by 26.9% compared with that in 2019, representing a year-on-year growth rate of 5.7%, with a revenue growth contribution rate of 79.1%. Additionally, new industry standards, represented by the *Specification of Interfaces for User "Double Authentication and Accounting" for Both IPTV Integrated Playout Management Platform and Transmission System* issued by the National Radio and Television Administration, are being rolled out, further upgrading, and improving the management on the development of radio and television as well as network audio-visual industry. With the constant expansion of the IPTV market and its value highlights, the brand construction of IPTV platforms around the world has accelerated, promoting the simultaneous improvement of industry content, experience, and service quality.

## II. Significant changes in major assets

### 1. Significant changes in major assets

Major assets	Explanation on significant changes
Equity assets	The long-term equity investments decreased by RMB187.5532 million at the end of the period compared with the beginning of the period, mainly due to the transfer of 40% equity in Malanshan Cultural and Creative Investment Co., Ltd..
Fixed assets	The fixed assets increased by RMB6.3181 million at the end of the period compared with the beginning of the period, mainly due to the purchase of machinery and equipment, electronic equipment, and other fixed assets in the current period.
Intangible assets	The intangible assets increased by RMB1,043.3764 million at the end of the period compared with the beginning of the period, mainly due to the increase in the reserve of purchasing copyright resources.



Prepayments	The prepayments increased by RMB270.616 million at the end of the period compared with the beginning of the period, mainly due to the increase in prepayments for copyright purchase and investments in movie and TV dramas.
Contract assets	The contract assets increased by RMB244.5826 million at the end of the period compared with the beginning of the period, mainly due to the expansion of operator business scale.

## 2. Major overseas assets

Applicable  N/A

## III. Analysis of core competence

### 1. The advantages for the main platform involving in-depth media convergence and development

On August 18, 2014, the fourth meeting of the Central Committee for Deepening Overall Reform was held under the presiding of the General Secretary Mr. XI Jinping, at which the *Guiding Opinions on Promoting the Convergence and Development of Traditional Media and New Media* was deliberated and adopted. The media convergence and development has become a focus of the national strategy. Since then, the CPC and the State have made multiple deployments for the media convergence and development; in September 2020, the General Office of the CPC Central Committee and the General Office of the State Council issued the *Opinions on Facilitating the Promotion of In-depth Media Convergence and Development*, putting forward further requirements and giving policy supports for promoting the in-depth media convergence and development. As a state-owned enterprise of party media, the Company is bound to become the main platform for in-depth media convergence and development, give full play to its dominant role, and accordingly get more policy supports; meanwhile, in light of its rich experience in content control and value orientation, etc., it has generated the main platform advantages in the in-depth media deep convergence and development.

### 2. Ecological advantages of Mango based on dual-platform linkage development

In order to further promote the in-depth media convergence and development, as the new mainstream media of Hunan Broadcasting System, the Company has, relying on the Mango ecology, formed a dual-platform linkage advantage with Hunan Broadcasting System's traditional media. By actively exploring and promoting the co-creation and sharing mechanism of dual platforms, fully opening up the field of content creation, jointly increasing content innovation and improving product cluster links, the Company is expected to normalize the popular content products that meet the value orientation and market demand, so as to lay a solid foundation to continuously create the new mainstream media group with strong communication, guidance, influence, and credibility.

### 3. Advantages of innovation mechanism taking “Innovation or Death” as the idea

The Company follows the innovation principle of Hunan Broadcasting System, always adhering to the innovative concept of “Innovation or Death”. It kept giving full play to the team vitality and activating the innovation power through the establishment of an incentive mechanism for open innovation, the vigorous implementation of the studio system, the creation of a good external environment for employees’ innovation, and the provision of sufficient resource allocation, while disclosing the innovation risks; built a platform for employees to actively participate in innovation and creative activities through the organization of strategic seminars, “Mango Youth Talk” and other activities; constantly improved the innovative talent reserve system and echelon construction system through the implementation of “Mango Youth CEO Club”, “Green Mango Plan” and other youth training programs; and accurately grasped the development trend of the industry as well as prospectively arranged new technologies and businesses in the face of the rapid technological progress to construct strategic innovation advantages.

### 4. Advantages of systematic self-production content enabled by middle ground

Based on its own strong content production team, and adhering to the strategy of “locking core production factors and creating high threshold long videos”, the Company has established a unique self-made content production system; and by building a smart middle ground, reconstructing the standardized linkage mechanism in the evaluation, operation, product and technology, etc., of content production, and in light of the AI technology application, it has effectively improved the level of large-scale collaboration among various parts to minimize the costs and controls the risks, thus freeing the content team for their focusing on innovation, thereby forming the Company’s self-made content production advantages. It is under the support of this standardized self-made content production system that the Company launched more than 40 self-made variety shows throughout the year.

#### 5. Advantages of differentiated user positioning of “youth, city and women”

With the unique content strategy, the Company adheres to the platform user positioning of “youth, city and women”, ensuring the connection and high coincidence among clear user groups, accurate content products and advertisers. Overall, the Mango TV users have distinctive profiles such as “vitality, fashion and high quality”, the female users accounting for a higher proportion than the industry level. The definite user profiles and platform positioning has strengthened the Company’s unique advantages in the multi-channel and multi-way release of content IP composite value, as well as the construction of member-fan combined operation system. On this basis, the Company keeps attracting more diverse users through the rich content matrix.

#### 6. Advantages of ecological “moat” in the coordinated development of the whole upstream and downstream industrial chain

Taking the advantages of content production, the Company continues to build a new media ecological closed-loop around the whole upstream and downstream industry chain of the media internet: the upstream mainly includes artist agency, variety show as well as movie and TV production businesses; the midstream relies on strong content self-making ability and high-quality content product matrix to conduct multi-channel content operation and distribution through internet video platforms; the downstream focuses on the IP classification, adaptation and development around Mango series, and form a new video content e-commerce mode with “video + content + e-commerce” as the core based on the content, so as to realize multi-channel derivative realization online and offline. With strong synergy and complementarity, each part of the industry chain joins together to form an integral and unique ecological “moat” for the whole industry chain of Mango in the context of media convergence.

#### 7. Full terminal linkage advantages of “one cloud for multiple screens” supported by multiple licenses

Mango TV is the only competitive market player in the internet video industry with IPTV and OTT business licenses at the same time. The smart large screen business has covered 31 provincial administrative regions such as Hunan, Jiangsu, and Zhejiang, which is of importance to support the Company’s layout of 5G and smart economy. Relying on the advantages of complete licenses, the Company has had its audio-visual business covering all terminals including mobile phone, PAD, PC, TV, IPTV and OTT, being the first video media in the industry to truly realize “one cloud for multiple screens”.

#### 8. Benign business model of sustainable development

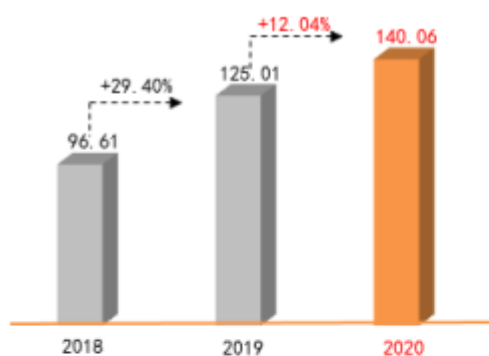
Based on the accurate user positioning, strong content self-making ability, refined member operation system and advertising marketing system with combination of brand promotion and sales efficiency, the Company has been able to greatly improve the operation efficiency of membership and advertising businesses, increase the operating income, and establish an industry-leading and unique benign business model while effectively controlling the costs, especially the costs of content production, thus becoming the only market player in the online video industry to make and maintain profitability.

## Section IV Discussion and Analysis of Business Conditions

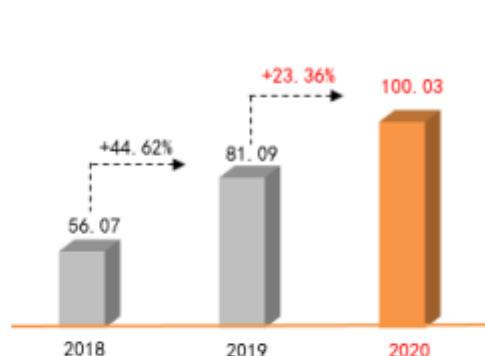
### I. Overview

In 2020, under the background of deep industrial reform and COVID-19 outbreak control normalization, the Company always shouldered its mission to lead the in-depth media convergence and development. By strengthening the strategic orientation, closely focusing on the high-quality development of the listed company, attaching great importance to the content with the high threshold long video as the core business strategy, and continuously giving full play to its advantages in content self-making, it repeatedly outperformed others in content innovation. Meanwhile, the operation efficiency of Mango TV was improved steadily, and the revenue structure was optimized for the coordinated development of upstream and downstream businesses in the whole industry chain. During the Reporting Period, the Company had a total operating income of RMB 14,005.5350 million, a year-on-year increase of 12.04%; and a net profit attributable to the shareholders of the listed company of RMB 1,982.1595 million, a year-on-year increase of 71.42%. Mango TV membership, advertising, operators, and other businesses kept growing in a steady and rapid manner. Happy Sunshine, another operating entity, had an operating income of RMB 10.003 billion, a year-on-year increase of 23.36%, and a net profit of RMB 1.775 billion, a year-on-year increase of 83.17%.

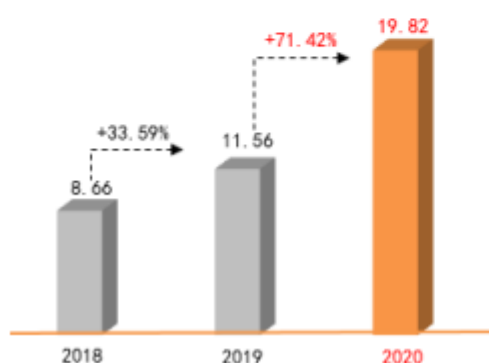
Operating Income of Mango Excellent Media (In: RMB0.1 billion)



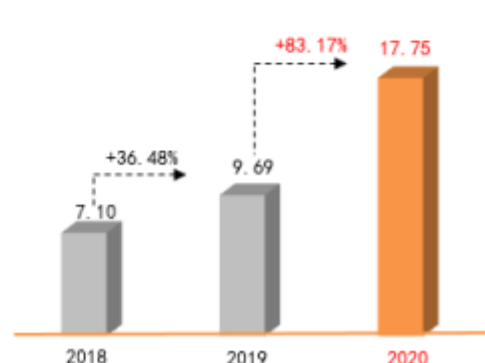
Operating Income of Mango TV (In: RMB0.1 billion)



Net Profit Attributable to Parent Company of Mango Excellent Media (In: RMB0.1 billion)



Net Profit of Mango TV (In: RMB0.1 billion)



1. Keep in mind the mission of the party media and insist on the lead of the main force

The Company always adhered to the principle of innovation by constant creation of high-quality content, and expanded the mainstream force to firmly keep its leading position in the mainstream publicity. In terms of grand theme publicity: the special reports on major events such as the “Two Sessions” and the 70th anniversary of the founding of the PRC were successfully

completed, which were highly appreciated by competent authorities at all levels; during the outbreak, the first-level response to the control and containment propaganda was initiated at the first time whereupon the Mango TV launched COVID-19 Control and Containment, a large-scale convergence media topic, and Will Win One Day, a short play acting against the outbreak, in which touching stories of the first line anti-outbreak heroes were shown to pay high respect to the medical staff. In terms of news films, youth elements were particularly integrated into the works to endow the main themes with more vitality and further realize the efficient dissemination of mainstream values: *Picturesque Battle Flag* told the stories of Chinese soldiers' dedication to the country, inspiring young groups to "pay homage to Chinese soldiers"; *Flowering Pomegranate 2* focused on poverty alleviation, telling the stories of all ethnic groups working together for common development; *CHINA* summarized the context of Chinese history to deeply explore the source of strength for the great rejuvenation of the Chinese nation; *The Day I Ran China* which told China stories in an unique perspective to represent the image of China in the new era won the 30th "China News Award". In terms of major literary and artistic projects: *A LAND SO RICH IN BUAUTY* praised poverty alleviation to attract concerns of the young to rural issues; *Be Steeled in Repeated Struggles* reproduced the glorious history of the Communist Party of China in a freehand way; and *Ideal Shining China* focused on the historic leap of the Communist Party of China in leading the Chinese people to stand up, get rich and be strong, drawing a grand picture of the party history in the past 100 years. In terms of promoting international communication, the international APP of Mango TV sought to tell sound Chinese stories and spread sound Chinese voices, having recommended more than 100 high-quality Chinese cultural documentaries in 18 languages, with its overseas business services covering more than 195 countries and regions around the world, thereby to keep building a new open and diversified international communication system, which won the "China - ASEAN Excellent Communication Case" award in 2020.

## 2. Enrich the program matrix and actively build own long video ecology

In terms of variety shows, during the Reporting Period, Mango TV launched more than 40 self-made variety shows, with excellent performance of newly created programs and continuous upgrading of N-generation variety shows to continue the building of a firm "moat" for contents: *Sisters Who Brave Winds and Waves* spreads the positive energy of being brave through the struggles of young ladies, and presents the new-era women's encouragement, value building and beauty at their thirties, which has become a phenomenal innovation program leading the trend; such innovative variety shows as *Welcome Back to Sound, Lady Land and Listen Up*, and such N-generation variety shows as *GREAT ESCAPT (Season II)*, *Meeting Mr. Right (Season III)* and *Viva La Romance (Season IV)* have been popular and highly appraised. In terms of drama, the Company adhered to the two-pronged development strategy of self-built studio and external strategic studio, based on which Mango TV has made every endeavor to build an independent and self-control movie and television production system with 12 movie and television production teams and 30 strategic studios under the "New Mango Plan" as the core productivity, gradually building a high-quality, benign and sustainable self-drama content ecology. During the Reporting Period, Mango TV launched a total of 57 key movie and TV dramas: *Find Yourself* conveys the infinite positive life concept and creates happiness during the outbreak; *Go Ahead* interprets that family members will make each other better; *Fearless Whispers*, a realistic era drama produced by Mango Studios has been broadcast on CCTV-8, Mango TV and other network platforms at the same time, ranking the first in the ratings for 25 consecutive days; and *Living Toward the Sun*, produced by Mango Entertainment, was premiered on Hunan Satellite TV Channel and broadcast alone on Mango TV, ranking the first as to the premiere in the provincial satellite TV network.



### 3. Strengthen the middle ground empowerment and promote the iterative upgrade of platform operation

The Company strengthened the construction of smart middle ground, transformed the organization management, and improved the business process quality and efficiency, with all business sectors of multi-screen integration, advertising, member and operator joining each other to make efforts. In terms of membership business, the Company, based on a deep study on the membership rights and interests, implemented the “3<sup>rd</sup> Youth Mango Festival” for the upgrade of “cultural + city” brand and introduced special programs for high-quality IP members; the revenue from membership business has been promoted by implementing the diversified payment policy for contents, the proportion of member life cycle and health types being steadily increased; more diverse users have been obtained by enriching the content matrix, with the male user preference (TGI) up to 124% for the self-made drama *Stage Builder*. By the end of 2020, the number of effective members of Mango TV reached 36.13 million, an increase of 96.68% over the end of 2019. During the Reporting Period, the income from membership reached RMB3.255 billion, an increase of 92% over the same period of last year. In terms of advertising business, on the basis of safeguarding high-quality content of Mango TV, new marketing mode was actively explored to excavate the program advertising value and widen the cooperation space for advertising with brand promotion and sales efficiency: *Sisters Who Brave Winds and Waves* has attracted investment that breaks many records with more than 40 program advertisers; *Find Yourself* has created a new high of drama-related advertising investment; and the customized variety shows have created a new mode of “live + variety show”, excavating more than 40 advertisers. During the Reporting Period, the income from advertising reached RMB4.139 billion, a year-on-year increase of 24%. In terms of operator business, the Company broke through the existing cooperation mode, expanded the scale of channel revenue, and focused on improving the revenue volume of single province, and through the multi-dimensional interaction of “contents + members + activities + brands”, explored the innovation of local content and vertical fields, with the income from operator reaching RMB1.667 billion, up 31% year on year, during the Reporting Period.

### 4. Promote ecological collaboration and continue to build the whole media industrial links

Around Mango TV, the Company kept building the industrial links such as media retail, artist agency, music copyright, game, and IP derivative development. As of the end of the Reporting Period, there were a total of 163 contractual artists including such well-known ones as YANG Shuo, HUANG Shengyi and YUAN Yonglin who were newly come in EE-Media, Happy Sunshine, Mango Entertainment and Mango Studios subordinated to the Company. There were nearly 1,400 songs in EE-Media record and film music library. HUA Chenyu’s album *New World* had a total sales volume of exceeding 1.73 million, winning the sales champion in Netease CloudMusic for 2020. During the Reporting Period, Mango TV launched more than 100 kinds of stand-alone, online games and H5 games; the e-sport channel has begun to take shape, with its own video content of exclusive copyright for 5,000 hours, the

user scale of the e-sport channel IPTV in Hunan Province has maintained a rapid growth, and the e-sport channel products outside the province have covered 14 provinces. In terms of media retail: the TV shopping business actively compressed the market with low output efficiency, focused on the profitable market, and continued to expand the IPTV + OTT channel; the outbound call business was upgraded, and more focus has been put on the core member operation. The “Mango Poverty Alleviation Cloud Supermarket” has been built, covering 41 counties and cities in Hunan Province, which was selected by the New Media Professional Committee of ACJA into the “Top Ten Outstanding Cases of Poverty Alleviation by China’s New Media in 2020”.

#### 5. Optimize the structure of talents and construct the person-post matching mechanism in selecting, employing, and appointing

The Company kept improving the open and innovative incentive mechanism and distinctive refresh mechanism by giving full play to talent vitality through strengthening talent reserve and echelon construction and enriching more young and middle-aged talents who were familiar with new media to key positions. On the one hand, the advantages of creative talents were consolidated, the existing talent team was transformed and upgraded during which the business backbones were transformed to project leaders and product managers taking the project as the guide, the evaluation echelon rewards were clarified, super studios were upgraded, and a completely new outlook of team was encouraged to maximize the team creativity. As of the end of the Reporting Period, Mango TV had a total of 20 variety show teams, 12 movie and television drama production teams and 30 strategic cooperation studios, and has established multi-dimensional studios to cover music, directing and vision. On the other hand, the training and introduction of talents were strengthened by quick supplement of new media and technical talents in such fields as software engineering, product research and development, data operation and maintenance to make up for the shortage of professional talents.

#### 6. Incubate new business forms and explore new ways of high-quality development

In June 2020, the Company held a strategic seminar with the theme of “Let the youth ride the wind and waves”, deeply discussing the Company’s strategy from the aspects of content innovation, operation management, commercialization, capital operation, new products, new technology and new racetracks, among others. In the second half of 2020, the Company made every effort to promote the launching and implementation of the key new racetracks and products discussed in the said seminar. The “Mango Monsoon” plan was initiated to innovate the production and business operation mode of TV series, reconstruct the production system of Mango TV series, and create the first weekly broadcasting theater linking TV and network. Meanwhile, “XIAOMANG” APP was launched to explore and build vertical communities in respects of “great escape”, “fashion” and “cute pet”, etc. and give full play to the Company’s advantages in IP creativity, thus forming a brand-new e-commerce model for video “content + social contact” around “video + content + e-commerce”. Through pioneering a new track and exploring a new growth for business development, the Company has created a Mango ecosystem with richer connotations.

#### 7. Explore technological innovation to drive the in-depth media convergence and development

During the Reporting Period, the Company actively explored the integration of content and technology, integrating new technology into the whole process of content production, dissemination, and service. A Mango holographic light field system has been build with the first 4K light field shed in China, applying the dynamic holographic light field acquisition system to special effect production of program and automatic dynamic 3D modeling, among others. A Mango VR system has been developed to explore VR innovation on suspenseful and mentally absorbing topics such as GREAT ESCAPT, and conduct research on VR interaction. Besides, the Company made efforts to develop an interactive drama production platform, actively participated in the formulation of national industry standards, and launched the interactive derivative micro drama TARGET PERSON corresponding to Who’s the Murderer, with the score of 8.7 on Douban. Mango TV hosted the first “Malanshan Cup” international audio and video algorithm optimization competition, during which nearly 1,300 teams of algorithm elites from more than 20 countries and regions gathered in Malanshan to raise the technology in respects of image, picture quality and recommendation to the leading level in the industry. Five of the top 10 winners of the said competition have joined Mango TV to accelerate its development in algorithm. During the Reporting Period, Mango TV was rated as one of the top 100 software and information technology service competitive enterprises of the 24th China International Software Expo in 2020, ranking 20th among the top 100 internet enterprises of China in 2020.

The Company is required to observe the disclosure requirements in *No. 6 Guideline of Shenzhen Stock Exchange Regarding Information Disclosure in Growth Enterprise Market Industry – Listing Company Engaged in Internet Video Business*.

## II. Analysis on principal activities

### 1. Overview

For relevant details, see “I. Overview” in the Section “Discussion and Analysis of Business Conditions” hereof.

### 2. Revenue and cost

#### (1) Composition of operating income

Overall description of operating income

In: RMB

	2020		2019		Year-on-year increase or decrease
	Amount	Proportion to operating income	Amount	Proportion to operating income	
Total operating income	14,005,534,955.36	100%	12,500,664,232.05	100%	12.04%
By industry					
Mango TV internet video business	9,060,568,867.27	64.69%	6,318,231,214.48	50.54%	43.40%
New media interactive entertainment content production	2,764,980,756.83	19.74%	3,902,187,958.57	31.22%	-29.14%
Media retail	2,104,532,724.46	15.03%	2,007,314,831.02	16.06%	4.84%
Other principal businesses	61,533,468.52	0.44%	56,234,849.86	0.45%	9.42%
Other business income	13,919,138.28	0.10%	216,695,378.12	1.73%	-93.58%
By product					
Mango TV internet video business	9,060,568,867.27	64.69%	6,318,231,214.48	50.54%	43.40%
New media interactive entertainment content production	2,764,980,756.83	19.74%	3,902,187,958.57	31.22%	-29.14%
Media retail	2,104,532,724.46	15.03%	2,007,314,831.02	16.06%	4.84%
Other principal	61,533,468.52	0.44%	56,234,849.86	0.45%	9.42%

businesses					
Other business income	13,919,138.28	0.10%	216,695,378.12	1.73%	-93.58%
By region					
Within Hunan	4,513,906,434.72	32.23%	4,354,887,302.09	34.84%	3.65%
Outside Hunan	9,491,628,520.64	67.77%	8,145,776,929.96	65.16%	16.52%

**(2) Industries, products, or geographical areas having operating income or operating profit accounting for more than 10% of that of the Company**

√ Applicable    □ N/A

In: RMB

	Operating income	Operating costs	Gross profit margin	Year-on-year increase or decrease of operating income	Year-on-year increase or decrease of operating costs	Year-on-year increase or decrease of gross profit margin
By industry						
Mango TV internet video business	9,060,568,867.27	5,373,904,985.43	40.69%	43.40%	40.74%	1.12%
New media interactive entertainment content production	2,764,980,756.83	2,146,888,764.52	22.35%	-29.14%	-24.84%	-4.45%
Media retail	2,104,532,724.46	1,676,380,697.52	20.34%	4.84%	14.12%	-6.48%
Others	75,452,606.80	33,114,196.97	56.11%	-72.35%	-76.49%	7.73%
By product						
Mango TV internet video business	9,060,568,867.27	5,373,904,985.43	40.69%	43.40%	40.74%	1.12%
New media interactive entertainment content production	2,764,980,756.83	2,146,888,764.52	22.35%	-29.14%	-24.84%	-4.45%
Media retail	2,104,532,724.46	1,676,380,697.52	20.34%	4.84%	14.12%	-6.48%
Others	75,452,606.80	33,114,196.97	56.11%	-72.35%	-76.49%	7.73%
By region						



Within Hunan	4,513,906,434.72	3,049,636,842.23	32.44%	3.65%	-1.27%	3.37%
Outside Hunan	9,491,628,520.64	6,180,651,801.71	34.88%	16.52%	18.95%	-1.33%

The Company's principal business data in the most recent year that has been adjusted subject to the closing balance of the report as there are certain adjustments on the statistical data of the Company's principal businesses in the Reporting Period.

Applicable  N/A

### (3) Whether the Company's income from physical sales is greater than its labor income

Yes  No

### (4) Performance of significant sales contracts concluded by the Company as of the Reporting Period

Applicable  N/A

### (5) Composition of operating costs

By industry

In: RMB

By industry	Item	2020		2019		Year-on-year increase or decrease
		Amount	Proportion to operating costs	Amount	Proportion to operating costs	
Mango internet business	TV video Internet video business	4,841,068,825.32	52.45%	3,399,238,963.61	41.03%	42.42%
Mango internet business	TV video Operator business	532,836,160.11	5.77%	419,175,433.87	5.06%	27.12%
New interactive entertainment content production	media Copyright and production costs	1,980,061,842.66	21.45%	2,616,039,876.07	31.58%	-24.31%
New interactive entertainment content production	media Employee benefits and others	166,826,921.86	1.81%	240,425,514.40	2.90%	-30.61%
Media retail	Media retail	1,676,380,697.52	18.16%	1,468,987,207.33	17.73%	14.12%
Other principal businesses	Other principal businesses	26,844,714.41	0.29%	37,320,352.51	0.45%	-28.07%
Other business	Other business	6,269,482.56	0.07%	103,553,601.63	1.25%	-93.95%

costs	costs					
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Explanation

None

### (6) Whether there is any change in the scope of consolidation during the Reporting Period

Yes  No

During the Reporting Period, Happy Sunshine Hongmang Education Technology Co., Ltd. and Xiaomang Electronic Commerce Co., Ltd. are newly established, while Doug (Shanghai) Investment Management Limited Liability Company, Ningbo Free Trade Zone Happigo International Trade Co., Ltd. and Damei Fashion (Shanghai) Culture Media Co., Ltd. are deregistered. For details, see VIII. Change in Scope of Consolidation in Section XII. Financial Report hereof.

### (7) Descriptions of significant changes or adjustments on the Company's businesses, products, or services

Applicable  N/A

### (8) Major clients and suppliers

Major clients of the Company

Total sales of top 5 clients (in RMB)	4,968,532,823.01
Proportion of total sales from top 5 clients to total annual sales	35.48%
Proportion of sales from the related parties among top 5 clients to total annual sales	27.59%

Information of top 5 clients of the Company

S.N.	Name of client	Sales (in RMB)	Proportion to total annual sales
1	The First	3,038,207,506.39	21.69%
2	The Second	826,176,362.97	5.90%
3	The Third	451,961,458.28	3.23%
4	The Fourth	400,492,950.89	2.86%
5	The Fifth	251,694,544.48	1.80%
Total	--	4,968,532,823.01	35.48%

Other information of major clients of the Company

Applicable  N/A

The client ranked first refers to Hunan Broadcasting System, the de facto controller of the Company, and its subsidiaries under its control, with which the transaction are recorded in aggregation. The client ranked second refers to MIGU Culture Technology Co. Ltd., a related party of the Company, and its subsidiaries under its control, with which the transaction are recorded in aggregation.

## Major suppliers of the Company

Total purchase amount of top 5 suppliers (in RMB)	2,075,853,242.53
Proportion of total purchase amount of top 5 suppliers to total annual purchase amount	22.49%
Proportion of the purchase amount of the related parties among top 5 suppliers to the total purchase amount	13.11%

## Information of top 5 suppliers of the Company

S.N.	Name of supplier	Purchase amount (in RMB)	Proportion to total annual purchase amount
1	The First	1,210,045,246.96	13.11%
2	The Second	269,699,812.24	2.92%
3	The Third	226,415,094.34	2.45%
4	The Fourth	212,264,150.94	2.30%
5	The Fifth	157,428,938.05	1.71%
Total	--	2,075,853,242.53	22.49%

## Other information of major suppliers of the Company

√ Applicable    □ N/A

The supplier ranked first refers to Hunan Broadcasting System, the de facto controller of the Company, and its subsidiaries under its control, with which the transaction are recorded in aggregation.

### 3. Expenses

In: RMB

	2020	2019	Year-on-year increase or decrease	Explanation on significant changes
Selling expenses	2,164,415,269.87	2,140,684,155.45	1.11%	Mainly caused by the increase in promotion and advertising agency fees, resulted from increased program releases and advertising revenue, and by the enhancement of marketing and sale team incentives.
Administrative expenses	629,200,722.73	610,138,439.92	3.12%	Mainly caused by the increase in human resources investment.
Financial expenses	-86,619,854.07	-36,576,566.73		Mainly caused by the increase in interest income.

Research and development expenses	184,384,948.72	239,299,331.86	-22.95%	Mainly caused by the increase of R&D resources invested in cloud storage platform projects and the corresponding decrease of expensed R&D expenditure.
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#### 4. Research and development expenditures

Applicable  N/A

The Company aims to provide customers with more types of products for a better service by accelerating the company's technology updates in products and business operations for keeping up with industry development trends and guaranteeing in-depth product project research and development, so as to ensure that the Company is more competitive in the market with a broader channel and space for performance growth.

Proportion of the Company's R&D investments to the operating income in the past three years

	2020	2019	2018
Number of R&D personnel (person)	622	645	645
Proportion of number of R&D personnel	13.91%	15.41%	15.49%
R&D investments (in RMB)	319,282,521.92	280,287,866.02	225,112,126.76
Proportion of R&D investments to operating income	2.28%	2.24%	2.33%
Amount of R&D expenditure capitalization (in RMB)	134,897,573.20	40,988,534.16	4,556,241.12
Proportion of R&D expenditure capitalization to R&D investments	42.25%	14.62%	2.02%
Proportion of R&D expenditure capitalization to current net profit	6.82%	3.54%	0.49%

Reasons for significant changes in the proportion of the Company's R&D investments to the operating income

Applicable  N/A

Reasons for significant changes in capitalization rate of R&D investments and the description of their rationality

Applicable  N/A

During the Reporting Period, the Company made great efforts to promote the equity investment project concerning the construction of Mango TV cloud storage and multi-screen broadcast platform, and the R&D expenditure of the project was capitalized. Given the large scale of the project, the proportion of capitalized R&D expenditure in R&D investment increased.

## 5. Cash flow

In: RMB

Item	2020	2019	Year-on-year increase or decrease
Sub-total of cash inflows from operating activities	13,357,032,896.39	11,017,337,848.86	21.24%
Sub-total of cash outflows from operating activities	12,776,062,543.31	10,724,471,137.68	19.13%
Net cash flow from operating activities	580,970,353.08	292,866,711.18	98.37%
Sub-total of cash inflows from investing activities	886,489,234.84	922,908,322.83	-3.95%
Sub-total of cash outflows from investing activities	692,459,021.89	813,567,045.02	-14.89%
Net cash flow from investing activities	194,030,212.95	109,341,277.81	77.45%
Sub-total of cash inflows from financing activities	160,436,700.00	2,380,419,369.03	-93.26%
Sub-total of cash outflows from financing activities	662,272,824.91	255,743,249.75	158.96%
Net cash flow from financing activities	-501,836,124.91	2,124,676,119.28	-123.62%
Net increase in cash and cash equivalents	273,387,984.85	2,526,488,344.91	-89.18%

Explanations on main factors affecting significant differences between data compared on a year-on-year basis

√ Applicable    □ N/A

The net cash flow from operating activities in the current period was RMB580.9704 million, an increase of 98.37%, mainly due to the increase in cash received from sales of goods.

The net cash flow from investing activities in the current period was RMB194.0302 million, an increase of 77.45%, mainly due to the increase in cash received from equity transfer in the Reporting Period.

The subtotal of cash inflow from financing activities in the period was RMB160.4367 million, a decrease of 93.26%, mainly due to the decrease in cash received from loans in the current period and the availability of funds raised in the same period of last year.

The subtotal of cash outflow from financing activities in the current period was RMB662.2728 million, an increase of 158.96%, mainly due to repayment of loans and distribution of dividends.

The net cash flow from financing activities was RMB-501.8361 million in the current period, a decrease of 123.62% compared with RMB2,124.6761 million in the prior period, mainly due to the repayment of bank loans and the distribution of dividends in the current period, as well as the availability of funds raised in the same period of last year.

The net increase in cash and cash equivalents in the current period was RMB273.388 million, a decrease of 89.18%, mainly due to the acquisition of matching financing funds in the same period of last year without such acquisition in this year.

Explanations on reasons for significant differences between the net cash flow from the Company's operating activities during the Reporting Period and the net profit for the year

√ Applicable    □ N/A

This is mainly due to the cash outflow caused by the Company's copyright reserves and substantial investment in movie and television dramas during the Reporting Period.

### III. Non-principal activities

√ Applicable    □ N/A

In: RMB

	Amount	Proportion to total profits	Reasons	Continual or not
Investment income	80,792,516.40	4.07%	Mainly due to financial management income and long-term equity investment disposal income	No
Impairment of assets	-89,388,881.81	-4.50%	Mainly due to the provision for bad debts and inventory impairment.	No
Non-operating income	26,886,284.35	1.35%	Mainly due to income from safeguarding rights.	No
Non-operating expenses	46,535,880.99	2.34%	Mainly due to compensation expenditure, losses from outbreak containment and donation expenditure.	No

### IV. Assets and liabilities

#### 1. Significant changes in asset composition

The Company adopted new revenue standards or new lease standards for the first time in 2020, with adjustments to the opening balance of relevant items in the financial statements

Applicable

In: RMB

	At the end of 2020		At the beginning of 2020		Increase or decrease	Explanation for significant changes
	Amount	Proportion to total assets	Amount	Proportion to total assets		

Cash and bank balances	5,336,319,786.70	27.70%	5,064,224,581.46	29.65%	-1.95%	Mainly due to the increase in sales receipts inflow.
Accounts receivable	2,976,696,672.95	15.45%	2,424,141,754.09	14.19%	1.26%	Mainly due to the expansion of internet video business scale.
Inventories	1,660,324,608.09	8.62%	1,916,375,338.89	11.22%	-2.60%	Mainly due to the decrease in the number of movie and TV dramas in production at the end of the report period.
Long-term equity investments	22,882,969.51	0.12%	210,436,179.18	1.23%	-1.11%	Mainly due to the transfer of 40% equity in Malanshan Cultural and Creative Investment Co., Ltd. during the Reporting Period.
Fixed assets	186,924,296.25	0.97%	180,606,150.34	1.06%	-0.09%	Mainly due to the increase in fixed assets such as machinery and equipment, electronic equipment, etc. purchased in the current period.
Short-time borrowings	39,789,110.68	0.21%	349,816,947.83	2.05%	-1.84%	Mainly due to the decrease in bank credit loans in response to the needs of funds.

## 2. Assets and liabilities measured at fair value

Applicable  N/A

## 3. Restricted asset rights as of the end of the Reporting Period

As of the end of the Reporting Period, the Company's assets with restricted asset rights amounted to RMB21,856,300.00, in which RMB21,625,200.00 were frozen due to litigation, RMB230,100.00 were used as third-party deposits, and RMB1,000 were used as POS deposits.

## V. Analysis on investment

### 1. Overview

Applicable  N/A

Investments in the Reporting Period (in RMB)	Investment of the same period in the previous year	Change %
60,000,000.00	50,000,000.00	20.00%

### 2. Significant equity investments acquired during the Reporting Period

Applicable  N/A

### 3. Significant non-equity investments proceeding during the Reporting Period

Applicable  N/A

#### 4. Financial assets measured at fair value

Applicable  N/A

#### 5. Use of financing funds

Applicable  N/A

##### (1) Overall introduction

Applicable  N/A

In: RMB0'000

Year	Financing modes	Total financing funds	Total financing funds used	Total financing funds accumulatively used	Total financing funds used whose usage is changed within the reporting period	Total financing funds accumulatively used whose usage is changed	Proportion of total financing funds accumulatively used whose usage is changed	Total financing funds not used	Usage and whereabouts of total financing funds not used	Financing funds which have been idle for more than two years
2019	Non-public offering of stocks	198,270.07	94,438.71	94,651.01	0	0	0.00%	103,619.06	Deposited in the special account for financing funds	0
Total	--	198,270.07	94,438.71	94,651.01	0	0	0.00%	103,619.06	--	0

##### Explanation for general use of financing funds

According to the *Approval on Issuance of Shares by Happigo Inc. to Mango Media Co., Ltd. and Other Entities for Purchase of Assets and Raising of Matching Funds (Zheng Jian Xu Ke [2018] No.999)* issued by the China Securities Regulatory Commission ("CSRC"), and with the consent, the Company, through CICC as the lead underwriter, issued 57,257,371 shares of ordinary shares (A shares) by private offering at an issue price of RMB34.93 per share, and actually raised matching funds of RMB1,999,999,969.03 in total. After deduction of the underwriting fee (including tax) of RMB17,680,000.00, the funds raised was RMB1,982,319,969.03 which was remitted by CICC to the Company's financing fund escrow account on May 21, 2019. By deducting other issuance expenses (including tax) such as the legal fees and capital verification fees amounting to RMB657,257.37 in total, and adding the deductible input tax of RMB1,037,957.96, the net funds raised was RMB1,982,700,669.62. Pan-China Certified Public Accountants LLP audited has verified the availability of the corresponding financing funds and issued a Capital Verification Report (Tian Jian Yan [2019] No. 2-16). The 23<sup>rd</sup> session of the third board of directors of the Company deliberated and passed the *Proposal on Using the Financing Funds for Capital Increase in the Subsidiary Implementing the Equity Investment Project*, whereby it is agreed the Company shall allocate the balance of the financing funds (including interest) amounting to RMB1,983,911,813.91 as of June 30, 2019 in a lump sum to Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd. ("Happy Sunshine Company"), a subsidiary to implement the equity investment project, for the construction of the "Mango TV Copyright Library Expansion Project" and the "Mango TV Cloud Storage and Multi-screen Broadcast Platform Project". On July



11, 2019, the Company and Happy Sunshine, the subsidiary to implement the equity investment project, entered into a four-party escrow agreement on the financing funds with the Bank of Changsha Dianguang Sub-branch, Huarong Xiangjiang Bank Xiangjiang New Area Branch, and the independent financial consultant. In 2020, the Company actually used RMB944.3871 million among the financing funds, with a cumulative use of RMB946.5101 million. As of the end of 2020, the net interest received from bank deposits with the deduction of bank service charges amounted to RMB46.6480 million. As of December 31, 2020, the Company's special account for offering projects had a balance of RMB1,082.8386 million (comprising RMB1,036.1906 million of principal and RMB46.6480 million of interest).

## (2) Committed items of financing funds

√ Applicable    □ N/A

In: RMB'000

Committed investment items and investment direction of excess financing funds	Change items or not (incl. partial change)	Total commitments of financing funds	Total after-adjusted investments (1)	Investments within the reporting period	Accumulative investments as of the end of the period (2)	Investment progress as of the end of the period (3)= (2)/(1)	Date when the items are ready for intended use	Revenues achieved within the reporting period	Revenues accumulatively achieved as of the end of the period	Achieve expected revenues or not	Significantly change item feasibility or not
Committed investment items											
1. Mango TV copyright library expansion project	No	148,674	148,674	83,550	83,550	56.20% <sup>Note 1</sup>		21,839.47	21,839.47	N/A	No
2. Mango TV cloud storage and multi-screen broadcast platform project	No	49,558	49,558	10,888.71	11,101.01	22.40%			<sup>Note 2</sup>	N/A	No
Subtotal of committed	--	198,232	198,232	94,438.71	94,651.01	--	--	21,839.47	21,839.47	--	--

investment items											
Investment direction of excess financing funds											
/											
Total	--	198,232	198,232	94,438.71	94,651.01	--	--	21,839.47	21,839.47	--	--
Failure to reach the expected progress or revenues and reasons thereof	Mango TV Cloud Storage and Multi-screen Broadcast Platform Project: The project was duly planned in 2017 and implemented in 2019 upon completion of the matching funds raising. Due to certain changes in the marker and technological environments in the industry during the implementation, the Company adjusted the plan for using the funds upon receipt of the same by extending the fund use period to 2021, resulting a difference between the progress of the actual use of the funds in the Reporting Period and the original plan for the use thereof. On April 23, 2020, the Company held the 29th meeting of the third board of directors, deliberating and approving the <i>Proposal on Adjusting the Fund Use Plan for Some Investment Projects with Financing Funds</i> , whereby to adjust the plan of using the funds for the Mango TV cloud storage and multi-screen broadcast platform project. On January 26, 2021, the Company held the 35th meeting of the third board of directors, deliberating and approving the <i>Proposal on Adjusting the Fund Use Plan for Some Investment Projects with Financing Funds</i> , adjusting the plan of using the funds for the Mango TV cloud storage and multi-screen broadcast platform project.										
Explanation for significant changes to item feasibility	/										
Amount, usage and use progress of excess financing funds	N/A										
Changes to implementation locations of investment items of financing funds	N/A										
Adjustment on implementation methods of	N/A										

committed items	
Advance investment of committed funds and swap	N/A
Temporarily using idle funds raised as working capital	N/A
Balance of financing funds in the implementation of items and the reasons therefor	N/A
Usage and whereabouts of unused financing funds	The unused financing funds were all deposited in the special account for the financing funds to be used for subsequent investment in committed items.
Problems and other matters occurring in the use and disclosure of financing funds.	/

Note 1- Mango TV Copyright Library Expansion Project: As of December 31, 2020, the Company has completed the purchase and launching of 5 annual key satellite TV dramas, the investment and construction progress proceeding as expected. The actual investment therein is lower than the planned one, mainly because the price of a single episode of such TV dramas actually purchased by the Company has decreased compared with the previous forecast due to the content copyright price returning to rationality as a result of policy changes in the industry.

Note 2 - Mango TV Cloud Storage and Multi-screen Broadcast Platform Project: Aiming at comprehensively improving the users' all-platform viewing experience, the project did not directly generate economic benefits, and accordingly the benefits therefor cannot be calculated separately.

**(3) Changes in financing funds**

Applicable     N/A

There is no change in financing funds during the Company's Reporting Period.

**VI. Disposal of major assets and equities****1. Disposal of major assets**

Applicable     N/A

No major assets were disposed by the Company during the reporting period

**2. Disposal of major equities**

Applicable     N/A

Counter party	Equity sold	Date of sale	Transaction price (RMB0'000)	Net profit contributed by the equity to the listed company from the beginning of the current period to the date of sale (RMB0'000)	Impact of the sale on the Company	Proportion of net profit contributed by the equity sale to the total net profit of the listed company	Pricing principle of equity sale	Is it a related party transaction	Related party relationship with the counter party	Have all the equity involved been transferred	Whether the implement proceeded as planned; if not, the associated reasons and the measures taken by the Company	Disclosure date	Disclosure index
Mango Media Co., Ltd.	40 equity in Malanshan Cultural and Creative Investm	April 16, 2020	25,967.92	6,986.47	Improving the efficiency of resource allocation which is conducive	3.52%	Appraisal price	Yes	Parent company	Yes	Yes	March 18, 2020	Published at: www.cninfo.com.cn; Announcement Title: Announcement

	ent Co., Ltd.				ve to the Compan y's focus on the main activitie s								on Transfer of Equity in Joint-sto ck Compan y and Related Party Transact ions
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## VII. Analysis on companies which the Company controls or where the Company holds shares

√ Applicable    □ N/A

Description of major subsidiaries and shareholding companies that affect more than 10% of the Company's net profits

In: RMB

Name	Type	Principal business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd.	Subsidiary	Internet video, operator business and content operation	242,470,013.00	14,414,311,959.06	7,585,980,153.09	10,003,418,341.98	1,775,612,503.28	1,774,508,059.40
Happigo Co., Ltd.	Subsidiary	Media retail	401,000,000.00	922,763,445.78	564,695,994.13	2,119,393,865.59	11,945,182.50	14,290,415.35
Shanghai EE-Media Co., Ltd.	Subsidiary	Artist agency, program and movie and TV dramas production and copyright business	90,000,000.00	979,117,598.65	667,951,411.82	720,405,395.27	62,288,627.55	54,390,878.73
Mango Studios Culture Co., Ltd.	Subsidiary	Movie and TV dramas production	80,000,000.00	1,333,051,206.95	350,229,784.90	910,857,365.37	68,702,883.77	68,702,883.77
Hunan Mango Entertainment Co., Ltd.	Subsidiary	Programs, movie and TV dramas production and	48,306,424.00	1,261,568,969.27	331,472,172.44	665,063,351.96	84,094,351.71	80,267,532.81

		artist agency						
Shanghai Mangofun Technology Co., Ltd.	Subsidiary	Games and interactive marketing	72,968,014.00	371,199,881.96	328,579,954.84	146,201,916.76	76,390,577.82	61,461,281.29
Hunan Happy Money Microfinance Co., Ltd.	Subsidiary	Financing services	300,000,000.00	478,705,422.13	303,479,002.83	40,570,639.57	3,485,652.23	3,529,029.51

Acquisition and disposal of subsidiaries during the Reporting Period

Applicable     N/A

Description of major shareholding companies

During the Reporting Period, the business of Happy Sunshine, the operating entity of the Company's main platform Mango TV, continued to maintain rapid growth, with significant growth in advertising and membership revenue, and operating income and net profits up 23.36% and 83.17% respectively.

## VIII. Structured entities controlled by the Company

Applicable     N/A

## IX. Company development outlook

### (I) Company development outlook

The year 2021 marks the centenary of the founding of the CPC and the beginning of the 14th Five-Year Plan. In context of the new development stage, guided by the socialist ideology of XI Jinping's new era with Chinese characteristics, and bearing in mind the principles of the 19th National Congress of the CPC and the Second, Third, Fourth and Fifth Plenary Session of the 19th CPC Central Committee, the Company will fulfill the mission and responsibilities of party media, give full play to the main force to build the new mainstream media group, and make every endeavor to achieve innovation, development, integration and communication to practically celebrate the 100th anniversary of the founding of the CPC.

#### 1. Create an atmosphere for the education and study of party history, and gather powerful energy for entrepreneurship

The Company will thoroughly study and implement the principles of the important speech given by the General Secretary XI Jinping at the conference on party history education and mobilization, conscientiously organize and carefully plan and carry out the education of CPC history learning for the objectives of "in-depth understanding, self-confidence enhancement, moral accomplishment and competence improvement" and "study the Party's history, understand its theories, do practical work and make new advances", strengthen the party spirit, and improve political standing and earnestly learn the party history to gather the powerful energy of action and entrepreneurship for transferring the organizational advantages of the party media as a state-owned enterprise into the Company's competitive and development advantages. With an overarching view and a sense of responsibility for the state and the times, the Company will be brave to make further great achievements in media construction and content innovation, actively undertaking the historical mission of promoting the in-depth media convergence and development.

#### 2. Give full play to the main force and seek to build a new mainstream media group

With the coming of the second half of in-depth media convergence, in accordance with the *Opinions on Accelerating the In-depth Media Convergence and Development* issued by the CPC Central Committee and the General Office of the State Council, and in light of the practical experience in the process of promoting media convergence, Mango Excellent Media has found out the ideas and measures to play a good second half, that is, to give full play to the main force, seek to build a new industry-leading

mainstream media group with strong influence and competitiveness adapting to the development trend of the all-media era by reducing the construction blueprint into practice according to: the party media attribute of integrity and innovation, the convergence with matrix communication, the organization form of middle ground empowerment, the talent structure of the all-media era, the product cluster with complete links, the leading application technology, and the open and cooperative operation ecology.

### 3. Build a good ecology of corporate governance for business development

While keeping revering the market, rule of law, specialized knowledge and investor, the Company will actively implement the relevant requirements of the CSRC on carrying out the special actions on the governance of listed companies, conscientiously conduct self-examination and self-correction, upgrade itself through rectification, and keep improving various internal control systems to form a long-term mechanism for standardized governance. Close attention will be paid to the controlling shareholders, directors, supervisors, and other key personnel to enhance their legal awareness, strengthen their bottom line thinking and improve their ability to perform their duties, so as to give full play to their leading role in improving the corporate governance. In addition, the Company will earnestly fulfill its obligation of information disclosure, improve the good communication mechanism between the board of directors and investors, fully protect the investors' right to know, and continuously improve the transparency of the Company. It will also actively practice the equity culture, keep optimizing the mechanism of returns for investors, and share its development achievements. A solid and in-depth corporate governance capacity will be built to guarantee the sustainable and steady development of the Company in various businesses.

### 4. Actively practice the equity culture and constantly optimize the return mechanism of investors

A listed company will survive and thrive with the concurrent involvement of investors in the capital market, and can win the recognition and respect of the market only by respecting and rewarding the investors. On the one hand, the Company will actively practice the equity culture by properly conducting investor relationship management, actively understanding the demands of minority investors, revering investors, and constantly optimizing the return mechanism of investors to be responsible listed company sticking on principles. On the other hand, bearing in mind that achieving high-quality development is the best return to investors, the Company will always adhere to the correct strategic direction around its principal activities to continuously improve its comprehensive strength for high-quality development with the audio-visual content of Mango TV as the core, the industrial derivation as the matrix, the content and technological innovation as the driving force, and the whole industry chain control and ecological collaboration as the important channel.

### 5. Adhere to the strategy concerning long video content and explore the dual-platform innovation and sharing mechanism

Adhering to the core concept of focusing on the content and driving the platform development with content innovation, the Company will, for the purpose of establishing a more efficient and self-consistent content ecosystem, continuously improve its personnel training mechanism, content evaluation system, self-made production process, external innovation cooperation mechanism, among others, and industrialized content production system with Mango characteristics, to win and consolidate the development advantages with content strength. Meanwhile, it will actively implement the development strategy of in-depth media convergence to continue the promotion of in-depth convergence between Mango TV as a new media platform and Hunan Satellite TV as a traditional media platform, and actively explore and boost the dual-platform innovation and sharing mechanism to increase and give full play to the advantages of the content innovation as well as stimulate the innovation potential of content-related talents for the constant improvement of content quality and the expansion of production volume, thereby building a "moat" of competitive long video.

### 6. Steadily promote the implementation of new business forms and drive the iterative upgrade of "Mango Mode"

The Company will accelerate the planning and implementation of brand building in new fields and new business forms, extend the industrial chain and enlarge the industrial value through high-value content service-oriented products. It will implement the "Mango Monsoon Plan" by carrying out the dual-platform customization of TV series to create common brands, reconstruct the production system of Mango movie and television dramas, and make "Mango Monsoon" a new brand in the industry. "XIAOMANG" will keep moving forward and explore its internal sub-track according to the competitive advantage of long video content to form a mature business model. Meanwhile, with long video as the core competitiveness, and relying on the open and cooperative operation

ecology, the Company will continue to explore new business forms and models to form a more complete product cluster, shape a well-known all-media brand and enrich the profit model for sustainable development.

## (II) Potential risks and countermeasures

### 1. Macroeconomic fluctuation risks

The cultural media industry has a strong correlation with the macro economy. As one of the optional consumer industries, the media industry is affected by many factors, such as the level of consumers' actual disposable income, the structure of consumers' income, the index of consumers' confidence and the tendency of consumption. Under the influence of Sino-US trade war and COVID-19 outbreak, the macroeconomic situation is complex and changeable, which may bring uncertainty to the Company's medium and long-term development. The Company will thus stick to the principal activities, continue to refine, and strengthen itself, and adopt business strategies of steady development.

### 2. Policy supervision risks

The cultural media industry where the Company locates has a special ideological attribute, with policy supervision running through the whole business process of the industry. There may be changes in the industrial regulatory policies thereby bringing uncertainty to the Company's business operation. The Company will carry out content production in strict accordance with the requirements of industry regulations and policies, and establish a sound internal quality management and control mechanism to avoid the risks from policies and regulations.

### 3. Industrial competition risks

The long video involved by the Company is in fierce competition, with each long video platform strengthening the content self-making ability, the homogenization of content becoming more and more serious. The short video platforms have developed rapidly to enter the long video field. The mutual penetration of long and short videos has intensified to change the industry pattern, which poses great challenges to the Company's business model and management level, and may have adverse effects on its market share and profitability. The Company will, accordingly, improve its ability to run the long video, consolidate its own competitive advantage, and explore the layout of new business.

### 4. Business qualification risks

The Company is subject to specific business qualifications for relevant business operations. If the Company fails to timely renew the relevant business qualifications, obtain new business qualification, and meet the latest requirements of the regulatory authorities, an adverse effect will be resulted in its business development. The Company will thus strengthen the business qualification management, properly communicate with the business qualification administrations, and handle the renewal of various expired qualifications in a timely manner.

### 5. Movie and television production risks

(1) The risk of movie and television works failing to pass the examination. A TV series after production must be examined and approved by the National Radio and Television Administration or its branch at the provincial level before it can be released. During the movie and television drama production, the Company may be unable to have the drama filed, obtain production license, acquire distribution license due to theme and other issues after production, or broadcast the same after acquiring the distribution license, etc. In case of the foregoing, the Company's operating performance will be affected. As such, the Company will carry out movie and television production in strict accordance with the policy guidance of the State and the review process of competent authorities, and plan the movie and television themes taking into account of both social and economic benefits.

(2) The risk of higher uncertainty exposed to the return on investment in movie and television business. As a kind of cultural product, a movie and television work will depend on the subjective preference, life experience and public opinion environment, among other factors, to determine the audience's acceptance of it. It is highly uncertain as to the viewing effect of a movie and television drama after its broadcasting. The investment in movie and television dramas is attached with such natural attributes as large scale of single investment, long payback period of investment, direct connection between revenue and box office performances



or ratings, and unpredictable market reaction. The return on investment has relatively high uncertainty. In response thereto, the Company has established a scientific project pre-approval and approval system as well as set up a special evaluation department to mitigate the risks associated with movie and television drama investment.

#### 6. Technological innovation risks

With the continuous maturity and application of 5G, cloud computing, artificial intelligence, AR/VR and other technologies, new business forms and models may appear, bringing new cultural and entertainment experience to users. The business remodeling as a result of technological changes may have adverse effects on the Company's operation. Accordingly, the Company has set up an innovation research institute to strengthen the research on new technologies, new models and future industry trends and conduct study, judgment, and layout ahead of time to respond to the risks of technological innovation with ease.

#### 7. Brain drain risks

The Company's new media business, movie and TV drama production and artist agency put forward high professional requirements for practitioners. The professional and well-experienced talents are a valuable fortune of the Company, and their drain will affect the normal conduct of business. Furthermore, the Company's business will be adversely affected if it fails to continue introduction of external talents. As such, the Company will create an ecosystem suitable for the talents to exert their abilities and keep improving the competitive incentive mechanism to retain and attract talents and inspire creativity and vitality of key employees, thus promoting its business growth.

#### 8. Intellectual property infringement risks

Due to the complexity of the development of movie and television dramas as well as audio-visual products, the diversity of the use of works, the rapid development of internet applications and the complexity of copyright protection, the copyrights purchased by the Company may infringe on the interests of the legitimate owners due to defects, or the licenses purchased by the Company may fail to cover the development and use of emerging businesses, resulting in the loss of compensation for infringement. In addition, there are copyright infringements upon the legitimate rights and interests of the Company with respect to its exclusive movie and television dramas as well as audio-visual products. To this end, the Company has established a copyright protection system and a copyright procurement management system, and strengthened the protection of intellectual property rights to safeguard its legitimate rights and interests through legal means.

## X. Registration form of reception survey, communication, interviews, and other activities

### 1. Registration form of reception survey, communication, interviews, and other activities in the Reporting Period

√ Applicable    □ N/A

Reception date	Reception place	Reception method	Type of object in reception	Object in reception	Main content discussed and materials provided	Index of basic information
February 7, 2020	Online	Telephone	Institution	See the record form of investor relation activity of Mango Excellent Media Co., Ltd. (2020-01)	See the record form of investor relation activity of Mango Excellent Media Co., Ltd. (2020-01)	<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>

April 28, 2020	Online	Telephone	Institution	See the record form of investor relation activity of Mango Excellent Media Co., Ltd. (2020-02)	See the record form of investor relation activity of Mango Excellent Media Co., Ltd. (2020-02)	<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
April 30, 2020	Online	Others	Others	Investors	Presentation of performance briefing on the Company's 2019 Annual Report	<a href="http://rs.p5w.net">http://rs.p5w.net</a>
August 27, 2020	Meeting room of the Company	Field Survey	Institution	See the record form of investor relation activity of Mango Excellent Media Co., Ltd. (2020-03)	See the record form of investor relation activity of Mango Excellent Media Co., Ltd. (2020-03)	<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
September 11, 2020	Online	Others	Others	Investors	Online collective reception of listed companies in Hunan Province in 2020	<a href="http://rs.p5w.net">http://rs.p5w.net</a>

## Section V Important Events

### I. Dividend distribution for ordinary shares and capitalization of capital reserve

Policies of dividend distribution for ordinary shares during the Reporting Period, especially the development, implementation, or adjustment of cash dividend distribution.

Applicable  N/A

During the Reporting Period, the Company implemented the 2019 profit distribution plan as follows: an aggregate of RMB178,037,751.1 as cash dividends are distributed to all shareholders at RMB1.00 (including tax) per 10 shares based on the total share capital of 1,780,377,511 shares, with 0 bonus shares and 0 capitalized stock involved.

Special explanation for cash dividend policies	
Do they comply with the provisions of the Company's Articles of Association or the requirements of the resolutions of general meeting of shareholders?	Yes
Are dividend standards and ratios clear and explicit?	Yes
Are decision-making procedures and mechanisms complete?	Yes
Do independent directors diligently perform their duties and play their roles?	Yes
Do minority shareholders have the opportunity to fully express their opinions and demands? Are their legal rights and interests fully protected?	Yes
Are conditions and procedures for adjusted or changed cash dividend policies compliant and transparent?	Yes

The Company's proposed profit distribution plan and proposed capitalization of capital reserve in the Reporting Period are consistent with relevant provisions of the Company's Articles of Association and dividend management methods

Yes  No  N/A

The Company's proposed profit distribution plan and proposed capitalization of capital reserve in the Reporting Period are consistent with relevant provisions of the Company's Articles of Association and other regulations.

Description of the profit distribution and capitalization of capital reserve

Number of bonus shares distributed for each 10 shares (unit: share)	0
Amount of dividends distributed for each 10 shares (in RMB) (including tax)	1.3
Number of shares transferred from capital reserve per ten shares (unit: share)	0
Basic number of the share capital for the distribution proposal	1,780,377,511

Amount of cash dividends (in RMB) (including tax)	231,449,076.43
Amount of cash dividends through other methods (e.g., repurchase of shares) (in RMB)	0.00
Total cash dividends (including those distributed through other methods) (in RMB)	231,449,076.43
Attributable profits (in RMB)	1,783,943,529.14
Proportion of total cash dividends (including those distributed through other methods) to the total profits distributed	100.00%
Cash dividends distributed this time	
If the Company is at the growth period and has any major asset arrangement, then at the time of distribution of profits, its cash dividends shall account for at least 20% of profits distributed this time.	
Descriptions on proposal of profit distribution and capitalization of capital reserve	
In accordance with the relevant provisions of the <i>Notice of CSRC Concerning Further Implementation of Matters on Distribution of Cash Dividends of Listed Companies</i> , the <i>No. 3 Regulatory Guideline for Listed Companies—Distribution of Cash Dividends of Listed Companies</i> and the <i>Articles of Associations</i> , through seeking opinions and demands from minority shareholders and independent directors and in view of the Company's actual situation, the Company intends to distribute to all shareholders the cash dividends at RMB1.3 (including tax) per 10 shares, 0 bonus shares and 0 stock transferred from capital reserve per 10 shares based on the total share capital of 1,780,377.51 shares, with the remaining undistributed profits to be carried forward to the following year. Such proposal has been adopted at the 36 <sup>th</sup> meeting of the third board of directors of the Company through deliberation, and the independent directors have given their consent independently, pending deliberation by the general meeting of shareholders.	

The Company's dividend distribution plan (proposal) for ordinary shares and capital reserve capitalization plan (proposal) in recent three years (including the Reporting Period)

- 2020 profit distribution proposal: all shareholders will be paid cash dividends at RMB1.3 (including tax) per 10 shares and given 0 bonus shares based on the total share capital of 1,780,377.51 shares, and awarded with 0 additional stock per 10 shares in consideration of the capital reserve, with the undistributed profits to be carried forward to the following year.
- 2019 profit distribution plan: all shareholders will be paid cash dividends at RMB1.00 (including tax) per 10 shares and given 0 bonus shares based on the total share capital of 1,780,377,511 shares, and awarded with 0 additional stock per 10 shares in consideration of the capital reserve, with the undistributed profits to be carried forward to the following year.
- 2019 semi-annual capital reserve capitalization plan: all shareholders will be awarded with 7 shares per 10 shares based on the total share capital of 1,047,280,889 shares, with corresponding consideration to be paid by the balance of capital reserve within the scope of consolidated financial report, resulting in an aggregate of additional stock of 733,096,622 shares. Except the above share awards, all shareholders will be paid with no bonus shares and cash dividends.
- 2018 profit distribution plan: all shareholders will be paid cash dividends at RMB0.00 (including tax) and given 0 bonus shares (including tax) per 10 shares based on the total share capital of 990,023,518 shares, and awarded with 0 additional stock per each 10 shares in consideration of the capital reserve, with the remaining undistributed profits to be carried forward to the following year.

Cash dividend distribution for ordinary shares of the Company in recent three years (including the Reporting Period)

In: RMB

Year	Cash dividends distributed (including tax)	Net profit in the consolidated statements attributable to ordinary shareholders of the listed company	Proportion of cash dividends distributed to net profit in the consolidated statements attributable to ordinary shareholders of the listed company	Cash dividends distributed through other methods (e.g., repurchase of shares)	Proportion of cash dividends distributed through other methods to net profit in the consolidated statements attributable to ordinary shareholders of the listed company	Total cash dividends distributed (including those distributed through other methods)	Proportion of total cash dividends distributed (including those distributed through other methods) to net profit in the consolidated statements attributable to ordinary shareholders of the listed company
2020	231,449,076.43	1,982,159,476.82	11.68%	0.00	0.00%	231,449,076.43	11.68%
2019	178,037,751.10	1,156,285,253.73	15.40%	0.00	0.00%	178,037,751.10	15.40%
2018	0.00	865,568,532.45	0.00%	0.00	0.00%	0.00	0.00%

The Company puts forward no proposal for cash dividend distribution of ordinary shares despite profitable and positive profits of its parent company attributable to shareholders of ordinary shares during the Reporting Period

Applicable  N/A

## II. Performance of commitments

### 1. Commitments completed in the Reporting Period or not completed as of the end of the Reporting Period by de facto controllers, shareholders, related parties, purchaser, the Company, or others relating to commitments

Applicable  N/A

Sources of commitments	Promiser	Type	Content	Date	Deadline	Performance
Commitments made in the Acquisition Report or Equity Change Report						
Commitments made at the time of assets restructuring	Mango Media Co., Ltd.	Commitments on Share Lock-up	1. Within thirty-six months of the end of this offering, we will not transfer the listed company's shares acquired by us in this restructuring in any form (including but not limited to the public transfer through securities market or	July 12, 2018	July 12, 2021	Outstanding

		<p>transfer by agreement), nor will we entrust others with management of the listed company's shares held by us. Within six months of completion of this restructuring, if the daily closing price of the listed company's shares is lower than the issue price for twenty consecutive trading days, or the daily closing price of the listed company's shares at the end of a six-month period is lower than the issue price, then the lock-up period of the listed company's shares acquired by us in this restructuring will automatically extended for six months; 2. The aforesaid share lock-up arrangements shall also apply to the increase in holdings of consideration shares acquired by us in this restructuring due to placement of shares, bonus share distribution and capitalization of capital reserve by the listed company and other reasons within the lock-up period; 3. If the aforesaid commitments on the lock-up period are inconsistent with the latest regulatory opinions issued by the securities regulatory authority, then we agree to make adjustments accordingly pursuant to the regulatory opinions issued by the competent securities regulatory authority; after the expiry of the aforesaid lock-up period, the relevant regulations of CSRC and Shenzhen Stock Exchange shall apply; 4. if we are suspected of providing or disclosing any information containing misrepresentations, misleading statements or materials omissions in this transaction and are therefore</p>			
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			investigated by the judicial authority or the CSRC, we will not transfer the beneficial interest held by us in the listed company before the investigation conclusion of the case is determined.			
	Mango Media Co., Ltd.; and Hunan Hi-tech Investment Group Co., Ltd.	Commitments on Share Lock-up	1. Within twelve months of completion of registration of consideration shares involved by the listed company's issue of shares this time to purchase assets (i.e. the date when China Securities Depository and Clearing Co., Ltd Shenzhen Branch completes registration of consideration shares), we will not transfer the listed company's shares held by us as of the date when this Letter of Commitments is issued in any form (including but not limited to the public transfer through securities market or transfer by agreement), nor will we entrust others with management of the listed company's shares above held by us; 2.The aforesaid share lock-up arrangements shall also apply to the increase in holdings of shares by us due to placement of shares, bonus share distribution and capitalization of capital reserve by the listed company and other reasons within the aforesaid lock-up period; 3. If the aforesaid commitments on share lock-up arrangements are inconsistent with the latest regulatory opinions issued by the securities regulatory authority, then we agree to make adjustments accordingly pursuant to the regulatory opinions issued by the competent securities regulatory authority; after the expiry of the aforesaid lock-up period, the shares will be exercised pursuant to the	July 12, 2018	July 12, 2019	Fulfilled

			relevant regulations of CSRC and Shenzhen Stock Exchange.			
	Beijing Zhonghe Dingyuan Equity Investment Management Center (L.P.); Guangzhou Yuexiu Lichuang No.3 Industrial Investment Partnership (L.P.) ; Hunan Mango Haitong Creative Cultural Investment Partnership (L.P.); Hunan Cultural Creative Tourism Venture Capital Fund (L.P.); Jiantou Huawen Investment Co., Ltd.; Mango Wenchuang (Shanghai) Equity Investment Fund (L.P.); Shanghai Guohe Modern Service Industry Capital Fund (L.P.); Shanghai Huawei Equity Investment Fund (L.P.); Shanghai Junyong Investment Management Co., Ltd.; Shanghai Lianxin Phase II Equity Investment Center; Shenzhen Guangda New Entertainment Industry Fund (L.P.); Tibet Taifu Cultural Media Co., Ltd.; Xiamen C&D	Commitments on Share Lock-up	1. Within twelve months of the end of this offering, we will not transfer the listed company's shares acquired by us in this restructuring in any form (including but not limited to the public transfer through securities market or transfer by agreement), nor will we entrust others with management of the listed company's shares held by us; 2. The aforesaid share lock-up arrangements shall also apply to the increase in holdings of consideration shares acquired by us in this restructuring due to placement of shares, bonus share distribution and capitalization of capital reserve by the listed company and other reason within the share lock-up period; 3. If the commitments on the aforesaid lock-up period are inconsistent with the latest regulatory opinions issued by the securities regulatory authority, then we agree to make adjustments accordingly pursuant to the regulatory opinions issued by the competent securities regulatory authority; after the expiry of the aforesaid lock-up period, the relevant regulations of CSRC and Shenzhen Stock Exchange shall apply; 4. If we are suspected of providing or disclosing any information containing misrepresentations, misleading statements or material omissions in this transaction and are therefore investigated by the judicial authority or the CSRC, we will not transfer the beneficial interest held by us in the listed company before	July 12, 2018	July 12, 2019	Fulfilled



	Emerging Industry Equity Investment Co., Ltd.; Zhejiang Chengzhang Cultural Industry Equity Investment Fund (L.P.); and Zhongnan Red Cultural Group Co., Ltd.		the investigation conclusion of the case is determined.			
	Mango Media Co., Ltd.	Earnings Commitment and Compensation Arrangement	Mango Media Co., Ltd. makes the specific commitments as follows: with respect to the net profit within the earnings commitment period of the target companies in this restructuring including Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd. (“Happy Sunshine”), Shanghai Mangofun Technology Co., Ltd. (Mangofun), Shanghai EE-Media Co., Ltd. (“E.E. Media”), Mango Studios Culture Co., Ltd. (“Mango Studios”) and Hunan Mango Entertainment Co., Ltd. (“Mango Entertainment”) (“net profit” refers to the net profit net of non-recurring profit or loss attributable to the owners of the parent companies of target companies in each of the target companies’ consolidated statements): (1) the committed net profit of Happy Sunshine is RMB 315,494,700.00 in 2017, RMB 679,457,800.00 in 2018, RMB 910,215,000.00 in 2019 and 1,293,696,000.00 in 2020; (2) the committed net profit of Mangofun is 41,329,100.00 in 2017, RMB 50,708,100.00 in 2018, RMB 48,765,400.00 in 2019 and RMB 50,915,600.00 in 2020; (3) the committed net profit of E.E. Media is 95,486,200.00 in 2017, RMB	July 12, 2018	December 31, 2020	Ongoing

		<p>20,874,600.00 in 2018, RMB 25,389,600.00 in 2019 and 28,444,100.00 in 2020; (4) the committed net profit of Mango Studios is RMB 41,503,900.00 in 2017, RMB 49,446,700.00 in 2018, RMB 45,319,600.00 in 2019 and RMB 46,880,700.00 in 2020; (5) the committed net profit of Mango Entertainment is 27,737,400.00 in 2017, RMB 74,513,000.00 in 2018, RMB 64,329,100.00 in 2019 and 74,957,600.00 in 2020.</p>			
	<p>Hunan Broadcasting System; and Mango Media Co., Ltd.</p>	<p>Commitments on Avoiding Horizontal Competition, Related-party Transactions and Fund Use</p> <p>In order to avoid the horizontal competition with the listed company, Mango Media and Hunan Broadcasting System have respectively issued their own <i>Letter of Commitments on Avoiding Horizontal Competition</i>, undertaking that, during the period of acting as the controlling shareholder and de facto controller of the listed company, “1. We and the channels and companies controlled by us are not engaged in any business or activity in any form that competes or would compete with the business of the listed company and/or its controlled companies, directly or indirectly. 2. After completion of this restructuring, we will take and procure the channels and companies controlled by us to take effective measures to avoid: (1) engaging in any business or activities directly or indirectly in any form that competes or would compete with the business of the listed company and/or its controlled companies, or holding any interests or benefits in such business; (2) supporting in any form any other persons other than the</p>	<p>July 12, 2018</p>	<p>9999-12-31</p>	<p>Ongoing</p>

			<p>listed company and/or its controlled companies in engagement in any business or activity that competes or would compete with the business being conducted or to be conducted by the listed company and/or its controlled companies. 3. If we and the channels and companies controlled by us have any commercial opportunity to engage, join or participate in any business or activity that would compete with the business of the listed company and/or its controlled companies, then the listed company and/or its controlled companies will have a priority with respect to the aforesaid commercial opportunities. 4. If any business of mine and the channels and companies controlled by us competes with that of the listed company and its controlled enterprise, then we and the channels and companies controlled by us will cease engaging in any business similar with or identical with the principal business of the listed company and/or its controlled companies to avoid the horizontal competition by stopping conduct of the relevant competitive business, including the relevant competitive business in that of the listed company or transferring the relevant competitive business to any unrelated third party. 5. We agree to bear and be liable for all losses, damage and costs caused to the listed company and/or its controlled companies due to breach of the aforesaid commitments.”</p>			
Hunan Broadcasting System; and Mango Media Co., Ltd.	Commitments on Avoiding Horizontal	“In order to reduce and regulate the related-party transactions and safeguard the legal rights and	July 12, 2018	9999-12-31	Ongoing	

		<p>Competition, Related-party Transactions and Fund Use</p>	<p>interests of Happigo and minority shareholders, Hunan Broadcasting System and Mango Media have issued the <i>Letter of Commitments on Regulating Related-party transactions</i> with the contents as follows: we and the channels and other public institutions or economic organizations controlled by us will take measures to avoid dealing with the related-party transactions with the listed company and its controlled companies as far as possible; regarding the related-party transactions that cannot be avoided or are definitely necessary (including but not limited to product transactions, mutual offer of services/labor and etc.), we undertake that we will follow and urge the channels and other public institutions or economic organizations controlled by us to follow the principles of market fairness, justice and openness, legally sign agreements and perform the legal procedures in accordance with the provisions on the decision-making and abstention of related-party transactions of the relevant laws and regulations, normative documents and the listed company to guarantee the fairness and compliance of the related-party transactions, will not harm the legitimate rights and interests of shareholders of the listed company and its controlled subsidiaries as well as shareholders of the listed company through related-party transactions, and will promptly disclose the information as required by the relevant laws and regulations and normative documents; we and</p>			
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			the channels and other public institutions or economic organizations controlled by us will eliminate any illegal use of assets and funds of the listed company.			
Commitments made at the time of IPO or re-financing	China Life Asset Management Company Limited; and China Mobile Capital Holding Co., Ltd.	Commitments on Share Lock-up	A-share stocks non-publicly issued by Mango Excellent Media Co., Ltd. this time that we acquire will not be transferred within twelve months from the date of the issue completion, including but not limited to the public transfer through securities market or the transfer by agreement, unless otherwise provided for in the laws and regulations.	May 30, 2019	May 30, 2020	Ongoing
	Hunan Hi-tech Investment Group Co., Ltd.; Mango Media Co., Ltd.; and No. 2 Account for Accepted Shares of National Council for Social Security Fund, PRC	Commitments on Share Stock-up	The Company's controlling shareholder Mango Media Co., Ltd. ("Mango Media") and its party acting in concert Hunan Hi-tech Investment Group Co., Ltd. make the following commitments with respect to circulation restrictions and voluntary lock-up: (1) within thirty-six months from the listing date of the shares of the listed company, we will not transfer or entrust others with management of any pre-IPO shares of the issuer held by us, nor propose the repurchase of such shares by the Company. (2) If, within six months of the listing of the issuer, the daily closing price of its shares is lower than the issue price for 20 consecutive trading days, or the daily closing price of the listed company's shares is lower than the issue price at the end of a six-month period of the listing (i.e. July 21, 2015, not the extended trading day), then the lock-up period of the issuer' shares held by us will automatically extended for six	January 21, 2015	January 21, 2018	Fulfilled

			months. (3) If we reduce our shareholdings within two years after the expiry of lock-up period, the reduction price will not be lower than 100% of the issue price. If we fail to fulfill these commitments, the proceeds from reduction of shareholdings in the Company will belong to the Company. During the period from the listing of the Company's shares until reduction of shareholdings, if the Company has paid dividends, given bonus shares, capitalized capital reserve, issued new shares or had other ex-right and ex-dividend matters, the floor reduction price and number of reduced shares will be adjusted accordingly.			
	Hongyi Investment Industry Phase I Fund (Tianjin) (L.P.); Mianyang Science and Technology Industry Investment Fund (L.P.); Tianjin Sequoia Capital Investment Fund Center (L.P.); and Tibet Hongzhi Investment Consulting Partnership Enterprise (L.P.)	Commitments on Share Stock-up	Within twelve months from the listing date of the issuer, we will not transfer or entrust others with management of any pre-IPO shares of the issuer held by us, nor propose the repurchase of such shares by the listed company.	January 21, 2015	January 21, 2016	Fulfilled
	Mango Media Co., Ltd.	Commitments on Reducing Shareholdings	Mango Media Co., Ltd., as the Company's controlling shareholder, makes the following commitments with respect to the intention to reduce shareholdings: (1) If we intend to reduce our shareholdings in the Company after the expiry of the lock-up period of shares held by us in the Company, we will legally	January 21, 2015	January 21, 2018	Ongoing

			do same, and make a public announcement within three trading days prior to reduction through the Company. The shareholdings we reduce in aggregate within two years after the expiry of the lock-up period will not exceed 5% of the total IPO shares of the Company held by us and the reduction price will not lower than 100% of the IPO price of the Company. If we reduce our shareholdings after two years upon expiry of the lock-up period, the price for the shareholdings reduced through the centralized quotation trading system of the stock exchange will not lower than the daily closing price for one trading day prior to the public announcement of reduction. (2) The reduction period will be six months after the public announcement of the reduction plan, if we continue to reduce our shareholdings after expiry of the reduction period, we will make the public announcement anew in accordance with the aforesaid arrangements.			
	Hunan Hi-tech Investment Group Co., Ltd.	Commitments on Reducing Shareholdings	Hunan Hi-tech Investment Group Co., Ltd., as the party acting in concert of the Company's controlling shareholder Mango Media, makes the following commitments with respect to the intention to reduce shareholdings: (1) If we intend to reduce our shareholdings in the Company after the expiry of the lock-up period of shares held by us in the Company, we will legally do same, and make a public announcement within three trading days prior to reduction through the Company. If the Company's shareholders intend to	January 20, 2015	January 21, 2018	Ongoing

			<p>reduce their shareholdings in within two years after the lock-up period, the number of reduced shares will not exceed the issuer's shares held in total by the Company's shareholders; (2) Mode of reduction: the shareholdings will be reduced through the centralized quotation or block trading system of the stock exchange or through transfer by agreement (but if the number of the released lock-up shares in stock that the Company's shareholders expect to publicly sell within one coming month accumulatively exceeds 1% of total shares of the Company, the shares will not be transferred through centralized quotation trading system of the stock exchange), or will be transferred in accordance with the provisions of other laws and regulations then in effect or the rules of the stock exchange; (3) Reduction price: if we reduced our shareholdings within two years upon expiry of the lock-up period, the reduction price will not lower than 100% of the issue price (if the Company has paid dividends, given bonus shares, capitalized capital reserve, issued new shares or had other ex-right and ex-dividend matters, the issue price will be adjusted accordingly).</p>			
	<p>Hongyi Investment Industry Phase I Fund (Tianjin) (L.P.); Mianyang Science and Technology Industry Investment Fund (L.P.); and Tianjin Sequoia Capital</p>	<p>Commitments on Reducing Shareholdings</p>	<p>"Hongyi Investment Industry Phase I Fund (Tianjin) (L.P.) ("Hongyi Investment"), Mianyang Science and Technology Industry Investment Fund (L.P.) ("Mianyang Fund"), Tianjin Sequoia Capital Investment Fund Center (L.P.) ("Sequoia Capital Tianjin"), as other existing shareholders of the</p>	<p>January 21, 2015</p>	<p>January 21, 2018</p>	<p>Mianyang Fund and Sequoia Capital disclosed on November 19, 2016 and Hongyi Investment disclosed on</p>



	Investment Fund Center (L.P.)	<p>Company, make the following commitments with respect to the intention to reduce shareholdings:</p> <p>(1) We will not transfer or entrust others with management of any pre-IPO shares of the issuer held by us, nor propose the repurchase of such shares by the Company within twelve months from the listing date of the issuer. (2) If we intend to reduce our shareholdings in the Company after the expiry of the lock-up period of shares held by us in the Company, we will legally do same, and make a public announcement within three trading days prior to reduction through the Company. The shareholdings we reduce in aggregate within two years after the expiry of the lock-up period will equal to the issuer's shares held in total by us and the reduction price will not lower than 80% of the IPO price of the Company. The reduction period will be six months after the public announcement of the reduction plan, and if we continue to reduce our shareholdings after expiry of the reduction period, we will make the public announcement anew in accordance with the aforesaid arrangements. During the period from the listing of the Company's shares until reduction of shareholdings, if the Company has paid dividends, given bonus shares, capitalized capital reserve, issued new shares or had other ex-right and ex-dividend matters, the floor reduction price and number of reduced shares will be adjusted accordingly. If the Company's shareholders fail to fulfill these</p>			<p>December 10, 2016 the <i>Announcement on Prompt of Shareholdings Reduction Plan for Shareholders Holding 5% or More of Shares Prior to IPO</i> through the Company, and as of the end of 2017, all of them have completed reduction of their shareholdings.</p>
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			commitments, the proceeds from reduction of shareholdings in the Company will belong to the listed Company.			
	Mango Excellent Media Co., Ltd.	Commitments on Use of Financing Funds	<p>1. Strengthening the management of financing funds. After financing funds issued this time are received, the Company's directors will strictly comply with the requirements of the <i>Measures for Management of Financing Funds of Happigo Inc.</i>, open the special account for financing funds, ensure the funds are used exclusively and strictly control all links in the use of financing funds. 2. Actively implementing committed projects. The funds raised this time will closely focus on the Company's principal business, conforming to the Company's future growth strategy and facilitating improvement of the Company's sustainable profitability. The Company has fully demonstrated the investment projects of the financing funds, and invest its own or self-raised funds in the aforesaid projects in advance before the financing funds are received so as to yield profits as soon as possible.</p>	January 21, 2015	9999-12-31	Fulfilled, and all IPO committed projects have been closed.
	Mango Excellent Media Co., Ltd.	Commitments on Distributing Dividends	<p>Improving the profit distribution system, in particular cash dividends policy. The Company improved the <i>Articles of Associations (Draft)</i> at the 1<sup>st</sup> extraordinary general meeting of shareholders, stipulating the Company's profit distribution policy, the procedures of decision-making and implementation of the profit distribution policy, preparation and adjustment mechanism of the profit distribution policy, and the plan for</p>	January 21, 2015	9999-12-31	Ongoing

			shareholders' dividend returns in order to enhance the protection over minority shareholders. The <i>Articles of Associations (Draft)</i> further defines the Company's profit distribution, especially the specific conditions, percentages, and forms of the cash dividend distribution as well as the conditions of the bonus share distribution, and clarifies that the cash dividends are superior to bonus shares; and the Company prepared the <i>Plan on Dividend Returns for the Coming Three Years of Happigo Inc.</i> to further implement the profit distribution system.			
	Hunan Broadcasting System; and Mango Media Co., Ltd.	Commitments on Avoiding Horizontal Competition, Related-party transaction, and Fund Use	<p>“ (I) Commitments on Avoiding Horizontal Competition: In order to avoid the horizontal competition and protect the interests of the Company and other shareholders, Hunan Broadcasting System, as the de facto controller, and Mango Media, as the controlling shareholder of the Company, have respectively issued their own <i>Letter of Commitments on Avoiding Horizontal Competition</i>. 1. Controlling Shareholder: Mango Media, as the controlling shareholder of the Company, issued the <i>Letter of Commitments on Avoiding Horizontal Competition</i>. (1) Mango Media and its other subordinate enterprises (excluding issuer) are not engaged in any business or activity in any form that competes or would compete with the business of the issuer and/or its subordinate enterprises directly or indirectly. (2) Mango Media will take and procure any enterprises controlled by Mango Media to take</p>	January 21, 2015	9999-12-31	Ongoing

			<p>effective measures to avoid: (A) engaging in any business or activities directly or indirectly in any form that competes or would compete with the business of the issuer and/or its subordinate enterprises directly or indirectly, or holding any interests or benefits in such business; (2) supporting any other persons other than the issuer and/or its subordinate enterprises in any form in engagement in any business or activity that competes or would compete with the business being conducted or to be conducted by the issuer and/or its subordinate enterprises. (3) If Mango Media and its subordinate enterprises have any commercial opportunity to engage, join or participate in any business or activity that would compete with the business of the issuer and/or its subordinate enterprises, then the issuer and/ its subordinate enterprises will have a priority with respect to the aforesaid commercial opportunities. (4) Mango Media, as the shareholder of the issuer, will not use the status of the shareholder and the rights and information which the shareholder is entitled to and obtains according to the relevant laws, regulations, and the Articles of Association, including but not limited to the trade secrets of the issuer and/or its subordinate enterprises, to engage in any business or activity that damages or would damage the interests of the issuer and/or its subordinate enterprises. Mango Media agrees to bear and be liable for all losses, damage and costs caused to the issuer and its subordinate</p>			
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		<p>enterprises due to breach of the aforesaid commitments.” 2. Commitments Avoiding Horizontal Competition and Constraint Measures of the De Facto Controller: (1) Letter of Overall Commitments Issued by Hunan Broadcasting System: On March 29, 2012, Hunan Broadcasting System, as the de facto controller of the Company, issued the <i>Letter of Commitments on Avoiding Horizontal Competition</i>, undertaking that: ① Hunan Broadcasting System and its subordinate enterprises (excluding the issuer) are not engaged in any business or activity in any form that competes or would compete with the business of the issuer and/or its subordinate enterprises directly or indirectly. ② Mango Media will take and procure any enterprises controlled by Mango Media to take effective measures to avoid: (A) engaging in any business or activities directly or indirectly in any form that competes or would compete with the business of the issuer and/or its subordinate enterprises directly or indirectly, or holding any interests or benefits in such business; (B) supporting any other persons other than the issuer and/or its subordinate enterprises in any form in engagement in any business or activity that competes or would compete with the business being conducted or to be conducted by the issuer and/or its subordinate enterprises. ③ If Hunan Broadcasting System and its subordinate enterprises have any commercial opportunity to engage,</p>			
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			<p>join or participate in any business or activity that would compete with the business of the issuer and/or its subordinate enterprises, then the issuer and/or its subordinate enterprises will have a priority with respect to the aforesaid commercial opportunities. Hunan Broadcasting System agrees to bear and be liable for all losses, damage and costs caused to the issuer and its subordinate enterprises due to breach of the aforesaid commitments. (II) Letter of Commitments on Avoiding Fund Use: The controlling shareholders and de facto controllers of the Company undertake that: they will strictly comply with the provisions of the laws, regulations, normative documents and the Company's relevant rules and systems, not appropriate or use the Company's assets or resources in any form, nor do anything directly or indirectly which harms or would harm the interests of the Company and other shareholders. If the rights and interests of the Company or other shareholders are harmed due to violations of the aforesaid commitments and undertakings, the controlling shareholders and de facto controllers will be liable for compensation according to law."</p>			
	<p>CHEN Gang; JIANG Yingxing; Happigo Inc.; LI Niu; LI Xiang; Mango Media Co., Ltd.; OUYANG Wen, TANG Liang; TANG Weimin; WU Junyun; ZHANG</p>	<p>Commitments on Stabilizing IPO Stock Price</p>	<p>"Specific measures to stabilize the stock: 1. Shareholding increases by the controlling shareholders: (1) The controlling shareholders shall, within 10 trading days after triggering the obligations of shareholding increases, notify the Company in writing as to whether or not they have the specific plan to</p>	<p>January 21, 2015</p>	<p>January 21, 2018</p>	<p>Fulfilled</p>

	<p>Xiaoxue; ZHANG Yong; ZHANG Zhifang; and ZHU Deqiang</p>	<p>increase A-share stocks of the Company, and the Company will make the public announcement; if increasing shareholdings, they shall disclose the range of shares to be increased, range of price, date of completion and other information, and the amount of shares to be increased this time will not exceed 30% of cash dividends received from the Company in aggregate after the listing of the Company. (2) If the Company's stock price has not met the conditions for starting measures to stabilize stock price of the Company before the plan on shareholding increases of the controlling shareholders is implemented, such plan may cease. (3) The price of shares increased by the controlling shareholders will not exceed audited net asset per share for the latest period. 2. Repurchase by the Company: (1) If the controlling shareholders fail to announce the aforesaid specific plan on shareholding increases on time, or clearly state that they have no plan to increase their shareholdings, the Company's board of directors shall, within 20 trading days after the obligations of shareholding increases are triggered firstly, make the public announcement as to whether there is the specific share repurchase plan, and if there is, they shall disclose the range of shares to be repurchased, range of price, date of completion and other information, and total repurchase amount will not exceed 30% of audited net profit attributable to the parent company's shareholders for the previous fiscal year. (2) After</p>			
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		<p>the Company's general meeting of shareholders deliberates and approves the share purchase plan, the Company will notify the creditors according to law, and submit the relevant materials to the securities supervisory management department, stock exchange and other competent authorities for going through approval or filing formalities. (3) If the daily closing price of the Company's shares has not met the conditions for starting the measures to stabilize the stock price before the Company's share repurchase plan is implemented, the issuer may cease to implement the aforesaid measures to stabilize the stock price. (4) The share repurchase price of the Company will not exceed the audited net asset per share for the latest period. 3. Shareholding increases by the directors and officers: (1) If the Company's board of directors fails to announce the aforesaid share repurchase plan on time, or the aforesaid share repurchase plan fails to be approved at the general meeting of shareholders for any reason, then the directors (excluding independent directors and directors nominated by non-controlling shareholders, same below) and officers shall, within 30 trading days after the obligations of shareholding increases are triggered firstly (or if the directors and officers are restricted to trade shares for N days during this period, within 30+N trading days after the obligations of shareholding increases are triggered firstly) or within 10 trading days after the aforesaid share repurchase</p>			
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			<p>plan fails to be approved at the general meeting of shareholders (or if the directors and officers are restricted to trade shares for N days during this period, within 10+N trading days after the aforesaid share repurchase plan fails to be approved at the general meeting of shareholders), unconditionally increase the Company's A-share stocks, and the amount of shares to be increased in aggregate by each of the directors and officers will not exceed 30% of the accumulative amount of after-tax remunerations or allowances received from the Company for the previous fiscal year. (2) If the daily closing price of the Company's shares has not met the conditions for starting the measures to stabilize the stock price before the plan on shareholding increases by the directors and officers is implemented, the directors and officers may cease to implement the aforesaid measures to stabilize the stock price. (3) The price of shareholding increases by the directors and officers will not exceed the audited net asset per share for the latest period."</p>			
	Hunan Broadcasting System; Mango Media Co., Ltd.	Other commitments	<p>"(1) We commit that we will not interfere in the Company's operation and management activities beyond our authority, nor will we encroach on the Company's interests;</p> <p>(2) From the date hereof to the completion of the Company's issuance of A shares to specific objects, if securities regulatory authorities such as the CSRC and Shenzhen Stock Exchange make separate provisions or put forward</p>	September 25, 2020	9999-12-31	Ongoing

			<p>other requirements on the recovery measures for returns and the commitments thereon, and the above commitments cannot meet such provisions, we will then make supplementary commitments in accordance with the latest provisions;</p> <p>(3) We will effectively take relevant recovery measures for returns formulated by the Company and fulfill our corresponding commitments on recovery measures for returns. Besides, we will, in case of violating or refusing to fulfill the above commitments, undertake the corresponding obligations of explanation, apology and so on in accordance with the relevant provisions, and will be liable for compensation as appropriate according to law if losses are thus caused to the Company or its shareholders.”</p>			
	<p>CAI Huaijun; HE Jin; LIANG Deping; LIU Xin; LIU Yuhui; LUO Weixiong; TANG Liang; WANG Ke; WU Jun; XIAO Xing; ZHANG Huali; ZHANG Yong; ZHENG Huaping; ZHONG Hongming</p>	Other commitments	<p>“(1) I will faithfully and diligently perform my duties and safeguard the legitimate rights and interests of the Company and all shareholders; (2) I will not to transfer benefits to other entities or individuals free of charge or under unfair conditions, nor otherwise damage the Company’s interests; (3) I will restrict my position-related consumption; (4) I will not use the Company’s assets to engage in investing or consumption activities irrelevant to performance of my duties; (5) I will procure the linkage of the compensation system formulated by the board of directors or the remuneration and appraisal assessment committee with the implementation of the Company’s</p>			

			<p>recovery measures for returns within my legal authority; (6) if the Company subsequently implements the equity incentive plan, I will procure the linkage of exercise conditions for the Company's equity incentives to be announced with the implementation of the Company's recovery measures for returns within my legal authority; (7) from the date hereof to the completion of the Company's issuance of A shares to specific objects, if securities regulatory authorities such as the CSRC and Shenzhen Stock Exchange make separate provisions or put forward other requirements on the recovery measures for returns and the commitments thereon, and the above commitments cannot meet such provisions, I will then make supplementary commitments in accordance with the latest provisions; (8) I will effectively take relevant recovery measures for returns formulated by the Company and fulfill my corresponding commitments on recovery measures for returns. Besides, I will, in case of violating or refusing to fulfill the above commitments, undertake the corresponding obligations of explanation, apology and so on in accordance with the relevant provisions, and will be liable for compensation as appropriate according to law if losses are thus caused to the Company or its shareholders."</p>			
	Mango Excellent Media Co., Ltd.	Other commitments	<p>1. We have never engaged in any investment financial business within six months prior to the date of the board meeting concerning this offering; from the date of issuing</p>	December 25, 2020	9999-12-31	Ongoing

			<p>this commitment letter (December 25, 2020) to the end of the use of the financing funds or within 36 months after availability of the financing funds, we undertake not to increase the capital investment (including capital increase, loan, guarantee and other forms of capital investment) in such financial business.</p> <p>2. We will initiate as soon as possible, and complete within six months from the date of issuing this commitment letter, the disposal of Happy Money's micro-loan business by means of dissolution and liquidation, business closure or equity transfer to accredited entities, etc. After the disposal, we will no longer engage in micro-loan business.</p>			
Commitments on equity incentives						
Other commitments made to the Company's minority shareholders						
Fulfill the commitments on time or not	Yes					

## 2. Explanation of the original profit estimate with respect to the assets or projects of the Company and reasons for realization if the Company makes a profit estimate for its assets or projects which is still in progress during the Reporting Period

Applicable     N/A

Asset or project with	Commence	End date of forecast	Current estimated	Current achieved	Reason for not achieving the	Disclosure date of the original	Index of the original
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profit estimates	date of forecast		performance (in 0'000)	performance(in 0'000)	estimate (if applicable)	estimate	estimate
Happy Sunshine	January 1,2017	December 31,2020	129,369.6	145,838.81	N/A	June 22,2018	Announcement : Report for Issuance of Shares for Purchase of Assets and Raising of Matching Funds and Related Party Transactions, disclosed at <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
Mango Fun,	January 1,2017	December 31,2020	5,091.56	7,674.53	N/A	June 22,2018	
EE-Media,	January 1,2017	December 31,2020	2,844.41	4,987.54	N/A	June 22,2018	
Mango Studios	January 1,2017	December 31,2020	4,688.07	6,756.92	N/A	June 22,2018	
Mango Entertainment	January 1,2017	December 31,2020	7,495.76	8,364.43	N/A	June 22,2018	

Commitments made by the Company's shareholders and counterparties to the annual operating results of the Company or related assets

√ Applicable    □ N/A

On September 27, 2017, the Agreement on Profit Estimating Compensation for the Issuance of Shares to Purchase Assets with effectiveness subject to certain conditions were made and entered into by and between the Listed Company and Mango Media acting as the restructuring counterparty and the controlling shareholder of the Company. On November 20, 2017, the two parties above concluded the Supplemental Agreement to Agreement on Profit Estimating Compensation for the Issuance of Shares to Purchase Assets with effectiveness subject to certain conditions. According to the two agreements, Mango Media has agreed to make the following specific commitments to net profits arising from the performance commitment period of the target companies:

In: RMB0'000

Target Company	Committed net profits in 2017	Committed net profits in 2018	Committed net profits in 2019	Committed net profits in 2020
Happy Sunshine	31,549.47	67,945.78	91,021.50	129,369.60
Mango Fun,	4,132.91	5,070.81	4,876.54	5,091.56
EE-Media,	9,548.62	2,087.46	2,538.96	2,844.41
Mango Studios	4,150.39	4,944.67	4,531.96	4,688.07
Mango Entertainment	2,773.74	7,451.30	6,432.91	7,495.76

Completion of performance commitments and their impacts on goodwill impairment

In 2020, all of the 5 targeted companies in asset restructuring completed their performance commitments successfully, evidenced by 112.73%, 150.73%, 175.35%, 144.13%, 111.59% performance achieved by Happy Sunshine, Mango Fun, EE-Media, Mango Studios and Mango Entertainment respectively. No goodwill is caused from this restructuring.

### **III. Appropriation of non-operating funds of the Listed Company by the controlling shareholder and its related parties**

Applicable     N/A

The Company's controlling shareholder and its related parties have appropriated no non-operating funds of the Listed Company during the Reporting Period.

### **IV. Explanations from the board of directors for the "Modified Auditor's Report" Issued Most Recently**

Applicable     N/A

### **V. Explanations from the board, the board of supervisors, the independent directors (if any) for the "Modified Auditor's Report" issued by the engaged accounting firm in the Reporting Period**

Applicable     N/A

### **VI. Explanation from the board for reasons and effects of accounting policies and accounting estimate change and significant accounting mistake correction**

Applicable     N/A

On April 23, 2020, the Company held the 29th meeting of the third board of directors and the 19th meeting of the third board of supervisors, deliberating and approving the *Proposal to Changes in Accounting Policies*, as detailed below:

#### (1) Reasons for changes

On July 5, 2017, the Ministry of Finance issued the *Notice on Issuing the Revised Accounting Standards for Business Enterprises No. 14 - Revenue* (Cai Kuai [2017] No. 22), requiring that enterprises listed concurrently at home and abroad and enterprises that are listed abroad and prepare financial statements by adopting the *International Financial Reporting Standards* or the *Accounting Standards for Business Enterprises* shall implement the revised standards as of January 1, 2018; other domestic listed enterprises shall implement the revised standards as of January 1, 2020; and non-listed enterprises that adopt the *Accounting Standards for Business Enterprises* shall implement the same as of January 1, 2021.

As a domestic listed company, the Company shall implement the said revised standards from January 1, 2020, and adjust the original accounting policies accordingly.

#### (2) Accounting policies before this change

Before this change, the Company implemented its accounting policies in accordance with the *Accounting Standards for Business Enterprises - Basic Standards* issued by the Ministry of Finance as well as the specific accounting standards, the application guidelines, and interpretations to accounting standards for business enterprises and other relevant provisions.

#### (3) Accounting policies after this change

After this change, the Company will implement the relevant provisions of the *Accounting Standards for Business Enterprises No. 14 - Revenue* revised by the Ministry of Finance on July 5, 2017. In addition to the above accounting policy changes, the remaining unchanged parts are still implemented in accordance with the *Accounting Standards for Business Enterprises - Basic*

*Standards* issued by the Ministry of Finance previously, as well as the specific accounting standards, the application guidelines, and interpretations to accounting standards for business enterprises and other relevant provisions.

## VII. Explanation for changes in the scope of consolidated financial statements comparing with those in prior year

Applicable     N/A

During the Reporting Period, Happy Sunshine Hongmang Education Technology Co., Ltd. and Xiaomang Electronic Commerce Co., Ltd. are newly established, while Doug (Shanghai) Investment Management Limited Liability Company, Ningbo Free Trade Zone Happigo International Trade Co., Ltd., and Damei Fashion (Shanghai) Culture Media Co., Ltd. are deregistered. For details, see VIII. Change in Scope of Consolidation in Section XII. Financial Report hereof.

## VIII. Engagement and dismissal of the accounting firm

Current certified public accountants

Domestic certified public accountants	Pan-China Certified Public Accountants LLP
Remuneration paid to the domestic certified public accountants (in RMB0'000)	198
Audit period of the domestic accounting firm	5
Name of the engaged certified public accountants	LI Xinkui, ZHANG Hong
Audit period of the engaged certified public accountants	5

Whether the certified public accountant is changed

Yes  No

Description of engaging certified public accountants, financial adviser, or sponsor for internal control

Applicable     N/A

## IX. Delisting subsequent to the disclosure of the annual report

Applicable     N/A

## X. Bankruptcy and reorganization

Applicable     N/A

The Company has no matters with respect to bankruptcy and reorganization during the Reporting Period.

## XI. Material litigation or arbitration

Applicable     N/A

The Company involves no material litigation or arbitration during the Reporting Period.

## XII. Penalty and rectification

Applicable     N/A

The Company has no penalty and rectification during the Reporting Period.

### XIII. Integrity of the Company and its controlling shareholders and de facto controllers

Applicable  N/A

### XIV. Implementation of the Company's equity incentive plan, employee shareholding plan or other employee incentive measures

Applicable  N/A

The Company has no equity incentive plan, employee shareholding plan or other employee incentive measures as well as the implementation thereof during the Reporting Period.

### XV. Significant related-party transactions

#### 1. Related-party transactions related to daily operations

Applicable  N/A

Related party	Related party relationship	Type	Content	Pricing principal	Price	Amount (in RMB0'000)	Proportion of similar trading amount	Approved trading amount (in RMB0'000)	Exceed the approved amount or not	Mode of settlement	Available market price of similar transactions	Disclosure date	Disclosure index
Hunan Radio, Film and Television Group Co., Ltd.	Under common control of the same de facto controller	Acceptance of labor service	Copyright, etc.	Market pricing	66,211.43	66,211.43	7.17%	62,855	Yes	By transfer	66,211.43	April 25, 2020	Published at the official website of cninfo; Announcement Title: <i>Announcement on the Occurrence of Related-party Transactions Concerning Daily Operations in</i>



													2019 and the Forecast of Related-party Transactions Concerning Daily Operations in 2020, and Announcement on Adjusting the Forecast of Transactions Concerning Daily Operations in 2020
Hunan Radio, Film and Television Group Co., Ltd.	Under common control of the same de facto controller	Offer of labor service	Advertising release	Market pricing	80,190.06	80,190.06	5.73%	101,950	No	By transfer	80,190.06	April 25, 2020	Published at the official website of cninfo; Announcement Title: Announcement on the Occurrence of Related-party Transactions

													Concerning Daily Operations in 2019 and the Forecast of Related-party Transactions Concerning Daily Operations in 2020, and Announcement on Adjusting the Forecast of Transactions Concerning Daily Operations in 2020
Yunhong Communication Technology (Guangzhou) Co., Ltd.	Company materially affected by the de facto controller	Offer of labor service	Advertising release	Market pricing	77,148.37	77,148.37	5.51%	104,000	No	By transfer	77,148.37	April 25, 2020	Published at the official website of cninfo; Announcement Title: Announcement on the Occurrence of

													Related-party Transactions Concerning Daily Operations in 2019 and the Forecast of Related-party Transactions Concerning Daily Operations in 2020
Hunan EE Advertising Co., Ltd.	Under common control of the same de facto controller	Offer of labor service	Advertising release	Market pricing	55,646.59	55,646.59	3.97%	32,187	Yes	By transfer	55,646.59	April 25, 2020	Published at the official website of cninfo; Announcement Title: Announcement on the Occurrence of Related-party Transactions Concerning Daily Operations in 2019 and the

													Forecast of Related-party Transactions Concerning Daily Operations in 2020
MIGU Culture Technology Co., Ltd.	Sharing the key manager	Offer of labor service	Operator revenue	Market pricing	82,617.64	82,617.64	5.98%	82,716	Yes	By transfer	82,617.64	April 25, 2020	Published at the official website of cninfo; Announcement Title: Announcement on the Occurrence of Related-party Transactions Concerning Daily Operations in 2019 and the Forecast of Related-party Transactions Concerning Daily Operations in

													2020, and Announc ement on Adjusting the Estimate d Amount of Related-p arty transacti ons Concerni ng Daily Operatio ns with MIGU Culture Technolo gy Co., Ltd. in 2020
Total				--	--	361,814.0 9	--	383,708	--	--	--	--	--
Details of return of goods with large sales	None												
Actual performance within the reporting period (if any) in the event that the total amount of the daily related-party transactions to occur in the current period is expected by categories	None												
Reasons for the large difference between the trading price and the market reference price (if applicable)	N/A												

## 2. Related-party transactions related to acquisition or disposal of assets and equities

√ Applicable    □ N/A

Related party	Related party relationship	Type	Content	Pricing principal	Carrying amount of transferred assets (RMB0'00)	Appraisal value of transferred assets (RMB0'00)	Transfer price (RMB0'00)	Mode of settlement	Trading profit or loss (RMB0'00)	Disclosure date	Disclosure index

					00)	00)					
Mango Media Co., Ltd.	Parent company	Equity transfer	Equity transfer	Appraisal	18,929.58	25,967.92	25,967.92	By transfer	7,038.34	March 18, 2020	Published at the official website of cninfo; <i>Announcement on Transfer of Equity in Joint-stock Company and Related Party Transaction</i>
Reasons for significant difference between transfer price and carrying amount or appraisal value (if any)				None							
Impact on the Company's operating results and financial situation				An amount of RMB70.3834 was recognized for investment income from equity transfer, accounting for 3.56% of the net profit in the consolidated statements.							
The performance realization in the Reporting Period if the related party transaction involves performance agreement				None							

### 3. Related-party transactions related to joint external investment

Applicable     N/A

The Company has no related-party transactions related to joint external investment during the Reporting Period.

### 4. Credits and debits with related parties

Applicable     N/A

Where there is any non-operating credits and debits with related parties

Yes     No

The Company has no non-operating credits and debits with related parties during the Reporting Period.

### 5. Other significant related-party transactions

Applicable     N/A

The Company has no other significant related-party transactions during the Reporting Period.

## XVI. Significant contracts and performances thereof

### 1. Trusteeship, contracting and leasing

#### (1) Trusteeship

Applicable  N/A

The Company has no trusteeship during the Reporting Period.

#### (2) Contracting

Applicable  N/A

The Company has no contracting during the Reporting Period.

#### (3) Leasing

Applicable  N/A

The Company has no lease during the Reporting Period.

### 2. Significant guarantee

Applicable  N/A

The Company has no guarantee during the Reporting Period.

### 3. Significant contracts for daily operation

Unit:

Name of contracting party of the Company	Name of counter party	Total contract price	Progress of contract performance	Sales revenue amount recognized in the current period	Accumulated sales revenue amount recognized	Collection of accounts receivable	Whether the conditions affecting the performance of significant contracts have material changes	Is there any significant risk that may result in the non-performance of contract

### 4. Cash asset management by others under entrustment

#### (1) Entrusted financing

Applicable  N/A

Overview of entrusted financing in the Reporting Period

In: RMB0'000

Specific type	Capital sources of entrusted financing	Amount of entrusted financing	Undue balance	Amount overdue and not recovered

Bank financing product	Own funds	25,150	0	0
Total		25,150	0	0

Details of high-risk entrusted financing with significant single amount or low security, poor liquidity and non-break-even

Applicable  N/A

Expected unavailability to recover the principal or other situations that may lead to impairment with respect to entrusted financing

Applicable  N/A

## (2) Entrusted loans

Applicable  N/A

The Company has no entrusted loan in the Reporting Period.

## 5. Other significant contracts

Applicable  N/A

The Company has no other significant contracts in the Reporting Period.

## XVII. Social Responsibilities

### 1. Performance of social responsibilities

For details, refer to 2020 Social Responsibility Report disclosed by the Company at [www.cninfo.com.cn](http://www.cninfo.com.cn).

### 2. Description of targeted poverty alleviation activities

#### (1) Plan for targeted poverty alleviation

In response to the national, provincial, and municipal calls for poverty alleviation in a serious attitude, the Company actively carry out targeted poverty alleviation activities by giving full play to the advantages of the Company's platform and industrial chains.

#### (2) Overview of annual targeted poverty alleviation

For details, refer to the 2020 Social Responsibility Report disclosed by the Company at [www.cninfo.com.cn](http://www.cninfo.com.cn).

#### (3) Effects of targeted poverty alleviation

Indicator	Unit of measurement	Quantity/Development
I. Overall	——	——
Including: 1. funds	RMB0'000	1,509.64
II. Subdivided investments	——	——
1. Poverty alleviation via industry development	——	——



Including: 1.1 Type of poverty alleviation projects involving industrial development	—	E-commerce poverty alleviation
1.2 Number of poverty alleviation projects involving industrial development	Unit	1
1.3 Investment amount of poverty alleviation projects involving industrial development	RMB0'000	1,489.64 <sup>1</sup>
2. Poverty alleviation via employment transfer	—	—
3. Poverty alleviation via relocation	—	—
4. Poverty alleviation via education	—	—
5. Health poverty alleviation	—	—
6. Ecological poverty alleviation	—	—
7. Underwritten protection	—	—
8. Poverty alleviation via social resources	—	—
9. Other items	—	—
9.2. Investment amounts	RMB0'000	20
III. Awards (content, level)	—	—

Note: 1 It refers to the amount of investment in the project i.e. “Mango Poverty Alleviation Cloud Supermarket” of Happigo Co., Ltd., a wholly-owned subsidiary of the Company, during the Reporting Period.

#### (4) Supplementary plan for targeted approach to alleviating poverty

In 2021, the Company will earnestly fulfill its social responsibility by continuing the active response to the national, provincial, and municipal call for rural revitalization.

### 3. Environmental protection

Whether the Listed Company and its subsidiaries are in high pollution industries regulated by the State Department of Environmental Protection.

Yes     No

No

The Listed Company and its subsidiaries are not in high pollution industries regulated by the State Department of Environmental Protection.

### XVIII. Description of other significant matters

Applicable     N/A

On April 14, 2021, 100% of the equity in Mango Studios Cultural Co., Ltd. and Hunan Mango Entertainment Co., Ltd., wholly-owned subsidiaries of the Company, were transferred to Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd., another wholly-owned subsidiary of the Company.

**XIV. Significant matters of subsidiaries of the Company**

Applicable     N/A

## Section VI Share Changes and Information of Shareholders

### I. Share changes

#### 1. Share changes

Unit: share

	Before this change		Increase or decrease this time (+,-)					After this change	
	Quantity	Ratio	New shares	Bonus shares	Capitalization of capital reserve	Others	Sub-total	Quantity	Ratio
I. Restricted share	946,357,263	53.15%	0	0	0	-97,336,406	-97,336,406	849,020,857	47.69%
1. Shareholdings by the State	0	0.00%	0	0	0	0	0	0	0.00%
2. Shareholdings by the State-owned legal persons	926,889,757	52.06%	0	0	0	-77,870,025	-77,870,025	849,019,732	
3. Other shareholdings by domestic investors	19,467,506	1.09%	0	0	0	-19,466,381	-19,466,381	1,125	0.00%
Including: shareholdings by domestic legal persons	19,467,506	1.09%	0	0	0	-19,467,506	-19,467,506	0	0.00%
Shareholdings by domestic natural persons	0	0.00%	0	0	0	1,125	1,125	1,125	0.00%
4. Shareholdings by foreign investors	0	0.00%	0	0	0	0	0	0	0.00%
Including: Shareholdings by overseas legal persons	0	0.00%	0		0	0	0	0	0.00%
Shareholdings by overseas natural persons	0	0.00%	0	0	0	0	0	0	0.00%
II. Unrestricted share	834,020,248	46.85%	0	0	0	97,336,406	97,336,406	931,356,654	52.31%
1. RMB ordinary share	834,020,248	46.85%	0	0	0	97,336,406	97,336,406	931,356,654	52.31%
2. Domestic listed foreign share	0	0.00%	0	0	0	0	0	0	0.00%
3. Overseas listed foreign share	0	0.00%	0	0	0	0	0	0	0.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total	1,780,377,511	100.00%	0	0	0	0	0	1,780,377,511	100.00%

## Reason for share changes

√ Applicable    □ N/A

The restriction on the restricted shares is released as the restriction period has expired.

## Approval of share changes

□ Applicable    √ N/A

## Description of registration of share changes

□ Applicable    √ N/A

## Progress of share repurchase

□ Applicable    √ N/A

## Progress of reducing repurchased shares through centralized competitive pricing

□ Applicable    √ N/A

Effect of share changes on financial indicators in the most recent year and the most recent period, such as basic earnings per share, diluted earnings per share, net assets per share attributable to the Company's shareholders of ordinary shares

□ Applicable    √ N/A

Other information that the Company deemed as necessary, or security regulators require to be disclosed

□ Applicable    √ N/A

**2. Restricted share changes**

√ Applicable    □ N/A

Unit: share

Name of shareholder	Opening restricted shares	Increase in restricted shares for the current period	Restricted shares released for the current period	Closing restricted shares	Reasons for restriction	Date of proposed release of restriction
China Life Insurance Company Limited — Dividend — Individual Dividend-005L-F H002 Shen	19,467,506	0	19,467,506	0	Additional restricted shares in private placement for raising matching funds	Listing and circulating on July 3, 2020
China Mobile Capital Holding	77,870,025	0	77,870,025	0	Additional restricted shares in private placement for raising	Listing and circulating on

Co., Ltd.					matching funds	July 3, 2020
Mango Media Co., Ltd.	849,019,732	0	0	849,019,732	Additional restricted shares in offering of shares for purchasing assets	July 12, 2021
YANG Yun	0	1,125	0	1,125	Restricted shares for directors, supervisors, and officers	During the term of office, the restriction in 25% of the number of shares held at the end of last year will be lifted at the beginning of each year.
Total	946,357,263	1,125	97,337,531	849,020,857	--	--

## II. Shares issuing and listing

### 1. Securities issuing in the Reporting Period (excluding preferred shares)

Applicable     N/A

### 2. Explanation for changes in the Company's total shares, shareholder structure, and structure of assets and liabilities

Applicable     N/A

### 3. Current shares subject to employee share ownership plan

Applicable     N/A

## III. Shareholders and de facto controllers

### 1. Description of the quantity of the Company's shareholders and shares held by them

Unit: share

Total ordinary shareholders as of the end of the period	24,773	Total ordinary shareholders as of the end of the month prior to the disclosure date of annual report	36,311	Total preferred shareholders with recovered voting rights as of the end of the period (if any) (refer to Note 9)	0	Total preferred shareholders with recovered voting rights as of the end of the month prior to the disclosure date of annual report (refer to Note 9)	0	
Information of shareholders holding 5% or more of shares or top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	Closing shareholding quantity	Increase or decrease	Quantity of restricted shares held	Quantity of unrestricted shares held	Pledged or frozen	
							Status	Quantity
Mango Media Co., Ltd.	State-owned legal person	58.94%	1,049,300,301	-93,647,857	849,019,732	200,280,569		
Haiyan Ali Venture Capital Co., Ltd.	Domestic non-state-owned legal persons	5.26%	93,647,857	93,647,857	0	93,647,857		
China Mobile Capital Holding Co., Ltd.	State-owned legal person	3.99%	70,959,923	-6,910,102	0	70,959,923		
HONG KONG SECURITIES CLEARING COMPANY LIMITED	Foreign legal person	2.42%	43,127,568	20,186,145	0	43,127,568		
CHINA CITIC BANK CORPORATION LIMITED - BOCOM Schoders Xinshenghuoli Flexible Allocation Hybrid Securities Investment Fund	Others	0.96%	17,177,141	2,633,288	0	17,177,141		

China Merchants Bank Co., Ltd. - Xingquan Heyi Flexible Allocation Hybrid Securities Investment Fund (LOF)	Others	0.74%	13,089,224	-11,373,582	0	13,089,224		
China Postal Savings Bank Co., Ltd.-China-Europe Small and Medium Equity Securities Investment Fund (LOF)	Others	0.69%	12,325,850	1,106,951	0	12,325,850		
China Construction Bank Corporation - BOCOM Schroders Kernel-Driven Hybrid Securities Investment Fund	Others	0.68%	12,091,876	12,091,876	0	12,091,876		
China Life Insurance Company Limited - Dividends - Individual Dividends-005 L-FH002 Shen	Others	0.58%	10,262,239	-10,461,440	0	10,262,239		

China Merchants Bank Co., Ltd. - Xingquan Herun Graded Hybrid Securities Investment Fund	Others	0.53%	9,394,546	3,018,554	0	9,394,546		
Explanation for related-party relationship or concerted action of above shareholders	Mango Media Co., Ltd. as the controlling shareholder of the Company has no related-party relationship or concerted action relationship with other top ten shareholders, and it remains unknown whether or not there is a related-party relationship or concerted action relationship among other top ten shareholders.							
Shareholdings of top 10 unrestricted shareholders								
Name of shareholders	Quantity of unrestricted shares held at the end of the Reporting Period					Type		
						Type	Quantity	
Mango Media Co., Ltd.					200,280,569	RMB ordinary shares	200,280,569	
Haiyan Ali Venture Capital Co., Ltd.					93,647,857	RMB ordinary shares	93,647,857	
China Mobile Capital Holding Co., Ltd.					70,959,923	RMB ordinary shares	70,959,923	
HONG KONG SECURITIES CLEARING COMPANY LIMITED					43,127,568	RMB ordinary shares	43,127,568	
CHINA CITIC BANK CORPORATION LIMITED - BOCOM Schroders Xinshenghuoli Flexible Allocation Hybrid Securities Investment Fund					17,177,141	RMB ordinary shares	17,177,141	
China Merchants Bank Co., Ltd. - Xingquan Heyi Flexible Allocation Hybrid Securities Investment Fund (LOF)					13,089,224	RMB ordinary shares	13,089,224	



China Postal Savings Bank Co., Ltd.-China-Europe Small and Medium Equity Securities Investment Fund (LOF)	12,325,850	RMB ordinary shares	12,325,850
China Construction Bank Corporation - BOCOM Schroders Kernel-Driven Hybrid Securities Investment Fund	12,091,876	RMB ordinary shares	12,091,876
China Life Insurance Company Limited - Dividends - Individual Dividends-005L-FH002 Shen	10,262,239	RMB ordinary shares	10,262,239
China Merchants Bank Co., Ltd. - Xingquan Herun Graded Hybrid Securities Investment Fund	9,394,546	RMB ordinary shares	9,394,546
Explanation for related-party relationship or concerted actions between top 10 unrestricted outstanding shareholders, and between top 10 unrestricted outstanding shareholders and top 10 shareholders	There is no related-party relationship or concerted action relationship between the Mango Media Co., Ltd. as the controlling shareholder of the Company and other top 10 unrestricted outstanding shareholders; it remains unknown whether or not there is a related-party relationship or concerted action relationship among top 10 unrestricted outstanding shareholders and between top 10 unrestricted outstanding shareholders and top 10 shareholders.		
Explanation for shareholders participating in the margin trading and short-selling (if any) (refer to Note 5)	None		

Whether the Company's top 10 ordinary shareholders and top 10 unrestricted ordinary shareholders have engaged in an agreed repurchase transaction during the Reporting Period

Yes  No

The Company's top 10 ordinary shareholders and top 10 unrestricted ordinary shareholders have no agreed repurchase transaction during the Reporting Period.

## 2. The Company's controlling shareholder

Nature of the controlling shareholder: local state-owned holding company

Type of the controlling shareholder: legal person

Controlling shareholder	Legal representative/ responsible person	Date of incorporation	Organization code	Principal activities
Mango Media Co., Ltd	ZHANG Huali	July 10, 2007	914300006707880875	Planning, production and operation of radio and television programs; asset management and investment subject to laws and regulations (excluding national financial supervision and financial credit businesses such as deposit absorption, fund collection, entrusted loans, notes, and loans issuance); advertising planning, production and operation; multimedia technology development and operation. (Projects required for legal approval shall be operated on the premise of being approved by relevant authorities)

Change of the controlling shareholder in the Reporting Period

Applicable     N/A

The Company has not changed the controlling shareholder in the Reporting Period.

### 3. The Company's de facto controller and its acting-in-concert parties

Nature of the de facto controller: Local state capital management institution

Type of the controlling shareholder: Legal person

De facto controller	Legal representative/ responsible person	Date of incorporation	Organization code	Principal activities
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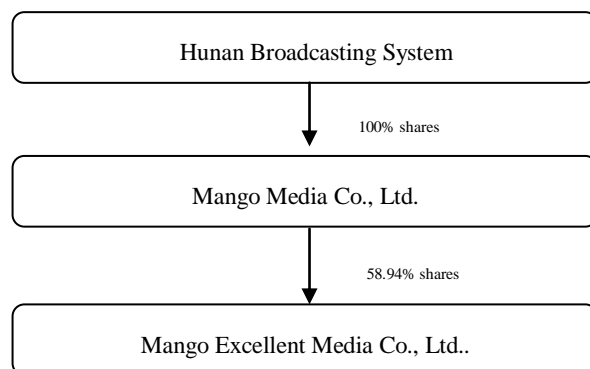
Hunan Broadcasting System	GONG Zhengwen	January 25, 2010	12430000444877954 G	Broadcasting news and other information, and television programs to promote socio-economic and cultural development; news, thematic, literary, and artistic broadcasts, consulting services, advertising, broadcasting technical services, broadcasting research, broadcast business trainings, publishing and distribution of audiovisual products, television program production, television programs broadcasting and rebroadcasting, television industry business, and television research.
Equity of other domestic and oversea listed companies controlled by the de facto controller in the Reporting Period	According to the guideline of the Hunan Provincial CPC Committee and Hunan Provincial Government for the integration and reform of Hunan Broadcasting System, despite a related relationship between Hunan Broadcasting System and Hunan TV & Broadcast Intermediary Co., Ltd., the de facto controller, and its subordinate companies hold no shares in Hunan TV & Broadcast Intermediary Co., Ltd.			

Change of the de facto controller in the Reporting Period

Applicable     N/A

The Company has not changed the de facto controller in the Reporting Period

Block diagram for the ownership and controlling relationship between the Company and the de facto controller



The Company is controlled by the de facto controller through trust funds or other asset management methods

Applicable     N/A

**4. Other legal person shareholders with more than 10% shares in the Company**

Applicable     N/A

**5. Restriction on reduction of shares to the controlling shareholder, the de facto controller, the restructuring party, and other committed entity**

Applicable     N/A

## Section VII Preferred Shares

Applicable     N/A

The Company has no preferred shares in the Reporting Period.

## **Section VIII Convertible Bonds**

Applicable     N/A

The Company has no convertible bonds in the Reporting Period.

## Section IX Directors, Supervisors, Officers and Employees

### I. Changes in shares held by directors, supervisors, and officers

Name	Position	Status	Gender	Age	Office term from	Office term to	Number of shares held at the beginning of the period: (unit: share)	Number of increased shares for the current period (unit: share)	Number of reduced shares for the current period (unit: share)	Other increases or decreases (unit: share)	Number of shares held at the end of the period (unit: share)
ZHANG Huali	Chairman of the board	Current	Male		November 16, 2017		0	0	0	0	0
ZHONG Hongming	Independent director	Current	Male		June 14, 2017		0	0	0	0	0
XIAO Xing	Independent director	Current	Female		January 8, 2019		0	0	0	0	0
LIU Yuhui	Independent director	Current	Male		January 8, 2019		0	0	0	0	0
LUO Weixiong	Director	Current	Male		September 19, 2019		0	0	0	0	0
ZHANG Yong	Director	Current	Male		May 25, 2011		0	0	0	0	0
CAI Huaijun	Director, general manager	Current	Male		September 12, 2018		0	0	0	0	0
LIU Xin	Director	Current	Male		September 19, 2019		0	0	0	0	0
TANG Liang	Director	Current	Male		June 1, 2014		0	0	0	0	0
YANG Yun	Chairman of the board of supervisors	Current	Male		June 14, 2017		0	0	0	0	0
LI Jiaochun	Supervisor	Current	Male		June 14, 2017		0	0	0	0	0
FANG Fei	Employee supervisor	Current	Male		August 19, 2020		0	0	0	0	0

HE Jin	Deputy general manager	Current	Female		August 16, 2018		0	0	0	0	0
ZHENG Huaping	Deputy general manager	Current	Male		August 16, 2018		0	0	0	0	0
WANG Ke	Deputy general manager	Current	Male		August 16, 2018		0	0	0	0	0
LIANG Deping	Deputy general manager and finance director	Current	Male		August 16, 2018		0	0	0	0	0
WU Jun	Secretary of the board of directors	Current	Female		April 27, 2019		0	0	0	0	0
JIANG Qian	Employee supervisor	Former	Female		May 12, 2015	August 19, 2020					
XIAO Ning	Deputy general manager	Former	Female		August 16, 2018	August 8, 2020	0	0	0	0	0
Total	--	--	--	--	--	--	0	1,500	0	0	1,500

## II. Changes of directors, supervisors, and officers

√ Applicable    □ N/A

Name	Position	Type	Date	Reasons
JIANG Qian	Employee supervisor	Resigned upon expiry of the term	August 19, 2020	She resigned due to expiry of her term of office.
FANG Fei	Employee supervisor	Newly elected	August 19, 2020	He was elected as an employee supervisor by the workers and employees' congress to replace the former employee supervisor upon her resign from officer upon expiry of the term.
XIAO Ning	Deputy general manager	Resigned	August 19, 2020	She resigned as deputy general manager of the Company due to work transfer arrangement.

## III. Job Titles

About the education backgrounds and main work experiences of the existing directors, supervisors and officers of the Company and their current job duties in the Company



## 1. Directors

ZHANG Huali, male, Han nationality, born in December 1964, a member of the Communist Party of China and a first-class literary editor. He graduated from the Chinese Department of Fudan University in 1986 and joined Hunan TV in the same year. His work experiences are as follows: the reporter of the *Hunan News Network* and *Focus*, the producer of *Evening News* and *News Watch*, the deputy director of the News Center of Hunan TV from July 1986 to December 1998; the first deputy director of Hunan TV's Cultural and Sports Channel from December 1998 and January 2001; the director of Hunan TV's Entertainment Channel from January 2001 to September 2002; the director and the deputy secretary of the CPC General Branch of Hunan TV's Entertainment Channel from September 2002 to October 2004; the director and the deputy secretary of the Party Committee of Hunan TV's Entertainment Channel from October 2004 to December 2006; the deputy general manager of Golden Eagle Broadcasting System and the director of Entertainment Channel and the deputy secretary of the Party Committee of Hunan TV from December 2006 to July 2008; the deputy general manager of Golden Eagle Broadcasting System, the chief editor and deputy head (ranking first) of Hunan TV (headquarters), the director and the deputy secretary of the CPC General Branch of Hunan TV's Entertainment Channel from July 2008 to September 2009; the deputy general manager of Golden Eagle Broadcasting System and the chief editor and deputy head (ranking first) of Hunan TV (headquarters) from September 2009 to March 2010; a member of the Party Committee and the deputy head of Hunan Broadcasting System from March 2010 to August 2020; a member of the Party Committee, the deputy head and the chief editor of Hunan Broadcasting System from August 2010 to December 2010; a member of the Party Committee, the deputy head and chief editor of Hunan Broadcasting System and the director of Hunan Satellite TV Channel from December 2010 to May 2015; a member of the Party Committee, the deputy head and the chief editor of Hunan Broadcasting System and the general manager of Golden Eagle Broadcasting System and the director of Hunan Satellite TV Channel from May 2015 to June 2017; a member of the Party Committee, the deputy head and chief editor of Hunan Broadcasting System, the deputy secretary of the Party Committee and the general manager of Golden Eagle Broadcasting System from June 2017 to June 2020; the secretary of the Party Committee, the chairman and chief editor of Golden Eagle Broadcasting System (Hunan Broadcasting System) from June 2020 to November 2020; the secretary of the Party Committee and the chairman of Golden Eagle Broadcasting System (Hunan Broadcasting System) since November 2020. He acted as the chairman of the Company since November 2017 and the secretary of the Party Committee of the Company since November 2018.

ZHONG Hongming, male, Han nationality, born in January 1975, graduated from the Law School of Renmin University of China with a doctor's degree of Law. He worked in Shenzhen Stock Exchange and now serves as an associate researcher at the Institute of Law, Sichuan Academy of Social Sciences and concurrently works as a member of the council of the China Securities Law Research Association, the secretary-general of Sichuan Commercial Law Research Association, and an independent director of FIYTA Precision Technology Co., Ltd. And from June 2017 to present, he has been serving as an independent director of the Company.

XIAO Xing, female, born in March 1971, a member of the Communist Party of China, graduated from Tsinghua University with a doctor's degree of Accounting. She joins in the School of Economics and Management of Tsinghua University in 1971 to successively serve as teaching assistant, lecturer, associate professor, long-term external associate professor and professor. Now she works as the professor of the School of Economics and Management, the head of the Department of Accounting and the deputy executive dean of the Global Equity Private Research Institute of Tsinghua University, and concurrently serves as a member of the National Accounting Professional Master Education Steering Committee, a member of the Accounting Teaching Steering Committee of the Ministry of Education, and an independent director of Agricultural Bank of China Co., Ltd. and Bloomage Biotechnology Corporation Limited. And from January 2019 to present, she has been serving as an independent director of the Company.

LIU Yuhui, male, born in October 1970, a member of the Communist Party of China, graduated from Chinese Academy of Social Sciences with a doctor's degree of Quantitative Economics. He worked as the head of Key Financing Laboratory in the Institute of Finance of Chinese Academy of Social Sciences from August 2003 to April 2017, joined in the Institution of Economics of Chinese Academy of Social Sciences in April 2017 to serve as a researcher, and now serves as the professor and the doctoral tutor of economics in Chinese Academy of Social Sciences and is also the chief economist in TF Securities, a member of the council of

China Chief Economist Forum, a member of the Annuity Council of China National Petroleum Corporation and an independent director in Bank of Jiangsu Co., Ltd.; and from January 2019 to present, he has been serving as an independent director of the Company.

LUO Weixiong, male, Han nationality, born in November 1962, a member of the Communist Party of China, obtained a bachelor's degree of Arts and the title of chief editor. His work experiences are as follows: the deputy director of the Managerial Department of Hunan TV and Broadcasting Agency, the deputy director and then director of the Advertising Information Department of Hunan TV and Broadcasting News Agency, the director of the Editor Department of Hunan Radio and TV News Agency, deputy editor-in-chief and then chief editor of Hunan Radio and TV News Agency, the general manager of Hunan TV & Broadcast Intermediary Co., Ltd. Advertising Branch and the director of the Advertising Operation and Management Center of Golden Eagle Broadcasting System from April 1988 to April 2005; the deputy general manager of Golden Eagle Broadcasting System, the deputy editor-in-chief of Hunan Provincial Radio and Television Bureau and the Editor Committee of Golden Eagle Broadcasting System from April 2005 to March 2010; a director and the deputy general manager of Hunan TV & Broadcast Intermediary Co., Ltd. from April 2005 to April 2012; a member of the Party Committee and the deputy head of Hunan Broadcasting System, and the director of Operation and Industry Management Committee of Hunan Broadcasting System and a director of Mango Media Co., Ltd. from March 2010 to June 2018; a member of the Party Committee of Golden Eagle Broadcasting System in June 2018; a member of the Party Committee and the deputy head of Hunan Broadcasting System, and a member of the Party Committee and the deputy general manager of Golden Eagle Broadcasting System and a director of Mango Media Co., Ltd. from July 2018 to present; and a director of the Company from September 2019 to present.

ZHANG Yong, male, born in 1962, a member of the Communist Party of China, graduated from Zhengzhou University of Light Industry with a bachelor's degree of Electromechanics and was conferred the title of senior engineer. His work experiences are as follows: the deputy director of Hunan TV's Entertainment Channel, the director of the Program Marketing Center of Golden Eagle Broadcasting System, the head assistant of Hunan TV, the director of the Production Dispatch Center of Hunan TV and the head assistant of Hunan Broadcasting System from April 1984 to present; the general manager of Mango Media Co., Ltd. since May 2012; a director of Mango Media Co., Ltd. since December 2013; the chairman since August 2017 and the chief editor since March 2018 in Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd.; the general manager assistant of Golden Eagle Broadcasting Co., Ltd. since April 2019. He serves as the general manager assistant of Gold Eagle Broadcasting System Co., Ltd., a director and the general manager of Mango Media Co., Ltd., the chairman and the chief editor of Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd.; and since May 2011, he has been acting a director of the Company (including "Happigo Co., Ltd." as the predecessor of the Company).

CAI Huaijun, male, born in December 1977, a member of the Communist Party of China, graduated from Accounting major of Hunan University with a doctorate in management. His work experiences are as follows: worked in Hunan Economic TV from July 2000 and March 2002; worked in the Planning and Finance Department of Hunan TV from March 2002 to April 2004; the deputy director at the Planning and Statistics Division of the Finance Department of Hunan TV from April 2004 to March 2006; the director at the Planning and Statistics Division of the Finance Department of Hunan TV from March 2006 to April 2011; the deputy director of the Mango Media Restructuring and Listing Office from April 2011 to October 2011; the deputy director of the Finance Department of Hunan Broadcasting System from October 2011 to March 2014; the head of the Strategic Investment Department of Mango Media Co., Ltd. from March 2014 to April 2017; the deputy general manager and the head of the Strategic Investment Department of Mango Media Co., Ltd. from April 2017 to June 2017; the deputy general manager of Mango Media Co., Ltd., and the chairman and the general manager of Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd. from June 2017 to May 2018; the deputy general manager of Mango Media Co., Ltd., and the secretary of the Party Committee, a director and the general manager of Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd. from May 2018 to July 2018; the secretary of the Party Committee, a director and the general manager of Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd. since July 2018; the general manager of the Company since August 2018; a director of the Company since September 2018; the deputy secretary of the Party Committee of the Company since November 2018; and the chief editor of the Company since April 2020.

LIU Xin, male, born in October 1971, a member of the Communist Party of China, obtained a doctor's degree. His work experiences are as follows: the industry solution manager, the technical team leader and the customer technical director of the Public Utilities Department of International Business Machines (China) Co., Ltd. from August 2004 to December 2009; the deputy general manager of the Data Department of China Mobile Communications Group Co., Ltd. from December 2009 to November 2013; the general manager of the Data Department of China Mobile Communications Group Co., Ltd. from November 2013 to February 2015; the secretary of the Party Committee, the chairman and general manager of MIGU Culture Technology Co., Ltd., and the chairman of Mingu Music Co., Ltd., MIGU Video Technology Co., Ltd., Migu Digital Media Co., Ltd., Migu Interactive Entertainment Co., Ltd. and MIGU Cartoon Co., Ltd. from November 2014 to present; a director of IFLYTEK Co., Ltd. since January 2013; a director of China Mobile SDIC Innovation Investment Management Co., Ltd.; and a director of the Company from September 2019 to present.

TANG Liang, male, born in 1976, a member of the Communist Party of China, graduated from Hunan Normal University with a bachelor's degree of English Education, and is studying EMBA in Hunan University. His work experiences are as follows: an editor, editor in charge, producer, the deputy director of the News Center, and the director of Beijing Program Center of Hunan Economic TV from June 1997 to November 2005; was sent to study at the University of Westminster, UK, funded by the government, from November 2005 to March 2006; the deputy general manager of Happigo Co., Ltd. from March 2006 to May 2011; the deputy general manager of Happigo Inc. from May 2011 to November 2011; the deputy executive general manager of Happigo Inc. from November 2011 to June 2014; the deputy executive general manager and a director of Happigo Inc. from June 2014 to April 2015; the general manager and a director of Happigo Inc. from April 2015 to July 2018; the secretary of the Party Committee of Happigo Inc. from December 2016 to July 2018; the deputy general manager of the Company from August 2018 to June 2019; a director of the Company since August 2018; the deputy secretary of the Party Committee of the Company since November 2018; and the secretary of the Discipline Inspection Committee of the Company since April 2020.

## 2. Supervisors

YANG Yun, male, born in July 1973, obtained a master's degree, an accountant. He currently serves as the head of the Finance Department of Hunan Broadcasting System and also works as an external instructor for postgraduate students at Hunan University. He joined Hunan Broadcasting System in 1999, and successively worked as the head and deputy director at the Finance Department of the Entertainment Channel of Hunan Broadcasting System, the deputy general manager and the head of the Asset and Finance Department of Mango Media Co., Ltd., with rich experience in financial management and media operations. From June 2017 to present, he has been serving as the chairman of the board of supervisor in the Company.

LI Jiaochun, male, born in January 1964, a member of the Communist Party. He previously worked as the chief editor of the magazine and the director of the Cultural Industry Office in Hunan Provincial Party Committee Organ., and now serves as the deputy secretary of the Party Committee, the secretary of the Discipline Inspection Committee and the chairman of the board of supervisors of Mango Media Co., Ltd.; and since June 2017, he has been serving as a supervisor of the Company.

FANG Fei, male, born in December 1985, a member of the Communist Party of China, obtained a master's degree. He successively served as the planning director of the Advertising Department under the Advertising Operation and Management Center of Hunan Broadcasting System; a director of the Integrated Marketing Department under the Advertising Marketing Center and the senior director, general manager and assistant president of the Advertising Marketing Center of Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd. He is now the deputy general manager of Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd.; a director and general manager of Horgos Happy Sunshine Media Co., Ltd.; and a director and general manager of Happy Sunshine Xingmang Interactive Entertainment Media Co., Ltd. Since August 2020, he has been serving as an employee supervisor of the Company.

## 3. Officers (Other than those who currently work as a director)

HE Jin, female, born in April 1971, a member of the Communist Party of China, a master of Statistics and Risk Management, University of South Australia. Her work experiences are as follows: worked in Hunan KAMP Medical and Health Products Co., Ltd. from September 1991 to January 1993; worked in Hainan Juchuan Industry Company and Suzhou Shihu Development Co., Ltd. from January 1993 to October 1995; worked in Hunan Economic TV from October 1995 to March 2003 (concurrently worked as the

secretary of the Youth League Committee of Hunan Economic TV from July 2000 and March 2003); the manager of the Finance Department of Changsha Colorful World Co., Ltd. from March 2003 to December 2004; the deputy director of the Finance Department of Hunan Economic TV from December 2004 to March 2006; the deputy general manager of Hunan Jingshi Cultural Communication Co., Ltd. from March 2006 to December 2007; the vice chairman of the Trade Union of Hunan Economic TV from December 2007 to August 2010; the general manager of Hunan Jingshi Cultural Communication Co., Ltd. from August 2010 to May 2012; the general manager of Hunan Jingshi Cultural Communication Co., Ltd. from May 2012 to June 2015; the general manager of Mango Studios Culture Co., Ltd. since June 2015; the deputy general manager of the Company since August 2018; and a member of the Party Committee of the Company from November 2018.

ZHENG Huaping, male, born in October 1976, a member of the Communist Party of China, graduated from Central South University with a master's degree of Philosophy. His work experiences are as follows: the reporter of the News Center of Hunan TV from June 2000 to December 2004; the director of the Golden Eagle Cartoon Channel Administration Department of Hunan TV from December 2004 to March 2006; worked in the Planning and Promotion Department of the Chief Editor Office of Hunan TV from March 2006 to December 2006; the director of the Planning and Promotion Department of the Chief Editor Office of Hunan TV from December 2006 to April 2011; the deputy director of Mango Media Restructuring and Listing Office and the deputy director of the Chief Editor Office of Hunan Satellite TV Channel from April 2011 to October 2011; the deputy director of the Program Transaction Management Center of Hunan Broadcasting System from October 2011 to August 2014; the joint general manager of Shanghai Mangofun Technology Co., Ltd. and the chairman of Hunan Happy Mangofun Technology Co., Ltd. from August 2014 to April 2016; the general manager of Shanghai Mangofun Technology Co., Ltd. and chairman of Hunan Happy Mangofun Technology Co., Ltd. from April 2016 to October 2017; the deputy general manager of Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd., the chairman and general manager of Shanghai Mangofun Technology Co., Ltd. and the chairman of Hunan Happy Mangofun Technology Co., Ltd. from October 2017 to September 2019; the deputy general manager of Hunan Happy Sunshine Interactive Entertainment Technology Co., Ltd. since September 2019; the deputy general manager of the Company since August 2018; and a member of the Party Committee of the Company from November 2018.

WANG Ke, male, born in March 1979, a member of the Communist Party of China, graduated from Cheung Kong Graduate School of Business with MBA. His work experiences are as follows: the reporter, program coordinator and production manager of Hunan TV's Cultural and Sports Channel from June 2001 to January 2004; the deputy director of the Performance Department of Hunan TV's Entertainment Channel from January 2004 to April 2005; the director of the Artists Development Department of Shanghai EE-Media Co., Ltd. from April 2005 to October 2005; the deputy general manager of Shanghai EE-Media Co., Ltd. from October 2005 to July 2014 (studied EMBA at Cheung Kong Graduate School of Business from September 2008 to May 2010); the deputy general manager of Hunan Mango Entertainment Co., Ltd. from July 2014 to August 2017 (a member of the Party Committee of Entertainment Channel of Hunan Broadcasting System from November 2006 to August 2017); the general manager of Beijing Happy Mango Cultural Media Co., Ltd. since July 2014; the general manager of Hunan Mango Entertainment Co., Ltd. Since August 2017 (a member of the Party Committee of the Entertainment Channel of Hunan Broadcasting System from August 2017 to January 2018, a member of the CPC General Branch of Hunan Mango Entertainment Co., Ltd. from July 2018 to January 2019 and the secretary of the CPC General Branch of Hunan Mango Entertainment Co., Ltd. since January 2019); the deputy general manager of Mango Excellent Media Co., Ltd. since August 2018; a member of the Party Committee of Mango Excellent Media Co., Ltd. from November 2018.

LIANG Deping, male, born in February 1979, a member of the Communist Party of China, graduated from Changsha University of Science and Technology with MBA. His work experiences are as follows: the accounting head of the Finance Department of Entertainment Channel of Hunan Broadcasting System from August 1998 to October 2004; the deputy director of the Finance Department of Hunan TV's Entertainment Channel from October 2004 to January 2008; the director of the Finance Department of Hunan TV's Entertainment Channel from January 2008 to January 2013 (studied the MBA in Changsha University of Science and Technology from March 2009 to January 2012); the director assistant and the head of the Finance Department of the Entertainment Channel of Hunan Broadcasting System from January 2013 to April 2013; the director assistant of the Entertainment

Channel of Hunan Broadcasting System, the head of the Finance Department and the head of the Production Department of the Entertainment Channel of Hunan Broadcasting System from April 2013 to April 2014; the deputy director of Entertainment Channel of Hunan Broadcasting System from April 2014 to November 2014; the deputy director of Entertainment Channel of Hunan Broadcasting System and the deputy general manager of Hunan Mango Entertainment Co., Ltd. from November 2014 to October 2017; the deputy director of Entertainment Channel of Hunan Broadcasting System and the deputy general manager of Hunan Mango Entertainment Co., Ltd. from October 2017 to July 2018; the deputy general manager of Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd. since October 2017; an executive director of Hunan Happy Money Microfinance Co., Ltd. since May 2019; an executive director of Shanghai Mangofun Technology Co., Ltd. from September 2019 to January 2021; the deputy general manager of and the finance director of the Company since August 2018; and a member of the Party Committee of the Company since November 2018.

WU Jun, female, born in February 1983, a member of the Communist Party of China, obtained a doctor's degree. She successively served as the reporter and editor in charge for *Hunan News Network* of Hunan TV, and the deputy manager of HR Department, the director of the General Manager Office and the secretary of CPC Branch of Mango Media Co., Ltd. from June 2007; she has been working as the director of Board Office of Mango Excellent Media Co., Ltd. from August 2018 to present and since April 2019, been working as the secretary of the board of director of the Company.

#### Positions in shareholder entities

√ Applicable    □ N/A

Name	Shareholder entity	Position(s) in the shareholder entity	Commence date of tenure	End date of tenure	If receive remunerations or allowances from the shareholder entity
ZHANG Huali	Mango Media Co., Ltd.	Chairman			
LUO Weixiong	Mango Media Co., Ltd.	Director			
ZHANG Yong	Mango Media Co., Ltd.	Director and general manager			
LI Jiaochun	Mango Media Co., Ltd.	Deputy secretary of the Party Committee, the secretary of the Discipline Inspection Committee and the chairman of the board of supervisors			
HE Jin	Mango Media Co., Ltd.	Supervisor			

#### Positions in other entities

√ Applicable    □ N/A

Name	Other entity	Position(s) in the other entity	Commence date of tenure	End date of tenure	If receive remunerations or allowances from the shareholder entity
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ZHANG Huali	Hunan Broadcasting System	Secretary of the Party Committee, chairman			
ZHANG Huali	Golden Eagle Broadcasting System Co., Ltd.	Secretary of the Party Committee, chairman			
ZHONG Hongming	Institute of Law, Sichuan Academy of Social Sciences	Associate researcher, and director of Financing Law Government Research Office			
ZHONG Hongming	Dagang Holding Group Co., Ltd.	Independent director			
ZHONG Hongming	FIYTA Precision Technology Co., Ltd.	Independent director			
XIAO Xing	School of Economics and Management of Tsinghua University	Professor, and head of the Department of Accounting			
XIAO Xing	Global Private Equity Research Institute of Tsinghua University	Deputy executive dean			
XIAO Xing	National Accounting Professional Master Education Steering Committee	Member			
XIAO Xing	Accounting Teaching Steering Committee of the Ministry of Education	Member			
XIAO Xing	Agricultural Bank of China Co., Ltd.	Independent director			
XIAO Xing	Bloomage Biotechnology Corporation Limited	Independent director			
LIU Yuhui	Chinese Academy of Social Sciences	Professor and doctoral supervisor			

LIU Yuhui	TF Securities Co., Ltd.	Chief economist			
LIU Yuhui	China Chief Economist Forum	Member of the council			
LIU Yuhui	Annuity Council of China National Petroleum Corporation	Member of the council			
LIU Yuhui	Bank of Jiangsu Co., Ltd.	Independent director			
LUO Weixiong	Hunan Broadcasting System	Member of the Party Committee and deputy head			
LUO Weixiong	Golden Eagle Broadcasting System Co., Ltd.	Member of the Party Committee and deputy general manager			
ZHANG Yong	Shanghai EE-Media Co., Ltd.	Executive director			
ZHANG Yong	Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd.	Chairman of the board			
ZHANG Yong	Yize Capital Management Co., Ltd.	Director			
LIU Xin	MIGU Culture Technology Co., Ltd.	Secretary of the Party Committee and chairman			
LIU Xin	IFLYTEK Co., Ltd.	Director			
LIU Xin	China Mobile SDIC Innovation Investment Management Co., Ltd.	Director			
YANG Yun	Hunan Broadcasting System	Head of the Asset and Finance Department			
YANG Yun	Hunan University	External instructor for postgraduate students			

Penalty by regulators to the Company's current directors, supervisors, and officers, including those resigned in the Reporting Period,

in recent three years

Applicable  N/A

#### IV. Remuneration of directors, supervisors, and officers

Decision-making process, determination basis and actual payment of remuneration of directors, supervisors, and officers,

For independent directors, their remunerations are paid subject to the resolution of the shareholders' meeting; for officers, their remunerations are determined by the board of directors; for directors, supervisors and officers who hold positions in the Company, their remunerations are paid by the company; and for directors and supervisors, the Company do not pay allowances separately.

Total remuneration of directors, supervisors and officers received during the Reporting Period

In: RMB0'000

Name	Position	Gender	Age	Status	Total remunerations received from the Company (including tax)	Whether or not receiving remunerations from the related parties of the Company
ZHANG Huali	Chairman of the board	Male	56	Current	0	Yes
ZHONG Hongming	Independent director	Male	46	Current	22	No
XIAO Xing	Independent director	Female	49	Current	22	No
LIU Yuhui	Independent director	Male	50	Current	22	No
LUO Weixiong	Director	Male	58	Current	0	Yes
ZHANG Yong	Director	Male	58	Current	0	Yes
CAI Huaijun	Director and general manager	Male	43	Current	700	No
LIU Xin	Director	Male	49	Current	0	Yes
TANG Liang	Director	Male	44	Current	256	No
YANG Yun	Chairman of the board of supervisors	Male	47	Current	0	Yes
LI Jiaochun	Supervisor	Male	56	Current	0	Yes
FANG Fei	Employee supervisor	Male	35	Current	650	No
HE Jin	Deputy general manager	Female	49	Current	319.4	No



ZHENG Huaping	Deputy general manager	Male	44	Current	449	No
WANG Ke	Deputy general manager	Male	41	Current	320	No
LIANG Deping	Deputy general manager and finance director	Male	41	Current	450	No
WU Jun	Secretary of the board of directors	Female	37	Current	256	No
JIANG Qian	Employee supervisor	Female	50	Former	68.39	No
XIAO Ning	Deputy general manager	Female	52	Former	186.7	No
Total	--	--	--	--	3,721.49	--

Equity incentives awarded to the Company's directors and officers

Applicable  N/A

## V. Employees

### 1. Employees and their composition by specialization and education background

Employees of the parent company (person)	28
Employees of main subsidiaries (person)	4,443
Total of employees on active duty (person)	4,471
Total of employees receiving remuneration for the current period (person)	4,471
Retired employees whose expense is undertaken by parent company and main subsidiaries (person)	2
Composition of employees by specialization	
Areas of specialization	Headcounts
Production personnel	1,480
Sales personnel	1,758
Technical personnel	780
Finance personnel	121
Administrative personnel	332
Total	4,471
Composition of employees by education background	

Education background	Headcount
Doctorate	5
Master's degree or above	548
Bachelor's degree	2,664
Junior college or below	1,254
Total	4,471

## 2. Remuneration policy

In order to establish and improve the market-based salary determination mechanism and internal incentive and restraint mechanism, and effectively promote the scientific development of the Company, the Company has formulated and promulgated the *Trial Measures of Gross Payroll Determination Mechanism and Management of Mango Excellent Media Co., Ltd.*, which provides detailed provisions on the method of determining the gross payroll of the Company's employees, reasonable intervals, formula, management procedures and supervision and inspection mechanisms. This measure strictly complies with the relevant provisions of the policy documents and adheres to the basic principles of "strategic orientation, dual-effect unification, benefits synergy and dynamic supervision". According to this measure, the annual gross payrolls of employees of the Company are determined reasonably by taking the total annual salary of prior year as the basis and considering the Company's salary-income ratio and market and industry benchmark, the completion of the assessment goals, the rate of value preservation and appreciation of state-owned assets, labor productivity, labor cost production ratio and other factors in accordance with the Company's development strategy and remuneration strategy, annual production and operation goals, social benefits, economic benefits and other factors.

## 3. Training plan

The Company continuously establishes and improves a systematic employee training system and cultivation system, and carries out training work by categories and levels to strengthen the management ability of middle and senior staff, improve the professional ability of key personnel and the job skills of basic staff. In terms of content, based on an in-depth understanding of the training needs of employees, the Company has developed interesting and practical courses for employees of different functions, and established a comprehensive training system covering vocational training, theoretical education, professional training, marketing, new technology, new media operation, etc., to support the comprehensive development of the Company's talents and enhance the Company's brand as an employer and employees' sense of belonging.

## 4. Outsourcing

Applicable    N/A

Total outsourced working hours (in hour)	906,548
Total compensation paid for outsourced work (in RMB)	36,778,400.00

## Section X Governance

### I. Basic introduction

During the Reporting Period, in accordance with the relevant requirements of laws and regulations such as the *Company Law*, *the Securities Law*, *the Code of Corporate Governance of Listed Companies*, *the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange*, and *Guidelines for the Standardized Operation of Listed Companies on the ChiNext of the Shenzhen Stock Exchange*, the Company has continuously improved its corporate governance structure under established sound internal management and control system and continuous in-depth corporate governance activities to promote the normative operation of the Company and improve its corporate governance. In response to the latest requirements from regulators, the Company has amended the *Articles of Association*, *Rules of Procedure for the Board of Directors*, and other institutional documents subject to its actual changes during the Reporting Period, so as to provide a more improved institutional protection for the normative operation of the Company. As of the end of the Reporting Period, the Company's actual governance is in compliance with the *Code of Corporate Governance of Listed Companies* and *Guidelines for the Standardized Operation of Listed Companies on the ChiNext of the Shenzhen Stock Exchange*.

#### 1. Shareholders and the general meetings of shareholder

The Company convenes and holds general meetings of shareholder in strict accordance with provisions as required by *the Articles of Association* and *the Rules of Procedure for the Shareholders' Meetings*, treating all shareholders equally and facilitating shareholders' participation in general meetings of shareholder as far as possible to ensure they can fully exercise their shareholders' rights.

#### 2. The Company and the controlling shareholder

The controlling shareholder of the Company strictly regulates its own conduct without any direct or indirect interference to the Company's decision-making and business activities beyond the general meeting of shareholders. The Company has independent and complete businesses and is able to operate independently. It is independent of the controlling shareholders in terms of business, personnel, assets, institutions, and finances, which is evidenced by independent operations of the Company's board of directors, board of supervisors and internal institutions.

#### 3. Directors and the boards of directors

The Board of Directors of the Company consists of 9 directors, including 3 independent directors. Members and the composition thereof are in line with the requirements of relevant laws and regulations and the *Articles of Association*. Each director is able to carry out their work and attend the Board of Directors and general meetings of shareholders in accordance with *the Company Law*, *Guidelines for the Standardized Operation of Listed Companies on the ChiNext of the Shenzhen Stock Exchange*, *the Articles of Association*, and *the Rules of Procedure for the Board of Directors*, as to perform their duties and obligations diligently and conscientiously. Meanwhile, they can actively participate in relevant trainings and become familiar with relevant laws and regulations. The procedures for convening and holding board meetings comply with the requirements of relevant regulations. The meeting minutes of the Board of Directors are true, accurate, and complete, and kept in safety. Resolutions made in the meeting of the Board of Directors are disclosed in a timely manner.

#### 4. Supervisors and the board of supervisors

The Board of Supervisors of the Company consists of 3 supervisors, including 1 employee supervisor. Members and the composition thereof are in line with the requirements of relevant laws and regulations. During the Reporting Period, each supervisor can conscientiously perform their duties in accordance with the requirements of the *Rules of Procedure for the Board of Supervisors*, supervising the legality and compliance of the Company's significant matters, related-party transactions, insider, internal control, financial position, and the execution of duties of directors and officers.

#### 5. Establishment and implementation of the internal audit system

The Audit Committee under the Board of Directors is responsible for communication, supervision, organization of meetings and verification with respect to the internal and external audits of the Company. The Audit Department under the Audit Committee is its executing agency which inspects and supervises the establishment and implementation of the Company's internal control system and the authenticity and integrity of the Company's financial information, etc.

#### 6. Performance evaluation and incentive binding mechanisms

The Committee for Remuneration and Appraisal under the Board of Directors of the Company is responsible for formulation of remuneration policies, determination of remuneration proposal, and remuneration appraisal of officers. The Company has established an incentive system for enterprise performance evaluation, according to which the income of operators is linked to the business performance, and the officers is employed in an open and transparent way subject to provisions of laws and regulations.

#### 7. Information disclosure and transparency

The Company discloses relevant information in a true, accurate, timely, fair and complete manner in strict accordance with relevant laws and regulations and the requirements of the *Information Disclosure Management System* and the *Investor Relations Management System*, and designates the Secretary of the Board of Directors of the Company to be responsible for information disclosure, coordination of the Company's relationship with investors, reception of shareholders' visits, response to investor inquiries from various channels such as the interactive platform and telephone in a timely manner, and supply of information disclosed by the Company to investors. The Company also designates several websites and newspapers including [www.cninfo.com.cn](http://www.cninfo.com.cn), *China Securities Journal*, *Shanghai Securities News*, *Securities Times* and *Securities Daily* to disclose its information. The Company's disclosure of relevant information is made in a true, accurate, complete, and timely manner subject to relevant laws and regulations and the requirements of the *Information Disclosure Management System*, as to ensure all shareholders are equally accessible to information of the Company.

#### 8. Stakeholders

The company fully respects and protects the legitimate rights and interests of relevant stakeholders to balance interests of shareholders, employees, partners, the society, and others in an effort to promote the sustainable and healthy development of the Company.

Whether there is any material difference between the Company's actual governance and that stated in the normative documents on the governance of listed companies issued by the CSRC

Yes  No

There is no material difference between the Company's actual governance and that stated in the normative documents on the governance of listed companies issued by the CSRC.

## **II. The Company's independence from its the controlling shareholder in terms of business, personnel, assets, institutions, and finances**

The Company is independent from the controlling shareholder and the de facto controller of the Company in terms of business, personnel, assets, institutions, and finances. The Company's controlling shareholder, de facto controller and their related parties have not appropriated the company's funds illegally, nor required the Company to provide guarantees in violation of laws and regulations.

1. Business: As an independent legal entity under self-management, the Company has independent and complete businesses and is able to operate independently.

2. Personnel: The Company has set up an independent human resource management department and established a series of human resource management systems according to which the general manager, the deputy general manager, the financial director, the secretary of the board of directors and other officers are paid by the Listed Company during their tenure.

3. Separation of assets: The Company has completed assets with clear property rights, and independent procurement, production, sales systems and supporting facilities.

4. Institution: The Company has owned an organizational structure that meets its development needs and independent operation requirements, with functional departments operating independently from those of the controlling shareholders.

5. Finance: The Company has set up an independent financial department with independent accounting system and financial management system. The Company also opens separate bank accounts and pays taxes independently as required by laws.

### III. Horizontal competition

Applicable     N/A

## IV. Description of annual and extraordinary general meetings of shareholders during the Reporting Period

### 1. Description of general meetings of shareholders during the Reporting Period

Sequence	Type	Ratio of participating investors	Convening date	Disclosure date	Disclosure index
2019 annual general meeting of shareholders	Annual general meeting of shareholders	80.71%	June 22, 2020	June 23, 2020	Announcement of the Resolution of the 2019 Annual General Meeting of Shareholders (2020-032) at <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
The first extraordinary general meeting of shareholders in 2020	Extraordinary general meeting of shareholders	77.41%	October 23, 2020	October 24, 2020	Announcement of the Resolution of the First Extraordinary General Meeting of Shareholders in 2020 (2020-062) at <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
The second extraordinary general meeting of shareholders in 2020	Extraordinary general meeting of shareholders	79.48%	December 24, 2020	December 25, 2020	Announcement of the Resolution of the Second Extraordinary General Meeting of Shareholders in 2020 (2020-084) at <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>

### 2. Extraordinary general meetings of shareholders required by preferred shareholders with voting rights

Applicable     N/A

## V. Execution of duties by independent directors during the Reporting Period

### 1. Independent directors' attendance at meetings of the board of directors and the general meetings of shareholders

Independent directors' attendance at meetings of the board of directors and the general meetings of shareholders
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Name of independent director	Number of attendances at meetings of the board of directors during the Reporting Period	On site	Through communications	Through entrustment	Absence	Whether absent from attendance in person for two consecutive times	Number of attendances at general meetings of shareholders
ZHONG Hongming	7	1	6	0	0	No	2
XIAO Xing	7	1	6	0	0	No	0
LIU Yuhui	7	1	6	0	0	No	2

Description of two consecutive absences at meetings of the board of directors

## 2. Description of dissents by independent directors for matters of the Company

Whether independent directors put forward any dissent for matters of the Company

Yes  No

The independent directors have no dissent for matters of the Company during the Reporting Period.

## 3. Other descriptions on execution of duties by the independent directors

Whether the Company adopts any recommendation from the independent directors

Yes  No

Description of adopting or refusing to adopt a recommendation from independent directors

During the Reporting Period, the independent directors of the Company have performed their duties diligently, independently and conscientiously in accordance with the relevant provisions of the *Guiding Opinions on Establishing the Independent Director System in Listed Companies*, the *Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange* and the *Articles of Association* by attending the meetings of the board of directors, the general meetings of shareholders as well as meetings held by special committees under the board of directors. Before attending these meetings, they actively understood and obtained the information required for decision-makings, and at these meetings, they carefully considered each proposal, actively participated in discussions, and provided rationalization proposals. They have expressed independent, impartial, and objective opinions on significant matters of the Company such as production and operation, financial management, internal control and related-party transactions, and played an appropriate role in safeguarding the legitimate rights and interests of all shareholders, especially minority shareholders. During the Reporting Period, the Company adopted all reasonable recommendations from the independent directors.

## VI. Execution of duties by special committees under the board of directors during the Reporting Period

### 1. Strategy Committee

The Strategy Committee met once during the Reporting Period, with the specific date of meeting and matters for deliberation stated as below:

On September 25, 2020, the first session of the Strategy Committee under the third Board of Directors in 2020 was held, at

which the following proposals were deliberated and approved: the *Proposal on Exempting the Notice Period for the First Meeting of the Strategy Committee under the Third Board of Directors in 2020*, the *Proposal on the Eligibility of Mango Excellent Media Co., Ltd. for Issuing A Shares to Specific Offerees*, the *Proposal on the Plan of Issuance by Mango Excellent Media Co., Ltd. of A Shares to Specific Offerees in 2020*, the *Proposal on the Pre-arranged Plan of Issuance by Mango Excellent Media Co., Ltd. of A Shares to Specific Offerees in 2020*, the *Proposal on the Argumentation and Analysis Report Concerning the Plan of Issuance by Mango Excellent Media Co., Ltd. of A Shares to Specific Offerees in 2020*, and the *Proposal on the Feasibility Study Report Concerning the Uses of Proceeds from the Issuance by Mango Excellent Media Co., Ltd. of A Shares to Specific Offerees in 2020*.

## 2. Audit Committee

During the Reporting Period, the Audit Committee held a total of 5 meetings, with the specific dates of meetings and matters for deliberation stated as below:

On January 17, 2020, the first session of the Audit Committee under the third Board of Directors in 2020 was held, at which the following were deliberated and approved: *The Annual Internal Audit of the Company for 2020*, the *Audit Plan of 2019 Annual Report (Pan-China)* and the *Proposal on the Audit Report for Implementing Internal Control by Mango Studios Cultural Co., Ltd. over Monetary Funds in 2019*; and the Audit Department's *Summary on Audit in 2019 and Plan for 2020 Audit* was reviewed.

On April 10, 2020, the second session of the Audit Committee under the third Board of Directors in 2020 was held, at which the following proposals were deliberated and approved: *The Proposal on the Company's 2019 Annual Audit Report*, the *Proposal on the Company's 2019 Internal Control Self-evaluation Report*, the *Proposal for the Company's 2019 Special Report on the Deposit and Use of Funds Raised*, and the *Proposal for the Company's 2019 Performance Commitment*;

On April 17, 2020, the third session of the Audit Committee under the third Board of Directors in 2020 was held, at which *the Proposal on the Company's 2020 Q1 Financial Report* and *the Proposal on Changes in Accounting Standards* were deliberated and approved; *the Proposal for the Company's 2020 Q1 Special Report on Funds Raised*, and *the Proposal on the Audit Report for Implementing Internal Control by Happy Purchase Limited Liability Company over Monetary Funds in 2020* were reviewed and approved; and the Audit Department's *Summary on 2020 Q1 Audit and Plan for 2020 Q2 Audit* was reviewed;

On August 18, 2020, the fourth session of the Audit Committee under the third Board of Directors in 2020 was held, at which *the Proposal on the Company's 2020 Semi-Annual Financial Report* and *the Proposal for the Company's 2020 Semi-Annual Special Report on the Deposit and Use of Funds Raised* were deliberated and approved; *the Proposal on the Audit Report for Implementing Internal Control by Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd. over Monetary Funds in 2020* was reviewed and approved; and the Audit Department's *Summary on 2020 Q2 Audit and Plan for 2020 Q3 Audit* was reviewed;

On October 21, 2020, the fifth session of the Audit Committee under the third Board of Directors in 2020 was held, at which *the Proposal on the Company's 2020 Q3 Financial Report* and *the Proposal on Further Employing the Accounting Law Firm* were deliberated and approved; *the Proposal for the Company's 2020 Q3 Special Report on the Deposit and Use of Funds Raised* and *the Proposal on the Audit Report for Implementing Internal Control by Shanghai E.E. Media Co., Ltd. over Monetary Funds in 2020* were reviewed and approved; and the Audit Department's *Summary on 2020 Q3 Audit and Plan for 2020 Q4 Audit* was reviewed.

## 3. Nomination Committee

During the Reporting Period, the Nomination Committee met once, with the specific date of meeting and matters for deliberation stated as below:

On July 15, 2020, the first session of the Nomination Committee under the third Board of Directors in 2020 was held, at which *the Proposal on Exempting the Notice Period for the First Meeting of the Nomination Committee under the Third board of Directors in 2020*, the *Proposal on the Nomination of Non-independent Director Candidates for the Fourth Board of Director* and *the Proposal on the Nomination of the Independent Director Candidates for the Fourth Board of Director* were deliberated and approved.

## 4. Remuneration and Appraisal Committee

During the Reporting Period, the Remuneration and Appraisal Committee met once, with the specific date of meeting and matters for deliberation stated as below:

On April 23, 2020, the first session of the Remuneration and Appraisal Committee under the third Board of Directors in 2020 was held, at which *the Proposal on 2019 Annual Remuneration and 2020 Annual Remuneration Appraisal Program for the Company's Officers* was deliberated and approved.

## VII. Work of the Board of Supervisors

Whether the Board of Supervisors detect the Company is exposed to any risk through its supervision activities during the Reporting Period

Yes  No

The Company's Board of Supervisors has no dissent to matters under supervision during the Reporting Period.

## VIII. Appraisal and incentive of the officers

For the purpose of further improving the binding mechanism for incentive of the Company's officers and fully mobilize their enthusiasm and creativity, the Company has formulated the *Management Measures for the Annual Performance Appraisal of Officers of Mango Excellent Media Co., Ltd.* pursuant to the *Articles of Association of Mango Excellent Media Co., Ltd.* and the *Detailed Rules of Work for the Remuneration and Appraisal Committee of the Board of Directors of Mango Excellent Media Co., Ltd.*, as to standardize the performance management of the Company's performance objectives and to conduct objective and fair examination and assessment on the value creation process and results of the officers. Annual salaries to the Company's officers are composed of two parts, "basic annual salary" and "annual performance bonus", in which the "annual performance bonus" should account for 60 % at least, and closely linked to the annual performance appraisal results of the officers.

## IX. Internal control evaluation report

### 1. Details of material internal control deficiencies identified during the Reporting Period

Yes  No

### 2. Internal control self-evaluation report

Disclosure date	April 26, 2021	
Index of disclosure	<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>	
Proportion of the total assets of the entities included in the evaluation scope to the total assets recorded in the Company's consolidated financial statements	100.00%	
Proportion of the operating income of the entities included in the evaluation scope to the operating income recorded in the Company's consolidated financial statements	100.00%	
Identification Standard of Deficiencies		
Type	Financial Report	Non-financial Report



Qualitative standard	<p>1. General deficiencies: other internal control deficiencies under the threshold of material weakness and significant deficiencies. 2 significant deficiencies: the selection and application of accounting policies inconsistent with the generally accepted accounting standards; the absence of anti-fraud procedures and control measures; the absence of appropriate control mechanisms, the absence of compensatory controls or failure in the implementation thereof for the accounting treatment of irregular or special transactions; the existence of one or more deficiencies in the control of the financial reporting process at the end of the period and the absence of reasonable assurance that the financial statements prepared are true and accurate. 3. Material weakness: fraud acts of the Company's directors, supervisors, or officers; correction of published financial reports by the Company, and material misstatements in the current financial reports detected by the certified public accountants but not identified by the Company's internal control process; ineffective supervision by the Audit Committee and the internal audit institution on internal control.</p>	<p>1. General deficiencies: other internal control deficiencies under the threshold of material weakness and significant deficiencies. 2. Significant deficiencies: general mistakes resulting from decision-making procedures; violation of internal rules and regulations, resulting in losses; deficiencies in significant business mechanisms or systems; significant or general deficiencies in internal control that have not been rectified. 3. Material weakness: significant mistakes due to lack of democratic decision-making procedures or unscientific decision-making procedures, resulting in significant property losses to the Company; serious violations of national laws and regulations; lack of significant business mechanisms, or ineffectiveness of implementation thereof; continuous or a large quantity of significant internal control deficiencies in the Company.</p>
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Quantitative standard	1. General deficiencies: potential misstatement of total consolidated profit <3%, potential misstatement of total consolidated owner's equity <0.5%, potential misstatement of total consolidated assets <0.5%, potential misstatement of total consolidated operating income <0.5%. 2. Significant deficiencies, 3% ≤ potential misstatement of total consolidated profit <5%, 0.5% ≤ potential misstatement of total consolidated owner's equity <1%, 0.5% ≤ potential misstatement of total consolidated assets <3%, 0.5% ≤ potential misstatement of total consolidated operating income <1%. 3. Material weakness, potential misstatement of total consolidated profit ≥5%, potential misstatement of total consolidated owner's equity ≥1%, potential misstatement of total consolidated assets ≥3%, potential misstatement of total consolidated operating income ≥1%.	1. General deficiencies: direct property loss subsequent to consolidation <0.5% of total assets of the Company; 2. Significant deficiencies: 0.5% of total assets of the Company ≤ direct property loss subsequent to consolidation <1% of total assets of the Company; 3. Material weakness: 1% of total assets of the Company ≤ direct property loss subsequent to consolidation.
Number of material weakness of financial reports (piece)		0
Number of material weakness of non-financial reports (piece)		0
Number of significant deficiencies of financial reports (piece)		0
Number of significant deficiencies of non-financial reports (piece)		0

## X. Audit or assurance report of internal control

### Internal control verification report

The comment-related content in the internal control verification report	
Mango Excellent Media Co., Ltd. has maintained effective internal control over financial reporting in all material respects as of December 31, 2020 in accordance with the <i>Guidelines for the Standardized Operation of Listed Companies in Shenzhen Stock Exchange (Revised in 2020)</i> .	
Disclosure of the report	Disclosed
Full text of the report was disclosed on	April 26, 2021
Disclosure index for the full text of the report	<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>

Comment type of the report	Unmodified opinion
Whether there is a material defect in the non-financial report	No

Whether the accounting firm issues an internal control verification report with non-standard opinion

Yes  No

Whether the internal control verification report issued by the accounting firm is consistent with the self-evaluation report made by the board of directors

Yes  No

## **Section XI Corporate Bonds**

Whether the Company has any corporate bonds that are publicly issued and listed on the stock exchange, but not matured or redeemed in full on mature date as of the date of approval of the annual report

No

## Section XII Financial Report

### I. AUDITOR'S REPORT

Audit opinion	Unmodified Opinion
Signing date of audit report	April 22, 2021
Auditor	Pan-China Certified Public Accountants LLP
Auditor report document number	Tian Jian Shen [2021] No. 2-227
Name of certified public accountants	LI Xinkui and ZHANG Hong

#### Auditor's Report

##### I. Audit opinion

We have audited the financial statements of Mango Excellent Media Co., Ltd. ("Mango Excellent Media"), which comprise the consolidated and the company's balance sheets as at December 31, 2020, and the consolidated and the company's income statements, the consolidated and the parent company's statements of cash flow and the consolidated and the company's statements of changes in owners' equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements are prepared in all material respects in accordance with *Accounting Standards for Business Enterprises* and fairly present the consolidated and the company's financial position as of December 31, 2020, and the consolidated and the company's operating results and cash flows for the year then ended.

##### II. Basis for Opinion

We conducted our audit in accordance with the *Auditing Standards for Certified Public Accountants of China*. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of Mango Excellent Media in accordance with the Code of Ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. 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, are 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, and we do not express a separate opinion on these matters.

###### (I) Revenue recognition

###### 1. Descriptions

Details of relevant information are disclosed in Note III (XXII), V(II)1 and XIII to the

financial statements.

The operating income of Mango Excellent Media is mainly from new media platform operation, new media interactive entertainment content production and media retail businesses, etc. In 2020, the operating income of Mango Excellent Media amounted to RMB14,005,535,000.00, of which the operating income from the segments including new media platform operation and new media interactive entertainment content production amounted to RMB11,827,906,500.00, accounting for 84.45% thereof.

As the operating income is one of Mango Excellent Media's KPIs, there may be an inherent risk that the management of Mango Excellent Media (hereinafter referred to as "management") may recognize the revenue inappropriately to achieve specific objectives or expectations. Meanwhile, revenue recognition also needs complex information systems and significant management judgement. Therefore, we identified revenue recognition as a key audit matter.

## 2. Audit response

For revenue recognition, our audit procedures include, inter alia:

(1) Understand the key internal controls related to revenue recognition, evaluate the design of those controls, determine whether they are implemented, and test the operational effectiveness of the relevant internal controls;

(2) Test general information system controls and application controls related to the revenue recognition process by virtue of the work results of the in-house information technology experts;

(3) Examine major sales contracts, understand the major provisions or conditions thereof, and evaluate whether revenue recognition methods are proper;

(4) Implement substantive analysis procedures for operating income and gross margin by month, product, customer, etc., to identify whether there are significant or unusual fluctuations and to find out the causes of such fluctuations;

(5) Sample contracts, licenses, final statements, receipts and sign-offs to make test of details according to different types of revenues, and pay attention to the business content of the related sales and their commercial reasonableness;

(6) In conjunction with accounts receivable confirmation procedures, send confirmation to major customers to recognize the current sale volumes on a sample basis;

(7) Conduct the cut-off test on the operating incomes recognized about the balance sheet date to evaluate whether the operating incomes are recognized appropriately;

(8) Obtain a record of sales returns after the balance sheet date to check if there is any instance that conditions for revenue recognition were not met at the balance sheet date; and

(9) Check whether information relating to operating income is properly presented and disclosed in the financial statements.

## (II) Impairment of accounts receivable

### 1. Descriptions

Details of relevant information are disclosed in Note III (X), V(I)3 and V(II)10 to the financial statements.

As of December 31, 2020, the Mango Excellent Media Company's gross carrying amount of accounts receivable amounted to RMB3,124,103,900.00, the provision for bad debts amounted to RMB147,407,200.00 and the carrying amount amounted to RMB2,976,696,700.00.

In view of credit risk characteristics of each account receivable, the management measures its loss provision based on the single account receivable or a combination of account receivables and

with reference to the expected credit loss amount within the entire duration. For receivables whose expected credit losses are measured on a single basis, the management comprehensively considers reasonable and well-founded information about past events, current conditions, and predictions of future economic conditions, estimates the expected cash flows, and accordingly determines the provisions for bad debts to be accrued; for receivables whose expected credit losses are measured on a combination basis, the management divides the combination based on aging and adjusts it with reference to historical credit loss experience and based on forward-looking estimates, prepares the comparison table of between the aging of accounts receivable and expected credit loss ratio, and accordingly determines the provision for bad debts to be accrued.

The amount of accounts receivable is material, and the impairment of accounts receivable involves significant management judgment, therefore, we identified accounts receivable as a critical audit matter.

## 2. Audit response

For impairment of accounts receivable, our audit procedures include, inter alia:

(1) Understand the key internal controls related to impairment of accounts receivable, evaluate the effectiveness of their design and implementation, determine whether they are implemented, and test the operational effectiveness of the relevant internal controls;

(2) Review the subsequent actual write-off or reversal of accounts receivable for which a provision for bad debts was made in prior years, and evaluate the accuracy of management's previous projections;

(3) Review the considerations and objective evidence related to the management's evaluation of credit risks of accounts receivable and evaluate whether the management has adequately identified the credit risk characteristics of accounts receivable;

(4) For accounts receivable for which the expected credit loss has been measured on a single basis, obtain, and review the management's projections on estimated cash flows that can be received, evaluate the reasonableness of the key assumptions and the accuracy of the data used in the projections, and check them with the external evidence obtained;

(5) For accounts receivable for which the expected credit loss has been measured by group, evaluate the reasonableness of the classification of groups by the management subject to credit risk characteristics; evaluate the reasonableness of the matching relationship between the aging of accounts receivable and the expected credit loss rates determined by the management based on historical experience on credit loss and forward-looking estimation; and test the accuracy and completeness of the data used by the management and the accuracy of the management's calculation of the provisions for bad debt.

(6) Review the post-period recovery of accounts receivable and evaluate the reasonableness of the management's provisions for bad debts on accounts receivable; and

(7) Check whether information relating to impairment of accounts receivable is properly presented and disclosed in the financial statements.

## IV. Other Information

The management is responsible for other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not

express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is any material misstatement of other information, we are required to report that fact. We have nothing to report in this regard.

## **V. Responsibilities of the Management and Those Charged with Governance for the Financial Statements**

The management of Mango Excellent Media is responsible for the preparation and fair presentation of the financial statements in accordance with *Accounting Standards for Business Enterprises*, and designing, implementing, and maintaining internal control that is necessary to enable the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing Mango Excellent Media's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate Mango Excellent Media or to cease operations, or have no realistic alternative but to do so.

Those charged with governance of Mango Excellent Media (hereinafter referred to as "those charged with governance") are responsible for overseeing Mango Excellent Media's financial reporting process.

## **VI. Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you. 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 China Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(I) 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 that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

(II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose to express opinions on the effectiveness of internal control.

(III) Evaluate the appropriateness of accounting policies used and the reasonableness of



accounting estimates and related disclosures made by the management.

(IV) Conclude 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 Mango Excellent Media's ability 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 the Mango Excellent Media to cease to continue as a going concern;

(V) Evaluate the overall presentation, structure, and content of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

(VI) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Mango Excellent Media to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore key audit matters. We describe these matters in our audit report unless laws or regulations preclude public disclosure of the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## II. FINANCIAL STATEMENTS

Statements in notes to the financial statements are dominated in RMB.

### 1. Consolidated balance sheet

Prepared by: Mango Excellent Media Co., Ltd.

In: RMB

Item	December 31, 2020	December 31, 2019
Current Assets:		
Cash and bank balances	5,336,319,786.70	5,064,224,581.46
Balances with clearing agencies		

Placements with banks and other financial institutions		
Held-for-trading financial assets		
Derivative financial assets		
Notes receivable		95,456,357.50
Accounts receivable	2,976,696,672.95	2,997,010,508.82
Receivable financing	164,410,000.00	
Prepayments	1,398,350,153.72	1,127,734,126.28
Premiums receivable		
Amounts receivable under reinsurance contracts		
Reinsurer's share of insurance contract reserves		
Other receivables	51,168,090.47	35,946,262.96
Including: Interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	1,660,324,608.09	1,916,375,338.89
Contract assets	817,451,396.56	
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	520,087,664.20	491,278,913.90
Total current assets	12,924,808,372.69	11,728,026,089.81
Non-current Assets:		
Loans and advances to customers		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	22,882,969.51	210,436,179.18
Other investments in equity instruments		
Other non-current financial assets		6,946,466.60
Investment properties		
Fixed assets	186,924,296.25	180,606,150.34

Construction in progress		
Bearer biological assets		
Oil and gas assets		
Right of use assets		
Intangible assets	5,894,454,399.68	4,851,078,019.24
Development expenditure	157,264,231.85	38,338,883.84
Goodwill		
Long-term prepaid expenses	77,342,051.99	61,646,861.37
Deferred income tax assets		
Other non-current Assets	2,023,481.01	1,127,499.30
Total non-current assets	6,340,891,430.29	5,350,180,059.87
Total assets	19,265,699,802.98	17,078,206,149.68
Current liabilities:		
Short-term borrowings	39,789,110.68	349,816,947.83
Loans from the central bank		
Taking from banks and other financial institutions		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	712,292,035.75	325,880,463.11
Accounts payable	5,217,087,330.62	5,048,443,928.94
Receipts in advance		1,192,477,979.60
Contract liabilities	1,330,475,023.10	
Financial assets sold under repurchase agreements		
Customer deposits and deposits from banks and other financial institutions		
Funds from securities trading agency		
Funds from underwriting securities agency		
Employee benefits payable	856,712,827.84	589,359,251.74
Taxes payable	131,527,885.95	137,563,508.65
Other payables	160,651,194.91	202,952,467.24

Including: Interest payable		
Dividends payable		
Fees and commissions payable		
Amounts payable under reinsurance contracts		
Held-for-sale liabilities		
Non-current liabilities due within one years		10,400,000.00
Other current liabilities	138,698,825.59	78,695,861.52
Total current liabilities	8,587,234,234.44	7,935,590,408.63
Non-current liabilities:		
Insurance contract reserves		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions	8,305,486.15	14,232,872.30
Deferred income	48,938,835.69	308,425,484.68
Deferred income tax liabilities		
Other non-current liabilities		
Total Non-current Liabilities	57,244,321.84	322,658,356.98
Total liabilities	8,644,478,556.28	8,258,248,765.61
Owner's equity:		
Share capital	1,780,377,511.00	1,780,377,511.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	4,838,937,706.35	4,838,937,706.35
Less: Treasury shares		
Other comprehensive income	-2,759.37	
Special reserve		

Surplus reserve	87,139,560.14	84,782,321.71
General risk reserve		
Undistributed profit	3,881,526,167.30	2,079,761,680.01
Total owners' equity attributable to equity holders of the parent company	10,587,978,185.42	8,783,859,219.07
Minority interests	33,243,061.28	36,098,165.00
Total owners' equity	10,621,221,246.70	8,819,957,384.07
Total liabilities and owners' Equity	19,265,699,802.98	17,078,206,149.68

Legal representative: ZHANG Huali

Chief financial officer: LIANG Deping

Head of accounting department: TAO Jinyu

## 2. Balance sheet of the Company

In: RMB

Item	December 31, 2020	December 31, 2019
Current Assets:		
Cash and bank balances	405,729,095.82	359,847,797.79
Held-for-trading financial assets		
Derivative financial assets		
Notes receivable		
Accounts receivable		
Receivable financing		
Prepayments	270,000.00	88,060.80
Other receivables	260,068,347.20	260,036,746.64
Including: Interest receivable		
Dividends receivable		
Inventories		
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	3,194,254.68	2,275,609.21
Total current assets	669,261,697.70	622,248,214.44
Non-current Assets:		
Debt investments		
Other debt investments		

Long-term receivables		
Long-term equity investments	7,780,583,738.35	7,970,398,191.17
Other investments in equity instruments		
Other non-current financial assets		
Investment properties		
Fixed assets	1,305,884.91	343,638.91
Construction in progress		
Bearer biological assets		
Oil and gas assets		
Right of use assets		
Intangible assets	803,907.00	776,485.36
Development expenditure		
Goodwill		
Long-term prepaid expenses	5,579,058.77	6,052,764.08
Deferred income tax assets		
Other non-current Assets		
Total non-current assets	7,788,272,589.03	7,977,571,079.52
Total assets	8,457,534,286.73	8,599,819,293.96
Current liabilities:		
Short-term borrowings		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable		
Receipts in advance		
Contract liabilities		
Employee benefits payable	31,708,478.30	19,164,650.75
Taxes payable	545,679.40	316,522.46
Other payables	7,672,949.27	8,093,306.17
Including: Interest payable		
Dividends payable		
Held-for-sale liabilities		
Non-current liabilities due within		

one years		
Other current liabilities		
Total current liabilities	39,927,106.97	27,574,479.38
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income		172,268.06
Deferred income tax liabilities		
Other non-current liabilities		
Total Non-current Liabilities		172,268.06
Total liabilities	39,927,106.97	27,746,747.44
Owner's equity:		
Share capital	1,780,377,511.00	1,780,377,511.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	6,179,334,010.36	6,179,334,010.36
Less: Treasury shares		
Other comprehensive income		
Special reserve		
Surplus reserve	87,139,560.14	84,782,321.71
Undistributed profit	370,756,098.26	527,578,703.45
Total owners' equity	8,417,607,179.76	8,572,072,546.52
Total liabilities and owners' Equity	8,457,534,286.73	8,599,819,293.96

### 3. Consolidated income statement

In: RMB

Item	2020	2019
I. Total operating income	14,005,534,955.36	12,500,664,232.05
Including: Operating income	14,005,534,955.36	12,500,664,232.05
Interest income		
Premiums earned		
Fee and commission income		
II. Total operating costs	12,143,647,482.17	11,334,717,041.48
Including: Operating costs	9,230,288,644.44	8,284,740,949.42
Interest expenses		
Fee and commission expenses		
Surrenders		
Claims and policyholder benefits (net of amounts recoverable from reinsurers)		
Charges in insurance contract reserves (net of reinsurers' share)		
Insurance policyholder dividends		
Expenses for reinsurance accepted		
Taxes and levies	21,977,750.48	96,430,731.56
Selling expenses	2,164,415,269.87	2,140,684,155.45
General and administrative expenses	629,200,722.73	610,138,439.92
Research and development expenses	184,384,948.72	239,299,331.86
Financial expenses	-86,619,854.07	-36,576,566.73
Including: Interest expenses	13,532,130.10	15,981,713.90
Interest income	116,608,027.78	65,976,045.63
Add: Other income	152,751,572.29	58,722,830.21
Investment income (Loss is indicated by "-")	80,792,516.40	6,466,901.43
Including: Income from investments in associates and joint ventures	72,125,990.33	-5,105,446.79



Income from derecognition of financial assets measured at amortized cost		
Foreign exchange gains (Loss is indicated by “-”)		
Net exposure hedging income (Loss is indicated by “-”)		
Income from changes in fair value (Loss is indicated by “-”)		-1,370,986.18
Impairment losses of credit (Loss is indicated by “-”)	-52,586,997.38	-51,242,827.14
Impairment losses of assets (Loss is indicated by “-”)	-36,801,884.43	-624,124.49
Income from disposal of assets (Loss is indicated by “-”)	354,684.48	-168,797.67
III. Operating profit (Loss is indicated by “-”)	2,006,397,364.55	1,177,730,186.73
Add: Non-operating income	26,886,284.35	25,843,091.28
Less: Non-operating expenses	46,535,880.99	26,039,218.71
IV. Total profit (Total losses are indicated by “-”)	1,986,747,767.91	1,177,534,059.30
Less: Income tax expenses	7,411,218.58	20,031,543.84
V. Net profit (Net loss is indicated by “-”)	1,979,336,549.33	1,157,502,515.46
(I) Categorized by the nature of continuing operation		
1. Net profit from continuing operations (Net loss is indicated by “-”)	1,979,336,549.33	1,157,502,515.46
2. Net profit from discontinued operations (Net loss is indicated by “-”)		
(II) Categorized by ownership		
Net profit attributable to shareholders of the parent company	1,982,159,476.82	1,156,285,253.73
2. Profit or loss attributable to minority interests	-2,822,927.49	1,217,261.73
VI. Other comprehensive income, net of tax	-2,759.37	
Other comprehensive income attributable to owners of the parent	-2,759.37	

company, net of tax		
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss		
1. Changes from re-measurement of defined benefit plans		
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		
3. Changes in fair value of other investments in equity instruments		
4. Changes in fair value of enterprises' own credit risks		
5. Others		
(II) Other comprehensive income that will be reclassified to profit or loss	-2,759.37	
1. Other comprehensive income that will be reclassified to profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amounts of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Reserve for cash flow hedges		
6. Translation differences of financial statements denominated in foreign currencies	-2,759.37	
7. Others		
Other comprehensive income attributable to minority interests, net of tax		
VII. Total comprehensive income	1,979,333,789.96	1,157,502,515.46
Total comprehensive income attributable to owners of the parent company	1,982,156,717.45	1,156,285,253.73

Total comprehensive income attributable to minority interests	-2,822,927.49	1,217,261.73
VIII. Earnings per share		
(I) Basic earnings per share	1.11	0.66
(II) Diluted earnings per share	1.11	0.66

For any business combination involving enterprises under common control for the current period, the net profits of the absorbed party prior to the combination are RMB        in the current period, and were RMB        in prior period.

Legal representative: ZHANG Huali      Chief financial officer: LIANG Deping      Head of accounting department: TAO Jinyu

#### 4. Income statement of the Company

In: RMB

Item	2020	2019
I. Total operating income	0.00	0.00
Less: Operating costs	0.00	0.00
Taxes and levies	6,923.08	1,211.60
Selling expenses		
General and administrative expenses	72,126,384.06	45,738,735.45
Research and development expenses		
Financial expenses	-26,287,586.49	-23,110,120.24
Including: Interest expenses		
Interest income	26,296,386.01	23,126,974.14
Add: Other income	227,348.06	3,127,731.94
Investment income (Loss is indicated by “-”)	69,864,747.18	-4,561,270.99
Including: Income from investments in associates and joint ventures	69,864,747.18	-7,121,117.50
Income from derecognition of financial assets measured at amortized cost (Loss is indicated by “-”)		
Net exposure hedging income (Loss is indicated by “-”)		

Income from changes in fair value (Loss is indicated by “-”)		
Impairment losses of credit (Loss is indicated by “-”)	-1,040.99	-101.18
Impairment losses of assets (Loss is indicated by “-”)		
Income from disposal of assets (Loss is indicated by “-”)		
II. Operating profit (Loss is indicated by “-”)	24,245,333.60	-24,063,467.04
Add: Non-operating income	20,000.74	0.43
Less: Non-operating expenses	692,950.00	
III. Total profit (Total losses are indicated by “-”)	23,572,384.34	-24,063,466.61
Less: Income tax expenses		
IV. Net profit (Net loss is indicated by “-”)	23,572,384.34	-24,063,466.61
(I) Net profit from continuing operation (Net loss is indicated by “-”)	23,572,384.34	-24,063,466.61
(II) Net profit from discontinued operations (Net loss is indicated by “-”)		
V. Other comprehensive income, net of tax		
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss		
1. Changes from re-measurement of defined benefit plans		
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		
3. Changes in fair value of other investments in equity instruments		
4. Changes in fair value of enterprises' own credit risks		
5. Others		
(II) Other comprehensive income that will be reclassified to profit or loss		

1. Other comprehensive income that will be reclassified to profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amounts of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Reserve for cash flow hedges		
6. Translation differences of financial statements denominated in foreign currencies		
7. Others		
VI. Total comprehensive income	23,572,384.34	-24,063,466.61
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

## 5. Consolidated statements of cash flows

In: RMB

Item	2020	2019
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services;	13,100,389,646.19	10,639,452,867.62
Net increase in customer deposits and deposits from banks and other financial institutions		
Net increase in loans from the central bank		
Net increase in taking from other financial institutions		
Cash payments for claims and policyholders' benefits under direct insurance contracts		

Net cash receipts from reinsurance business		
Net cash receipts from policyholders' deposits and investment contract liabilities		
Cash receipts from interest, fees and commissions		
Net increase in taking from banks and other financial institutions		
Net increase in financial assets sold under repurchase arrangements		
Net cash received from securities trading agency		
Receipts of tax refunds	2,974,027.99	6,431,647.66
Other cash receipts relating to operating activities	253,669,222.21	371,453,333.58
Sub-total of cash inflows from operating activities	13,357,032,896.39	11,017,337,848.86
Cash payments for goods purchased and services received	9,520,378,278.33	7,014,189,213.84
Net increase in loans and advances to customers	11,344,610.37	311,444,470.47
Net increase in balance with the central bank and due from banks and other financial institution		
Cash payments for claims and policyholders' benefits under direct insurance contracts		
Net increase in placements with banks and other financial institutions		
Cash payments for interest, fees and commissions		
Cash payments for insurance policyholder dividends		
Cash payments to and on behalf of employees	1,280,202,698.37	1,257,941,352.73
Payments of various types of taxes	176,899,520.26	198,848,248.38
Other cash payments relating to operating activities	1,787,237,435.98	1,942,047,852.26

Sub-total of cash outflows from operating activities	12,776,062,543.31	10,724,471,137.68
Net cash flow from operating activities	580,970,353.08	292,866,711.18
II. Cash Flows from Investing Activities:		
Cash receipts from disposals and recovery of investments	259,679,200.00	63,804,483.36
Cash receipts from investment income		
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	403,685.56	323,367.83
Net cash receipts from disposals of subsidiaries and other business entities		
Other cash receipts relating to investing activities	626,406,349.28	858,780,471.64
Sub-total of cash inflows from investing activities	886,489,234.84	922,908,322.83
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	69,959,021.89	155,967,045.02
Cash payments to acquire investments		
Net increase in pledged loans receivables		
Net cash payments for acquisitions of subsidiaries and other business units;		
Other cash payments relating to investing activities.	622,500,000.00	657,600,000.00
Sub-total of cash outflows from investing activities	692,459,021.89	813,567,045.02
Net cash flow from investing activities	194,030,212.95	109,341,277.81
III. Cash Flows from Financing Activities:		
Cash receipts from capital contributions		1,987,819,969.03
Including: cash receipts from capital contributions from minority owners of subsidiaries		

Cash receipts from borrowings	160,436,700.00	392,599,400.00
Other cash receipts relating to financing activities		
Sub-total of cash inflows from financing activities	160,436,700.00	2,380,419,369.03
Cash repayments of borrowings	470,057,800.00	239,344,400.00
Cash payments for distribution of dividends or profits or settlement of interest expenses	192,215,024.91	15,741,592.38
Including: payments for distribution of dividends or profits to minority owners of subsidiaries		
Other cash payments relating to financing activities		657,257.37
Sub-total of cash outflows from financing activities	662,272,824.91	255,743,249.75
Net cash flow from financing activities	-501,836,124.91	2,124,676,119.28
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	223,543.73	-395,763.36
V. Net Increase in Cash and Cash Equivalents	273,387,984.85	2,526,488,344.91
Add: Opening balance of cash and cash equivalents	5,041,075,499.16	2,514,587,154.25
VI. Closing Balance of Cash and Cash Equivalents	5,314,463,484.01	5,041,075,499.16

## 6. Statement of cash flows of the Company

In: RMB

Item	2020	2019
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services;		27,000.00
Receipts of tax refunds		
Other cash receipts relating to operating activities	41,857,033.57	117,743,252.37
Sub-total of cash inflows from operating activities	41,857,033.57	117,770,252.37



Cash payments for goods purchased and services received		
Cash payments to and on behalf of employees	33,162,880.94	16,608,439.68
Payments of various types of taxes		1,211.60
Other cash payments relating to operating activities	42,247,660.59	290,480,238.38
Sub-total of cash outflows from operating activities	75,410,541.53	307,089,889.66
Net cash flow from operating activities	-33,553,507.96	-189,319,637.29
<b>II. Cash Flows from Investing Activities:</b>		
Cash receipts from disposals and recovery of investments	259,679,200.00	60,000,000.00
Cash receipts from investment income		
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		
Net cash receipts from disposals of subsidiaries and other business entities		
Other cash receipts relating to investing activities		74,243,568.71
Sub-total of cash inflows from investing activities	259,679,200.00	134,243,568.71
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	2,206,642.91	7,515,394.30
Cash payments to acquire investments		1,989,411,813.91
Net cash payments for acquisitions of subsidiaries and other business units;		
Other cash payments relating to investing activities.		
Sub-total of cash outflows from investing activities	2,206,642.91	1,996,927,208.21
Net cash flow from investing activities	257,472,557.09	-1,862,683,639.50
<b>III. Cash Flows from Financing</b>		

Activities:		
Cash receipts from capital contributions		1,987,819,969.03
Cash receipts from borrowings		
Other cash receipts relating to financing activities		
Sub-total of cash inflows from financing activities		1,987,819,969.03
Cash repayments of borrowings		
Cash payments for distribution of dividends or profits or settlement of interest expenses	178,037,751.10	
Other cash payments relating to financing activities		657,257.37
Sub-total of cash outflows from financing activities	178,037,751.10	657,257.37
Net cash flow from financing activities	-178,037,751.10	1,987,162,711.66
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		
V. Net Increase in Cash and Cash Equivalents	45,881,298.03	-64,840,565.13
Add: Opening balance of cash and cash equivalents	359,847,797.79	424,688,362.92
VI. Closing Balance of Cash and Cash Equivalents	405,729,095.82	359,847,797.79

## 7. Consolidated statement of changes in owners' equity

Amount in the current period

In: RMB

Item	2020														Minority interests	Total owners' equity
	Equity attributable to owners of the parent company															
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	Sub-total			
	Preferred shares	Perpetual bonds	Others													
I. Closing	1,780				4,838				84,782		2,079		8,783,85	36,098,1	8,819,	

balance of the preceding year	,377,511.00			937,706.35				,321.71		761,680.01		9,219.07	65.00	957,384.07
Add:														
Changes in accounting policies														
Corrections of prior period errors														
Business combination involving enterprises under common control														
Others														
II. Opening balance of the current year	1,780,377,511.00			4,838,937,706.35				84,782,321.71		2,079,761,680.01		8,783,859,219.07	36,098,165.00	8,819,957,384.07
III. Changes for the year (decrease is indicated by “-”)							-2,759.37	2,357,238.43		1,801,764,487.29		1,804,118,966.35	-2,855,103.72	1,801,263,862.63
(I) Total comprehensive income							-2,759.37			1,982,159,476.82		1,982,156,717.45	-2,822,927.49	1,979,333,789.96
(II) Owners' contributions and reduction in capital													-32,176.23	-32,176.23
1. Ordinary shares contributed by owners														
2. Capital														

contribution from holders of other equity instruments																			
3. Share-based payment recognized in owners' equity																			
4. Others																		-32,176.23	-32,176.23
(III) Profit distribution									2,357,238.43		-180,394,989.53							-178,037,751.10	-178,037,751.10
1. Transfer to surplus reserve									2,357,238.43		-2,357,238.43								
2. Transfer to general risk reserve																			
3. Distributions to owners (or shareholders)											-178,037,751.10							-178,037,751.10	-178,037,751.10
4. Others																			
(IV) Transfers within owners' equity																			
1. Capitalization of capital reserve																			
2. Capitalization of surplus reserve																			
3. Loss offset by surplus reserve																			
4. Retained earnings carried forward from changes in defined benefit plans																			
5. Retained																			



errors														
Business combination involving enterprises under common control														
Others														
II. Opening balance of the current year	990,023,518.00			3,641,091,029.73				84,782,321.71	923,476,426.28	5,639,373,295.72	34,880,903.27	5,674,254,198.99		
III. Changes for the year (Decrease is indicated by “-”)	790,353,993.00			1,197,846,676.62					1,156,285,253.73	3,144,485,923.35	1,217,261.73	3,145,703,185.08		
(I) Total comprehensive income									1,156,285,253.73	1,156,285,253.73	1,217,261.73	1,157,502,515.46		
(II) Owners' contributions and reduction in capital	57,257,371.00			1,930,943,298.62						1,988,200,669.62		1,988,200,669.62		
1. Ordinary shares contributed by owners	57,257,371.00			1,925,443,298.62						1,982,700,669.62		1,982,700,669.62		
2. Capital contribution from holders of other equity instruments														
3. Share-based payment recognized in owners' equity														
4. Others				5,500,000.00						5,500,000.00		5,500,000.00		
(III) Profit														

distribution															
1. Transfer to surplus reserve															
2. Transfer to general risk reserve															
3. Distributions to owners (or shareholders)															
4. Others															
(IV) Transfers within owners' equity	733,096,622.00				-733,096,622.00										
1. Capitalization of capital reserve	733,096,622.00				-733,096,622.00										
2. Capitalization of surplus reserve															
3. Loss offset by surplus reserve															
4. Retained earnings carried forward from changes in defined benefit plans															
5. Retained earnings carried forward from other comprehensive income															
6. Others															
(V) Special reserve															
1. Transfer to															

special reserve in the current period																	
2. Amount utilized in the current period																	
(VI) Others																	
VI. Closing balance of the current period	1,780,377,511.00				4,838,937,706.35				84,782,321.71			2,079,761,680.01			8,783,859,219.07	36,098,165.00	8,819,957,384.07

## 8. Statement of changes in owners' equity of the Company

Amount in the current period

In: RMB

Item	2020											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total owners' equity
		Preferr ed shares	Perpet ual bonds	Others								
I. Closing balance of the preceding year	1,780,377,511.00				6,179,334,010.36				84,782,321.71	527,578,703.45		8,572,072,546.52
Add: Changes in accounting policies												
Corrections of prior period errors												
Others												
II. Opening balance of the current year	1,780,377,511.00				6,179,334,010.36				84,782,321.71	527,578,703.45		8,572,072,546.52
III. Changes for the year									2,357,238.43	-156,822,605.1		-154,465,366.76



(Decrease is indicated by “-”)										9		
(I) Total comprehensive income										23,572,384.34		23,572,384.34
(II) Owners' contributions and reduction in capital												
1. Ordinary shares contributed by owners												
2. Capital contribution from holders of other equity instruments												
3. Share-based payment recognized in owners' equity												
4. Others												
(III) Profit distribution									2,357,238.43	-180,394,989.53		-178,037,751.10
1. Transfer to surplus reserve									2,357,238.43	-2,357,238.43		2,357,238.43
2. Distributions to owners (or shareholders)										-178,037,751.10		-178,037,751.10
3. Others												
(IV) Transfers within owners' equity												
1. Capitalization of capital reserve												
2. Capitalization of surplus reserve												

3. Loss offset by surplus reserve												
4. Retained earnings carried forward from changes in defined benefit plans												
5. Retained earnings carried forward from other comprehensive income												
6. Others												
(V) Special reserve												
1. Transfer to special reserve in the current period												
2. Amount utilized in the current period												
(VI) Others												
VI. Closing balance of the current period	1,780,377,511.00				6,179,334,010.36				87,139,560.14	370,756,098.26		8,417,607,179.76

Amount in prior period

In: RMB

Item	2019											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total owners' equity
		Preferr ed shares	Perpet ual bonds	Others								
I. Closing balance of the preceding year	990,023,518.00				4,981,487,333.74				84,782,321.71	551,642,170.06		6,607,935,343.51

Add:												
Changes in accounting policies												
Corrections of prior period errors												
Others												
II. Opening balance of the current year	990,023,518.00				4,981,487,333.74				84,782,321.71	551,642,170.06		6,607,935,343.51
III. Changes for the year (Decrease is indicated by “-”)	790,353,993.00				1,197,846,676.62					-24,063,466.61		1,964,137,203.01
(I) Total comprehensive income										-24,063,466.61		-24,063,466.61
(II) Owners' contributions and reduction in capital	57,257,371.00				1,930,943,298.62							1,988,200,669.62
1. Ordinary shares contributed by owners	57,257,371.00				1,925,443,298.62							1,982,700,669.62
2. Capital contribution from holders of other equity instruments												
3. Share-based payment recognized in owners' equity												
4. Others					5,500,000.00							5,500,000.00
(III) Profit												

distribution												
1. Transfer to surplus reserve												
2. Distributions to owners (or shareholders)												
3. Others												
(IV) Transfers within owners' equity	733,09 6,622. 00					-733,09 6,622.0 0						
1. Capitalization of capital reserve	733,09 6,622. 00					-733,09 6,622.0 0						
2. Capitalization of surplus reserve												
3. Loss offset by surplus reserve												
4. Retained earnings carried forward from changes in defined benefit plans												
5. Retained earnings carried forward from other comprehensive income												
6. Others												
(V) Special reserve												
1. Transfer to special reserve in the current period												

2. Amount utilized in the current period												
(VI) Others												
VI. Closing balance of the current period	1,780,377,511.00				6,179,334,010.36				84,782,321.71	527,578,703.45		8,572,072,546.52

### III. BASIC INFORMATION

Mango Excellent Media Co., Ltd. (hereinafter referred to as the “Company”), formerly known as Happigo Inc., was established on the basis of the overall change of Happigo Co., Ltd. It completed the registration with the Administration for Industry and Commerce of Changsha City, Hunan Province on December 28, 2005, with the headquarter located in Changsha City, Hunan Province. In July 2018, the Company changed its name from “Happigo Inc.” to “Mango Excellent Media Co., Ltd”. Currently, the Company holds a business license with unified social credit code numbered 91430100782875193K, with registered capital amounting to RMB1,780,377,511.00 and a total of 1,780,377,511 shares (with the par value of RMB 1 per share) comprising restricted outstanding A-share of 849,020,900 shares and unrestricted A-share of 931,356,700 shares as of December 31, 2020. The Company’s shares were listed for trading on the Shenzhen Stock Exchange on January 21, 2015.

The Company is an entity in the internet new media industry. Its principal operating activities can be divided into three parts, namely new media platform operation, new media interactive entertainment content production and media retail business.

These financial statements were approved by the 36<sup>th</sup> meeting of the third board of directors of the Company on April 22, 2021 for issuance.

27 companies including Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd. (hereinafter referred to as “Happy Sunshine Company”), Shanghai Mangofun Technology Co., Ltd. (hereinafter referred to as “Mangofun”), Shanghai EE-Media Co., Ltd. (hereinafter referred to as “EE-Media”), Mango Studios Co., Ltd., (hereinafter referred to as “Mango Studios”), Hunan Mango Entertainment Co., Ltd. ( hereinafter referred to as “Mango Entertainment”), Happigo Co., Ltd. and Hunan Happy Money Microfinance Co., Ltd. were included in the scope of the consolidated financial statements for the current period. For details, please see Note VIII Changes in Scope of Consolidation and Note IX Interests in Other Entities.

### IV. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

#### 1. Basis of preparation

The Company’s financial statements are prepared on a going-concern basis.

#### 2. Going-concerning

The Company has detected no events or circumstances that may cast significant doubt upon its ability to continue as a going concern within 12 months from the reporting period.

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Reminders on specific accounting policies and accounting estimates:

Notice: The Company has formulated the specific accounting policies and made the specific accounting estimates with respect to the impairment of financial instruments, depreciation of fixed assets, amortization of intangible assets, recognition of revenues and other transactions and events according to the actual production and operation characteristics of the Company.

### 1. Statement of compliance with the *Accounting Standards for Business Enterprises*

The financial statements prepared by the Company conform to the requirements of the *Accounting Standards for Business Enterprises* and truly and completely reflect the Company's financial position, operating results, cash flows and other related information.

### 2. Accounting period

The Company's accounting year is from January 1 to December 31 of each calendar year.

### 3. Operating cycle

*The Company has a relatively short operating cycle, and determines the liquidity of assets and liabilities on the basis of 12 months.*

### 4. Functional currency

The Company and its domestic subsidiaries adopt RMB as its functional currency, while Mgtv.com (Hong Kong) Media Company Limited engages in overseas operations and accordingly selects the US dollar, the currency used in the main economic environment in which it operates, as its functional currency.

### 5. Accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

#### 1. Accounting treatment of business combinations involving entities under common control

Assets and liabilities that are obtained by the Company in a business combination shall be measured at their carrying amounts in the consolidated financial statements of the ultimate controller at the combination date as recorded by the acquiree. The difference between the carrying amount of the owners' equity of the acquiree as stated in the consolidated financial statements of the ultimate controller and the carrying amount of the total consideration paid or total par value of the shares issued in connection with the combination is treated as an adjustment to the capital reserve. In case the capital reserve is not sufficient to absorb the difference, the remaining balance is adjusted against the retained earnings.

#### 2. Accounting treatment of business combinations not involving entities under common control

Where the cost of the combination exceeds the Company's share of the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill at the date of acquisition. Where the cost of combination is lower than the Company's share of the fair value of the acquiree's identifiable net assets, the

Company reviews the measurement of the fair value of each of the identifiable assets, liabilities and contingent liabilities acquired from the acquiree and the cost of combination, and if the cost of combination as reviewed is still lower than the Company's share of the fair value of the acquiree's identifiable net assets, the difference is recognized in profit or loss for the current period.

## **6. Method of preparation of financial statements**

The parent company includes all of its controlled subsidiaries in its consolidated financial statements. The consolidated financial statements are prepared by the parent company in accordance with the *Accounting Standards for Business Enterprises No. 33—Consolidated Financial Statements*, on the basis of the respective financial statements of the parent company and its subsidiaries, by reference to other relevant data.

## **7. Classification of joint arrangements and accounting treatment of joint operations**

1. Joint arrangements are classified into joint operations and joint ventures.
2. When the Company is a party to a joint operation, the Company recognizes the following items relating to its interest in the joint operation:
  - (1) the assets individually held by the Company, and the Company's share of the assets held jointly;
  - (2) the liabilities incurred individually by the Company, and the Company's share of the liabilities incurred jointly;
  - (3) the Company's revenue from the sale of its share of output of the joint operation;
  - (4) the Company's share of revenue from the sale of assets by the joint operation; and
  - (5) the expenses incurred individually by the Company, and the Company's share of the expenses incurred jointly.

## **8. Recognition of cash and cash equivalents**

For the purpose of the statement of cash flows, cash comprises cash on hand and demand deposits, and cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

## **9. Foreign currency transactions and translation of foreign currency financial statements**

### **1. Translation of foreign currency transactions**

Upon initial recognition, foreign currency transactions are translated into RMB using the exchange rates prevailing at the transaction dates. At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from such translations are recognized in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets and accrued interest. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the foreign exchange rates ruling at the transaction dates, without adjusting the amounts in RMB. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rates prevailing at the dates the fair value was determined, and exchange differences arising from such translations are recognized in profit or loss for the current period or other comprehensive income.

### **2. Translation of foreign currency financial statements**

The asset and liability items in the balance sheet are translated at the spot exchange rates at the balance sheet date. The owners' equity items other than "retained profits" are translated at the spot exchange rates at the transaction dates. The income and expense items in the income statements are translated at the spot exchange rates at the transaction dates. Exchange differences arising from such translations are recognized in other comprehensive income.

## 10. Financial instruments

### 1. Classification of financial assets and financial liabilities

Upon initial recognition, financial assets are classified into: (1) financial assets at amortized cost; (2) financial assets at fair value through other comprehensive income; and (3) financial assets at fair value through profit or loss.

Upon initial recognition, financial liabilities are classified into: (1) financial liabilities at fair value through profit or loss; (2) financial liabilities arising as a result of the transfer of financial assets not meeting the criteria for derecognition or continuing involvement in the financial assets transferred; (3) financial guarantee contracts not falling under items (1) and (2), and loan commitments not falling under item (1) and below market interest rate; and (4) financial liabilities at amortized cost.

### 2. Recognition, measurement and derecognition of financial assets and financial liabilities

#### (1) Recognition and initial measurement of financial assets and financial liabilities

When the Company becomes a party to a financial instrument contract, a financial asset or liability is recognized. Financial assets and liabilities are initially measured at fair value. Transaction costs relating to financial assets or liabilities at fair value through profit or loss are directly recognized in profit or loss for the current period. Transaction costs relating to other kinds of financial assets or liabilities are included in their initially recognized amount. However, where the accounts that do not contain any significant financing component or are recognized by the Company without taking into consideration the significant financing components under the contracts with a term of less than one year upon initial recognition are initially measured at transaction price defined in the *Accounting Standard for Business Enterprises No. 14—Revenue*.

#### (2) Subsequent measurement of financial assets

##### 1) Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. Gains or losses on financial assets at amortized cost that do not belong to any hedging relationship are recognized in profit or loss for the current period upon derecognition, reclassification, amortization using the effective interest method or recognition of impairment.

##### 2) Investments in debt instruments at fair value through other comprehensive income

Investments in debt instruments at fair value through other comprehensive income are subsequently measured at fair value. Interest, impairment losses or gains and exchange gains or losses calculated using the effective interest method are recognized in profit or loss for the current period, and other gains or losses are recognized in other comprehensive income. On derecognition, the cumulative gain or loss previously included in other comprehensive income is removed out from other comprehensive income and included in profit or loss for the current period.

##### 3) Investments in equity instruments at fair value through other comprehensive income

Investments in debt instruments at fair value through other comprehensive income are subsequently measured at fair value. Dividends received (other than those received as recovery of investment cost) are recognized in profit or loss for the current period, and other gains or losses are recognized in other comprehensive



income. On derecognition, the cumulative gain or loss previously included in other comprehensive income is removed out from other comprehensive income and included in retained earnings.

4) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are subsequently measured at fair value. Gains or losses thereon, including interest and dividend income, are recognized in profit or loss for the current period, except the financial assets belonging to any hedging relationship.

(3) Subsequent measurement of financial liabilities

1) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading (including derivatives classified as financial liabilities), and financial liabilities directly designated as at fair value through profit or loss. Such financial liabilities are subsequently measured at fair value. Changes in the fair value of financial liabilities designated as at fair value through profit or loss arising out of changes in the Company's credit risk are recognized in other comprehensive income, unless such treatment will result in or increase any accounting mismatch in profit or loss. Other gains or losses on such financial liabilities, including interest expenses and changes in fair value not arising out of changes in the Company's credit risk, are recognized in profit or loss for the current period, except the financial liabilities belonging to any hedging relationship. Upon derecognition, the aggregate gains or losses previously recognized in other comprehensive income are transferred to retained earnings.

2) Financial liabilities arising as a result of the transfer of financial assets not meeting the criteria for derecognition or continuing involvement in the financial assets transferred

Such financial liabilities are measured in accordance with the *Accounting Standards for Business Enterprises No. 23—Transfer of Financial Assets*.

3) Financial guarantee contracts not falling under items 1) and 2) above, and loan commitments not falling under item 1) above and below market interest rate

Such financial liabilities are subsequently measured at the higher of ① provision for impairment losses determined according to the policy for impairment of financial instruments; and ② balance of the initially recognized amount after deduction of the accumulated amortization determined in accordance with *Accounting Standard for Business Enterprises No. 14—Revenue*.

4) Financial liabilities at amortized cost

Such financial liabilities are measured at amortized cost using the effective interest method. Gains or losses on financial liabilities at amortized cost that do not belong to any hedging relationship are recognized in profit or loss for the current period upon derecognition or amortization using the effective interest method.

(4) Derecognition of financial assets and financial liabilities

1) Financial assets are derecognized when:

① the contractual right to receive cash flows from the financial assets has expired; or

② the financial assets have been transferred and such transfer meets the criteria for derecognition of financial assets as set forth in the *Accounting Standards for Business Enterprises No. 23 -- Transfer of Financial Assets*.

2) A financial liability (or part thereof) is derecognized when all or part of the outstanding obligations thereon have been discharged.

3. Determination and measurement of financial assets transferred

When a financial asset of the Company is transferred, if substantially all the risks and rewards incidental to the ownership of the financial asset have been transferred, the financial asset is derecognized, and the rights and obligations incurred or retained in such transfer are separately recognized as assets or liabilities (as the case may be). If the Company retains substantially all the risks and rewards of ownership of a financial asset, the Company

shall not derecognize the financial asset. If the Company neither transferred nor retained a substantial portion of all risks and rewards incidental to the ownership of the financial asset, then: (1) if the Company does not retain control over the financial asset, the financial asset is derecognized, and the rights and obligations incurred or retained in such transfer are separately recognized as assets or liabilities (as the case may be); and (2) if the Company retains control over the financial asset, the financial asset continues to be recognized to the extent of the Company's continuing involvement in the financial asset transferred, and a corresponding liability is recognized.

If an entire transfer of a financial asset meets the criteria for derecognition, the difference between (1) the carrying amount of the financial asset transferred at the date of derecognition; and (2) the sum of the consideration received from the transfer and the portion of the cumulative amount of changes in fair value directly recorded as other comprehensive income originally that corresponds to the part derecognized (where the financial asset transferred is an investment in debt instruments at fair value through other comprehensive income) is recognized in profit or loss for the current period. If part of a financial asset is transferred and the part transferred entirely meets the criteria for derecognition, the total carrying amount of the financial asset immediately prior to the transfer is allocated between the part derecognized and the part not derecognized in proportion to their relative fair value at the date of transfer, and the difference between (1) the carrying amount of the part derecognized and (2) the sum of the consideration received from the transfer of the part derecognized and the portion of the cumulative amount of changes in fair value directly recorded as other comprehensive income originally that corresponds to the part derecognized (where the financial asset transferred is an investment in debt instruments at fair value through other comprehensive income) is recognized in profit or loss for the current period.

#### 4. Determination of fair value of financial assets and financial liabilities

The Company adopts the valuation techniques applicable to the current situations and with sufficient data available and support of other information to determine the fair value of financial assets and financial liabilities. The Company classifies the inputs used by the valuation techniques in the following levels and uses them in turn:

(1) Level 1 inputs: quoted market price (unadjusted) in an active market for an identical asset or liability available at the date of measurement;

(2) Level 2 inputs: inputs other than inputs included within Level 1 that are observable directly or indirectly. This category includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, observable inputs other than quoted prices (such as interest rate and yield curves observable during regular intervals of quotation), and inputs validated by the market;

(3) Level 3 inputs: inputs that are unobservable. This category includes interest rate or stock volatility that cannot be directly observed or validated by observable market data, future cash flows from retirement obligation incurred in business combinations, and financial forecasts made using own data.

#### 5. Impairment of financial instruments

##### (1) Measurement and accounting treatment of impairment of financial instruments

The Company determines the impairment and assesses provision for impairment losses of financial assets at amortized cost, investments in debt instruments at fair value through other comprehensive income, lease receivable, loan commitments other than financial liabilities designated at fair value through profit or loss, and financial guarantee contracts other than financial liabilities designated at fair value through profit or loss and financial liabilities arising as a result of the transfer of financial assets not meeting the criteria for derecognition or continuing involvement in the financial assets transferred, on the basis of expected credit losses.

Expected credit loss is the weighted average of credit losses on financial instruments taking into account the possibility of default. Credit loss is the present value of the difference between all contractual cash flows receivable under the contract and estimated future cash flows discounted at the original effective interest rate, i.e., the present value of all cash shortage, wherein the Company's purchased or originated financial assets that have

become credit impaired are discounted at their credit-adjusted effective interest rate.

With respect to purchased or originated financial assets that have become credit impaired, at the balance sheet date, the Company recognizes a loss allowance equal to the cumulative amount of changes in lifetime expected credit losses since initial recognition.

With respect to accounts receivable and contract assets that arise from the transactions regulated under the *Accounting Standard for Business Enterprises No. 14 —Revenue* and do not contain any significant financing component or are recognized by the Company without taking into consideration the significant financing components under the contracts with a term of less than one year, the Company uses the simple measurement method and recognizes a loss allowance equal to the lifetime expected credit losses.

With respect to financial assets not using the measurement methods stated above, at each balance sheet date, the Company assesses whether the credit risk has increased significantly since initial recognition, and recognizes a loss allowance equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition, or to the expected credit losses within the next 12 months if the credit risk has not increased significantly since initial recognition.

*The Company uses reasonable and supportable information, including forward-looking information, and compares the possibility of default at the balance sheet date with the possibility of default upon initial recognition, to determine whether the credit risk of the financial instruments has increased significantly since initial recognition.*

At the balance sheet date, if the Company determines that a financial instrument has low credit risk, the Company assumes that its credit risk has not increased significantly since initial recognition.

The Company assesses expected credit risk and measures expected credit losses of financial instruments individually or collectively. When assessing the financial instruments collectively, the Company includes the financial instruments in different groups according to their common risk characteristics.

At each balance sheet date, the Company re-assesses the expected credit losses, with the amount of increase in or reversal of loss allowance recognized in profit or loss for the current period as impairment losses or gains. With respect to a financial asset at amortized cost, its carrying amount recorded in the balance sheet is written off against the loss allowance. With respect to an investment in debt instruments at fair value through other comprehensive income, the Company recognizes the loss allowance in other comprehensive income, without reducing its carrying amount.

(2) Financial instruments for which expected credit risk is assessed and expected credit losses are measured collectively

Description	Basis for grouping	Method for measuring expected credit losses
Other receivables - group of receivables from affiliates controlled by the same actual controller	Nature of receivables	Calculate the expected credit losses according to the default risk exposure and rate of expected credit loss within the next 12 months or over the life by reference to historic credit loss experience, and taking into account the current situations and prediction of future economic conditions.
Other receivables - group of deposit and security receivable		
Other receivables - grouping by age	Aging	

(3) *Accounts receivable and contract assets for which expected credit losses are measured collectively*

1) Specific grouping and method for measuring expected credit losses

Description	Basis for grouping	Method for measuring expected credit losses
Notes receivable - banker's acceptance	Type of bills	Calculate the expected credit losses

bills		according to the default risk exposure and rate of lifetime expected credit loss by reference to historic credit loss experience, and taking into account the current situations and prediction of future economic conditions.
Notes receivable - commercial acceptance bills receivable		
Accounts receivables - group of receivables from affiliates controlled by the same actual controller	Group of receivables from affiliates controlled by the same actual controller	
Accounts receivable - grouping by age	Aging	Prepare a comparison table of the age of accounts receivable and rate of lifetime expected credit loss, and calculate the expected credit losses by reference to historic credit loss experience, and taking into account the current situations and prediction of future economic conditions.
Other current assets - loans and advances	Loans and advances	Calculate the expected credit losses according to the default risk exposure and rate of lifetime expected credit loss by reference to historic credit loss experience, and taking into account the current situations and prediction of future economic conditions.
Contract assets - Group of operator business	Operator business	Calculate the expected losses according to the default risk exposure and rate of lifetime expected loss by reference to historic loss experience, and taking into account the current situations and prediction of future economic conditions.

2) Accounts receivable - comparison table of the age of accounts receivable and rate of lifetime expected credit loss

Aging	Accounts receivable Rate of expected credit loss (%)
Group I: New media platform operation (Happy Sunshine)	
Within 1 year (inclusive, same below)	5.00
More than 1 year but not exceeding 2 years	10.00
More than 2 years but not exceeding 3 years	30.00
More than 3 years but not exceeding 4 years	50.00
More than 4 years but not exceeding 5 years	100.00
More than 5 years	100.00
Group II: New media interactive entertainment production and operation, medial retails and others (companies other than Happy Sunshine)	
Within 1 year (inclusive, same below)	1.00
More than 1 year but not exceeding 2 years	5.00

More than 2 years but not exceeding 3 years	10.00
More than 3 years but not exceeding 4 years	30.00
More than 4 years but not exceeding 5 years	50.00
More than 5 years	100.00

#### 6. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, a financial asset and a financial liability shall be offset, and the net amount presented in the balance sheet when both of the following conditions are satisfied: (1) the Company has a legal right to set off the recognized amounts and the legal right is currently enforceable; and (2) the Company intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the Company do not offset the transferred financial asset and the associated liability.

## 11. Inventories

The Company shall comply with the disclosure requirements set forth in *ChiNext Guide on Industrial Information Disclosure No. 6 -- Internet Video Business Conducted by Listed Companies*.

#### 1. Classification of inventories

Inventories include finished goods or merchandise held by the Company for sale in the ordinary course of business, or work in progress in the process of production for such sale, or materials or supplies to be consumed in the production process or in the rendering of services.

#### 2. Pricing methods of inventories transferred out

When transferring out inventories, the Company determines the actual cost of automobile, film and television drama and consignment goods using the specific-identification method and of the remaining goods using the weighted average method.

#### 3. Determination basis of net realizable value of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realizable value, and the provision for decline in value of inventories is determined on an item-by-item basis. For inventories available for sales, in the ordinary production and operation process, their realizable net value is determined at the estimated selling price of these inventories less the estimated costs necessary to make the sale and relevant taxes; for the inventories that need to be processed, in the ordinary production and operation process, their realizable net value is determined at the estimated selling price of finished products less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. At the balance sheet date, where a part of an inventory is subject to the contract price agreement and other parts of the same inventory has no such agreement, their realizable net value is determined separately, and by comparing them with their corresponding cost, the amount made for or reversal of the provision for decline in value of inventories is determined separately.

#### 4. Inventory systems for inventories

A perpetual inventory system is adopted, among which the Company uses verification of copyright and other right documents as the inventory system for film and television dramas.

#### 5. Amortization of low-value consumables and packing materials

##### (1) Low-value consumables

The low-value consumables are amortized using immediate write-off method.

##### (2) Packing materials

The packing materials are amortized using immediate write-off method.

## 12. Contract assets

The Company presents the contract assets or liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The Company lists the contract assets and liabilities under the same contract as net amount after offset.

The Company presents its owned right to unconditionally (that is, only depending on the passage of time) receive consideration from customers as the accounts receivable, and the right to receive the consideration for which the goods that have been transferred to customers (that is, depending on factors other than the passage of time) as the contract assets.

## 13. Contract costs

Assets related to contract costs include contract acquisition costs and contract performance costs.

*If the incremental cost incurred by the Company to obtain a contract is expected to be recovered, it is recognized as an asset as the cost of obtaining a contract. If the amortization period of the cost of obtaining a contract does not exceed one year, such cost is directly included in the profit or loss for the current period.*

The cost incurred by the Company to perform a contract is not governed by the standards on inventories, fixed assets or intangible assets, and if meeting the following criteria, is recognized as an asset as the contract performance cost:

1. such cost is directly related to an existing or expected contract, including expenses for direct labor, direct materials and manufacturing (or similar expenses), costs to be clearly borne by the customer and other costs incurred only due to the contract;
2. Such cost increases the Company's future resources for fulfilling its performance obligations; and
3. Such cost is expected to be recovered.

The Company amortizes the asset related to the contract cost on the same basis as the recognition of the revenue of the goods or services related to the asset, and includes it in the profit or cost for the current period.

If the carrying amount of the asset related to the contract cost is higher than the remaining consideration expected to be obtained due to the transfer of the goods or services related to the asset less the estimated cost, then the Company makes a provision for impairment of the excess and recognizes it as an impairment loss for the asset. If the impairment factors for prior periods have changed afterwards so that the remaining consideration expected to be obtained due to the transfer of the goods or services related to the asset less the estimated cost is higher than the carrying amount of the asset, then the Company reverses a provisions for impairment originally made and include it in the profit or loss for the current period, provided that the carrying amount after reverse shall not exceed the carrying amount the asset would have reached on the date of reversal had the provision for impairment been not made.

## 14. Long-term equity investments

1. Judgment criteria of joint control and significant influence

Joint control is the agreed sharing of control over an arrangement, and the relevant activities of such arrangement must be decided upon the unanimous consent of the parties sharing control. Significant influence is the power of the investing enterprise to participate in the financial and operating policy decisions of an investee, but is not control or joint control with other parties over the establishment of those policies.

2. Determination of investment cost

- (1) In case of an equity investment acquired through a business combination involving entities under

common control, if the acquirer pays consideration for the business combination by cash, transfer of non-monetary assets, assumption of liabilities or issuance of equity securities, the initial investment cost of the long-term equity investment is the Company's share of the carrying amount of the owners' equity of the acquiree in the consolidated financial statements of the ultimate controller at the date of combination. The difference between the initial investment cost of the long-term equity investment and the carrying amount of the consideration paid for the combination or the total par value of the shares issued (as applicable) is treated as an adjustment to the capital reserve. In case the capital reserve is not sufficient to absorb the difference, the remaining balance is adjusted against the retained earnings.

In case of a long-term equity investment acquired through a business combination involving entities under common control and through multiple transactions by steps, the Company judges whether they constitute a "package deal" or not. If they belong to a "package deal", the Company accounts for all transactions as one transaction to acquire control. If such transactions do not constitute a "package deal", the initial investment cost is the Company's post-combination share of the carrying amount of the owners' equity of the acquiree in the consolidated financial statements of the ultimate controller at the date of combination; The difference between the initial investment cost of the long-term equity investment at the date of combination and the sum of the carrying amount of long-term equity investment before the combination and the carrying amount of the consideration paid for acquisition of the additional shares at the date of combination is adjusted against the capital reserve. In case the capital reserve is not sufficient to absorb the difference, the remaining balance is adjusted against the retained earnings.

(2) In case of an equity investment acquired through a business combination not involving enterprises under common control, the initial investment cost is the fair value of the carrying amount of the consideration paid for the combination at the date of acquisition.

With respect to a long-term equity investment acquired through a business combination not involving enterprises under common control that is achieved through multiple transactions by steps, the accounting treatment thereof in the separate financial statements is different from that in the consolidated financial statements as stated below:

1) In the separate financial statements, the initial investment cost for which the Company changes to the cost method is the sum of the carrying amount of the long-term equity investment originally held and the new investment cost.

2) In the consolidated financial statements, the Company judges whether the transactions constitute a "package deal" or not. If they belong to a "package deal", the Company accounts for all transactions as one transaction to acquire control. If such transactions do not constitute a "package deal", the Company re-measures the fair value of the equity held in the acquiree prior to the date of acquisition, and records the difference between the fair value and the carrying amount as investment income for the current period; if the equity held in the acquiree prior to the date of acquisition involves other comprehensive income under equity method, such other comprehensive income is transferred to the income of the period in which the date of acquisition falls, except for other comprehensive income arising from re-measurement by the investee of changes in net liabilities or net assets of defined benefit plans.

(3) In case of an equity investment not acquired through business combination, the initial investment cost is the purchase price actually paid if it is acquired by cash, or the fair value of the equity securities issued if it is acquired through issuance of equity securities, or is determined in accordance with the *Accounting Standards for Business Enterprises No. 12—Debt Restructuring* if it is acquired through debt restructuring, or in accordance with the *Accounting Standards for Business Enterprises No. 7—Exchange of Non-monetary Assets* if it is acquired through exchange of non-monetary assets.

### 3. Subsequent measurement and recognition of profit of loss

Long-term equity investments in investees are measured using the cost method. Long-term equity investments in associates and joint ventures are measured using the equity method.

### 4. Disposal of investment in a subsidiary through multiple transactions by steps until loss of control over the subsidiary

#### (1) Separate financial statements

The difference between the carrying amount of the equity disposed of and the proceeds of disposal actually received is recognized in profit or loss for the current period. If the remaining equity empowers the Company to exercise significant influence or joint control over the investees, the remaining equity is accounted for using the equity method; if the remaining equity does not empower the Company to exercise control, joint control or significant influence over the investees, the remaining equity is accounted for in accordance with the *Accounting Standards for Business Enterprises No. 22—Recognition and Measurement of Financial Instruments*.

#### (2) Consolidated financial statements

1) Disposal of investment in a subsidiary through multiple transactions by steps until loss of control over the subsidiary which do not constitute a “package deal”

Prior to the loss of control, the difference between the proceeds from disposal and the share owned by the Company in the net assets of the subsidiary in relation to the long-term equity investment disposed of that is calculated continuously from the date of acquisition or combination is adjusted against the capital reserve (capital premium). In case the capital premium is not sufficient to absorb the difference, the remaining balance is adjusted against the retained earnings.

When losing control over an original subsidiary, the remaining equity is re-measured at its fair value at the date of loss of control. The sum of the consideration received from the disposal of the equity and the fair value of the remaining equity, net of the share owned by the Company in the net assets of the subsidiary in relation to the long-term equity investment disposed of as calculated continuously from the date of acquisition or combination according to the previous shareholding ratio, is recognized in the investment income for the period in which the control is lost, and the goodwill is reduced accordingly. Other comprehensive income relating to the equity investment in the original subsidiary should be transferred to the investment income for the period in which the control is lost.

2) Disposal of investment in a subsidiary through multiple transactions by steps until loss of control over the subsidiary which constitute a “package deal”

The Company accounts for such transactions as one transaction to dispose of and lose its control over the subsidiary, however, the difference between the proceeds from each disposal before loss of control and the share owned by the Company in the net assets of the subsidiary in relation to the investment disposed of is recognized in other comprehensive income in the consolidated financial statements, which is wholly transferred to the profit or loss in the period in which the control is lost.

## 15. Fixed assets

### (1) Criteria for recognition

Fixed assets are tangible assets held for production of goods, rendering of service, lease or operation and management with a useful life of more than one accounting year. A fixed asset is recognized if the economic benefits relating to it are very likely to flow to the Company and its cost can be reliably measured.



**(2) Depreciation**

Category	Method of depreciation	Estimated useful life (years)	Residual value rate	Annual depreciation rate
Buildings	Straight line method	30	4	3.2
Mechanical equipment	Straight line method	3-8	0-5	11.88-33.33
Transportation equipment	Straight line method	5-8	0-5	11.88-20
Electronic equipment, devices and furniture	Straight line method	3-10	0-5	9.50-33.33

With respect to artworks whose estimated useful life is uncertain, the Company does not assess their depreciation but performs an impairment test on them every year.

**16. Construction in progress**

1. A construction in progress is recognized if the economic benefits relating to it are very likely to flow to the Company and its cost can be reliably measured. A construction in progress is measured at the actual cost incurred for bringing the asset to working condition for its intended use.

2. The construction in progress shall be transferred to fixed assets at its actual construction cost when meeting working conditions for its intended use. If a project under construction have not undergone final accounts for completion when the project meets the working condition for its intended use, the project is transferred to fixed assets at the estimated value, and after final accounts for completion are handled, the original value provisionally estimated is adjusted at the actual cost, but no adjustment is made to originally provided depreciation.

**17. Borrowing costs****1. Recognition of capitalization of borrowing costs**

Borrowing costs incurred by the Company that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the relevant asset. The amounts of other borrowing costs incurred are expensed when incurred and included in profit or loss for the current period.

**2. Period of capitalization of borrowing costs**

(1) A borrowing cost is capitalized when all of the following conditions are satisfied: 1) the expenditures on the asset have already been incurred; 2) the borrowing cost has already been incurred; and 3) the acquisition, construction or production activities necessary to prepare the asset for its intended use or sale have already commenced.

(2) Capitalization of borrowing costs is 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. The borrowing costs incurred during these periods are recognized as an expense for the current period until the acquisition, construction or production is resumed.

(3) When the qualifying asset being acquired, constructed or produced has become ready for its intended use or sale, the capitalization ceases.

**3. Rate and amount of capitalization of borrowing costs**

If funds are borrowed under a specific-purpose borrowing for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalized shall be the actual interest expense incurred on that borrowing for the period (including amortized discount or premium determined using the effective interest method) less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. If funds are borrowed under general-purpose borrowings and are utilized for the acquisition, construction or production of a qualifying asset, the Company shall determine the amount of interest to be capitalized on such borrowings by multiplying a capitalization rate of the utilized general-purpose borrowings by the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings.

## 18. Intangible assets

### (1) Pricing methods, useful lives and impairment tests

The Company shall comply with the disclosure requirements set forth in *ChiNext Guide on Industrial Information Disclosure No. 6 -- Internet Video Business Conducted by Listed Companies*.

1. Intangible assets include file and television copyrights, land use rights, software, trademark rights and copyrights, which are initially measured at cost.

2. Service life and amortization method

(1) Amortization and carryforwards of file and television copyrights

When a film and television copyright is recognized as an intangible asset, that copyright is amortized in the light of the following principles during the copyright benefit period: in case of the permanent copyright with the benefit period being determined to be 5 years and the film and television drama copyright with the benefit period being determined to be not less than 3 years (inclusive), they are amortized on a 5:3:2 basis (that is, 50% of the intangible asset value is amortized evenly in the first 12 months, 30% in the second 12 months and the remaining 20% is amortized in a straight line during the remaining benefit period); in case of the copyrights with the benefit period of more than 2 years (inclusive) but less than 3 years, they are amortized on a 5:5 basis (that is, 50% is amortized in the first 12 months and the remaining 50% is amortized in a straight line during the remaining benefit period); and in case of the copyrights with the benefit period of not more than 2 years, they are amortized on a monthly basis during the benefit period.

When the file and television copyright is used for distribution, the right to use and income right, etc. shared jointly or enjoyed respectively by the Company and its counterparty after distribution should be transferred as the book cost of the intangible assets at the lower of the income amount and the book amortized value of intangible assets from the date on which they satisfied the recognition criteria of revenue. If the amortized value after transfer is still greater than zero, they continue to be amortized using the original amortization during the amortization period.

(2) Amortization of other intangible assets other than film and television copyright.

The depreciable amount of an intangible asset with a finite useful life is allocated on a systematic and rational basis over its useful life in the pattern in which the asset's economic benefits are expected to be realized. If that pattern cannot be determined reliably, the straight-line method shall be used. The specific life is shown as follows:

Item	Amortization period (years)
Land use rights	49
Software	3-10

Trademarks and domain names	Authorized use period
Patent license fee	10
Program adaptation license	3
Game copyright	Period granted by the contract

## (2) Accounting policy on internal research and development expenditures

The Company engages in the research and development of system software. Expenditures on research and development projects are classified into expenditures at research phase and expenditures at development phase according to the nature of expenditures and depending on whether it is significantly uncertain that the research and development activities will result in intangible assets. Expenditures at research phase are expenditures at the phase of planned investigation, evaluation and selection for purpose of software research, which are recognized in profit or loss for the period in which they are incurred. Expenditures at the phase of design and testing for purpose of final application of the software are recorded as expenditures at development phase, which are capitalized prior to the final application of the software when all of the following conditions are satisfied: (1) the development of the software has been sufficiently validated by the technical team; (2) the management has approved the budget for the development of the software; (3) the system functions and performance of the software to be developed can satisfy the requirements of economic activities; (4) the technical and financial resources available are sufficient to meet the requirements of the development activities and subsequent use of the software; and (5) the expenditures attributable to the development of the software can be reliably measured.

## 19. Impairment of long-term assets

With respect to long-term equity investments, fixed assets, construction in progress, intangible assets with a finite useful life and other long-term assets, if there's an indication of impairment at the balance sheet date, the Company assesses their recoverable amount. Goodwill arising in a business combination and an intangible asset with an indefinite useful life are tested for impairment annually, irrespective of whether there is any indication that the asset may be impaired. For the purpose of impairment testing, goodwill is considered together with the related asset groups or sets of asset groups.

If the recoverable amount of the long-term asset above is lower than its carrying amount, the difference is measured as impairment loss of the asset and recognized in profit or loss for the current period.

## 20. Long-term prepaid expenses

Long-term deferred expenses are expensed that have already been incurred but should be amortized over a period of more than one year (excluding one year). Long-term deferred expenses are stated as the amount actually incurred and are amortized evenly by stages within the benefit period or specified period. If an item of long-term deferred expenses will not benefit the subsequent periods, the amortized value of the item that has not yet been amortized is wholly transferred to profit or loss for the current period.

## 21. Contract liabilities

The Company presents the contract assets or liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The Company lists the contract assets and liabilities under the same contract as net amount after

offset.

The Company presents its obligation to transfer goods to customers for the consideration received or receivable from customers as the contract liabilities.

## **22. Employee benefits**

### **(1) Accounting treatment of short-term employee benefits**

The Company recognizes the short-term benefits actually incurred during the accounting period when the employees provide services for the Company as liabilities, and include same as part of the cost of related assets or in profit or loss for the current period.

### **(2) Accounting treatment of post-employment benefits**

Post-employment benefits are classified into defined contribution plans and defined benefit plans.

The Company recognizes the amount contributable calculated based on the defined contribution plan during the accounting period when the employees provide services for the Company as liabilities, and include same in profit or loss for the current period or as part of the cost of related assets.

(2) The accounting treatment of a defined benefit plan generally involves the following steps:

1) According to the projected unit credit method, use the unbiased and consistent actuarial assumptions to estimate demographic variables and financial variables, measure the obligation arising from the defined benefit plan and determine the period to which the relevant obligation belongs. Meanwhile, discount the obligation arising from the defined benefit plan, in order to determine the present value of the benefit plan obligation and the current service cost;

2) If the defined benefit plan has assets, the deficit or surplus resulting after reducing the present value of the defined benefit plan obligation by the fair value of the defined benefit plan is recognized as a net liability or asset of the defined benefit plan. If the defined benefit plan has a surplus, the net assets of the defined benefit plan are measured at the lower of surplus in the defined benefit plan and asset ceiling;

3) At the end of the reporting period, the cost of employee benefits arising from the defined benefit plan is recorded as service cost, net interest on the net liabilities or net assets of the defined benefit plan, and changes arising from re-measurement of the net liabilities or net assets of the defined benefit plan, wherein the service cost and the net interest on the net liabilities or net assets of the defined benefit plan are included in profit or loss for the current period or the cost of related assets, and the changes arising from re-measurement of the net liabilities or net assets of the defined benefit plan are included in other comprehensive income, which will not be converted back to profit or loss in subsequent periods, but may be transferred within the scope of equity.

### **(3) Accounting treatment of termination benefits**

The Company recognizes the employment compensation liabilities generated by termination benefits and records them into the profit or loss for the current period at the earlier of the following dates:

(1) when the Company cannot unilaterally withdraw the termination, benefits provided as a result of the labor relationship termination plan or layoff proposal; or

(2) when the Company recognizes the costs or expenses related to the restructuring of the termination benefits payment.

**(4) Accounting treatment of other long-term employee benefits**

Other long-term employee benefits are accounted for in accordance with the provisions applicable to defined contribution plans if they are qualified as defined contribution plans, otherwise, are accounted for in accordance with the provisions applicable to defined benefit plans. In order to simplify the accounting treatment, the total net amount of the cost of employee benefits arising from the defined benefit plans that is recorded as service cost, net interest on the net liabilities or net assets of the defined benefit plan, changes arising from re-measurement of the net liabilities or net assets of the defined benefit plan and other components is included in profit or loss for the current period or the cost of related assets.

**23. Provisions**

1. An obligation arising from any external guarantee, litigations, product quality warranty, onerous contract or other contingencies is recognized as a provision if it is a present obligation assumed by the Company, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably measured.

2. Provisions are initially measured according to the best estimates of the expenditures required to settle the related present obligations. The carrying amount of provisions is reviewed at the balance sheet date.

**24. Revenue**

The accounting policies adopted for the recognition and measurement of revenue

**1. Revenue recognition**

At the inception of the contract, the Company evaluates the contract, identifies each single performance obligation contained therein and determine whether each single performance obligation is performed over time or at a point in time.

When meeting one of the following criteria, it belongs to the obligation performed over time, otherwise it constitutes the obligation performed at a point in time: (1) the customer obtains and consumes the economic benefits generated by the Company's performance when the Company performs the contract; (2) the customer can control the products under construction in the process of the Company's performance; (3) the products produced in the process of the Company's performance have irreplaceable uses, and the Company has the right to collect payment for the cumulative performance that has been completed up to date throughout the term of the contract.

For the obligation performed over time, the Company recognizes the revenue based on the performance progress over time. When the performance progress cannot be reasonably determined, and the costs incurred are expected to be recoverable, revenue is recognized to the extent of costs incurred until the performance progress can be reasonably determined. For the obligation performed at a point in time, the revenue is recognized at the time point when the customer obtains the control of the related goods and services. When judging whether the customer has obtained the control of goods, the Company considers the followings signs: (1) the Company has the current right to receive payment for such goods, that is, the customer has the current obligation to make payment for such goods; (2) the Company has transferred the legal ownership of such goods to the customer, that is, the customer has the legal ownership of such goods; (3) the Company has transferred such goods to the customer physically, that is, the customer has taken possession of such goods physically; (4) the Company has transferred major risks and rewards of such goods to the customer, that is, the customer has obtained major risks and rewards of such goods; (5) the customer has accepted such goods; and (6) other signs that the customer has obtained

control of such goods.

## 2. Revenue measurement

(1) The Company measures revenue based on the transaction price allocated to each single performance obligation. The transaction price is the amount of consideration to which the Company is entitled arising from the transfer of goods or services to the customer, excluding the amount collected on behalf of a third party and expected to be returned to the customer.

(2) If there is variable consideration in the contract, the Company determines the best estimate of the variable consideration based on the expected value or the most likely amount. However, variable consideration is included in the transaction price if, and to the extent that, it is highly probable that its inclusion will not result in a significant revenue reversal of accumulatively recognized revenue in the future when the uncertainty has been subsequently resolved.

(3) If there is a major financing component in the contract, the Company determines the transaction price based on the presumed amount payable in cash when the customer obtains the control of goods or services. The difference between that transaction price and the contract consideration is amortized over the period of the contract using the effective interest method. If at the inception of the contract, the Company expects that the customer's acquisition of control of goods or services is not more than one year from the customer's payment therefor, the major financing component in the contract will not be considered.

*(4) If the contract has two or multiple performance obligations, the Company allocates the transaction price to each single performance obligation in the contract by reference to relative standalone selling prices of goods promised thereby.*

## 3. Recognition of revenue

### (1) Revenue recognized at a point in time

The Company's sales of TV shopping products, film and television dramas and other goods belong to the obligation performed at a point in time. The revenue is recognized when goods made for domestic market meet the following criteria: the Company has delivered the products to the customer pursuant to the contract and the customer has accepted such products, the payment for products has been received or the receipt of payment has been obtained and it is probable that the associated economic benefits will flow to the Company, the legal ownership of the products has been transferred, and the major risks and rewards of the products has been transferred to the customer. The revenue is recognized when goods made for foreign market meet the following criteria: the Company has declared the products pursuant to the contract and obtained the bill of lading, the payment for products has been received or the receipt of payment has been obtained and it is probable that the associated economic benefits will flow to the Company, the legal ownership of the products has been transferred, and the major risks and rewards of the products has been transferred.

### (2) Revenue recognized according to the progress of contract performance

The Company provides membership, artist, operator and financial services, etc. The customer obtains and consumes the economic benefits generated by the Company's performance when the Company performs the contract, so the customer can control the goods or services under construction in the process of the Company's performance, the services or goods provided in the process of the Company's performance have irreplaceable uses, and the Company has the right to collect payment for the cumulative performance that has been completed up to date throughout the term of the contract. The Company regards it as a performance obligation over time and recognizes revenue according to the performance progress, unless the performance progress cannot be reasonably determined. The Company determines the progress of performance obligation using the output method/input method. When the performance progress cannot be reasonably determined, and the costs incurred by the Company are expected to be recoverable, revenue is recognized to the extent of costs incurred until the performance

progress can be reasonably determined.

The Company's specific principles for the recognition and measurement of revenues earned in the following sectors and lines of business are as follows:

(1) Revenue from sale of goods through TV channels, network channels, outbound channels, online to offline channels and other channels

The goods sold by the Company are mainly delivered by logistics companies to the buyers or picked by the buyers themselves. The Company recognizes the revenue from sale of goods when the goods have been delivered by logistics companies to the buyers and signed for by the buyers and the period for return of goods has expired.

If the customer is a group, sales revenue is recognized when the group has received the goods and signed the receipt of the goods.

If credits are offered to the customers upon sale of goods, the Company allocates the amount received or receivable from the sale of goods between the revenue from the sale of goods and the value of the credits, and recognizes the amount received or receivable from the sale of goods net of the value of the credits as revenue, and the value of the credits as other current liabilities.

When the credits are exchanged by the customers, the portion of other current liabilities originally recognized in connection with the credits exchanged is recognized as revenue, wherein, the amount of revenue recognized is determined according to the proportion of the amount of the credits exchanged to the total estimated amount of the credits exchangeable.

(2) Revenue from advertising service

Revenue from advertising service is recognized after the advertisements have been delivered or according to the settlement amount during the process of service when all of the following conditions are satisfied: (i) the amount of revenue can be measured reliably; (ii) it is probable that the economic benefits associated therewith will flow to the Company; and (iii) the costs incurred or to be incurred for the delivery of advertisements can be measured reliably.

(3) Revenue from member service

Service revenue is recognized during the valid period of membership on a daily basis according to the top-up amount paid by the members.

(4) Royalty revenue

Royalty revenue includes copyright licensing revenue and revenue from joint copyright investment.

1) Copyright licensing revenue is recognized when the license has been granted to the counterparty and the license fee has been received or the right to receive the license fee has been obtained under the relevant copyright license contract.

2) Revenue from joint copyright investment

① Investment in films, TV plays and programs in which the Company does not hold copyright

Applicable business: The Company participates in the production of a film or TV play in the capacity of a co-investor under the relevant investment agreement which explicitly provides that the return on investment receivable by the Company shall be a fixed income or a risk investment income wherein the Company does not hold copyright as other investors. Income from such businesses is recognized as investment income.

② Investment in films, TV plays and programs in which the Company holds joint copyright

Applicable business: The Company participates in the production of a film or TV play in the capacity of a co-investor under the relevant investment agreement which explicitly provides that the Company shall participate in the income distribution or loss sharing of the project in the capacity of a co-investor and holds copyright therein jointly with other investors in such proportion as agreed. Revenue from distribution of a TV play is recognized when the production of the TV play has been completed, the film and TV authority has examined the TV play and

issued a TV Play Release Permit, the copies, tapes and other media of the TV play have been delivered to the buyers and it is probable that the economic benefits associated therewith will flow to the Company. Revenue from distribution of a film is recognized when the production of the film has been completed, the film and TV authority has examined the film play and issued a Film Play Release Permit, the film has been screened in theaters and the settlement statement has been received from the relevant theater chains. Revenue from distribution of a program is recognized when the production of the program has been completed, the copies, tapes and other media of the program have been delivered to the buyers and it is probable that the economic benefits associated therewith will flow to the Company.

Such revenue is recognized in two different ways:

If the Company is responsible for distribution, when the criteria for recognition of revenue is met, the Company recognizes the distribution income as agreed as operating revenue and records the share of income payable to the production partners as deductions from revenue. If another party is responsible for distribution, when the Company receives the income settlement statement as agreed, the Company recognizes the income receivable as “operating revenue”.

### 3) Recognition of cost

If the Company is responsible for the production of and accounting for a film or TV play, the cost actually incurred is recorded as “inventories - production cost”. When the production fee advanced by the investors under the contract is received, such amount is initially recorded as “contract liabilities”, and when the production has been completed and the film or TV play is ready for release, such amount is offset against the inventory cost of film and TV plays. If another party is responsible for the production of and accounting for the film or TV play, the production fee paid by the Company to the production partner under the contract is initially recorded as “advances to suppliers”, the travel expenses incurred by the Company directly in connection with the project is recorded as “inventories - production cost”, and when the production has been completed and the film or TV play is ready for release, such amount is transferred to inventory cost. After receiving the cost or expense settlement vouchers or statements issued by the producer and audited or confirmed by the co-investors, the assets originally recorded are adjusted according to the actual settlement amount, by transferring the Company’s share of the cost of the film or TV play investment project from “advances from clients” to “inventories - production cost”. After obtaining copyright in the film or TV play under the contract, the actual cost of the film or TV play is wholly transferred to “inventories - goods on hand”, and the revenue earned is offset against the cost using the percentage of completion method. Under the percentage of completion method, from the date the film or TV play is granted a release permit (i.e. the date of satisfaction of the criteria for recognition of revenue), during the period of cost transfer, the Company uses the cost transfer rate (the proportion of total cost of the film or TV play to the total planned revenue) to calculate and determine the cost of sales to be transferred in the current period and the inventories to be recognized at the end of the period.

### (5) Revenue from operator service

Revenue from operator service is recognized according to the relevant business settlement statements or third-party or technical background business data provided according to the relevant cooperation agreement.

The Company recognizes the revenue according to the settlement data provided by the operator and confirmed by the Company and the operator prior to the balance sheet date, or if the settlement data is not obtained from the operator prior to the balance sheet date, according to the data collected by the billing platform and other data and information available to the extent that the revenue can be measured reliably, and adjusts the same upon actual settlement.

### (6) Revenue from sale of hardware

Revenue from sale of hardware is recognized on a monthly basis according to the quantity of intelligent



terminal products actually sold in the given month and their selling prices.

(7) Recognition of revenue from artist agent service

1) Artist performance service

The service period is relatively short. In this service, the Company mainly helps the artists give commercial performance or concerts, and recognizes the revenue after a contracted artist has fulfilled his or her contractual obligations.

2) Artist shooting service

Shooting service includes participation by the artists in the shooting of films and TV plays and recording of programs. The service period is about three months generally. The Company recognizes the revenue after a contracted artist has fulfilled his or her contractual obligations.

3) Artist endorsement service

The term of an artist's endorsement is about 1-2 years generally. During the term of endorsement, the artist needs to be featured in video commercials, record theme songs, and participate in public relations and other activities. The revenue is recognized according to the specific contract terms. If the contract provides that after the performance of the obligations by the artist, the service fee already received by the Company will not be refunded except for force majeure, and the service fee may be wholly recognized as revenue. If the contract provides that, in addition to indicating the force majeure, the artist needs to give exclusive endorsement or maintain his or her good image, the revenue is recognized in installments during the term of endorsement.

(8) Derivative revenue from films, TV plays and program

Derivative revenue from films, TV plays and program is recognized after the showing thereof, at such time as provided in the relevant contract.

(9) Revenue from games

The Company's revenue from games mainly includes revenue from game copyright, game distribution service and self-developed games, which are recognized as follows:

1) Revenue from game copyright includes royalty revenue and minimum guarantee revenue. The royalties received by the Company are recorded as contract liabilities upon receipt, and included in the operating revenue for the current period using the straight line method during the term of agreement. The minimum guarantees received are recognized as revenue when all the risks and rewards have been transferred in accordance with the schedule of payment and division of revenues as provided in the relevant contract or agreement.

2) Game distribution service is a mode of operation in which the Company obtains a license to operate an online game and then enters into cooperation with Mango TV, 360 Game Center or other third-party channel platforms to jointly operate the game; the players of the game need to be registered as users of the third-party channel, top up their accounts in the top-up system of the third-party platform to obtain virtual cash, and use such virtual cash to purchase virtual props. In the mode of joint operation by a third party, each third-party platform is responsible for the operation, promotion, charging service and management of billing system of its channel, and the Company recognizes its share of revenue as the operating revenue as calculated according to the cooperation agreement concluded with the third-party platform and confirmed by the Company and the third-party platform.

3) Self-developed games include online games and standalone games. In the mode of self-operation of an online game, the Company distributes and operates the game through its own or third-party channels, and is solely responsible for the operation, promotion and maintenance of the game; the players of the game are directly registered with such channels and then log in to the game, top up their accounts to obtain virtual cash, and use such virtual cash to purchase virtual props; after the game props purchased by the players have been used up, the Company recognizes the amount actually paid and consumed by the players as the operating revenue. Standalone games are available for downloading by the players in the form of a mobile standalone game package. When a

player purchases props of the game, the embedded program generates a billing instruction; the telecom carrier or service provider sends a billing code by text message, and then the carrier confirms the deduction of the relevant telephone charge to complete the process of billing and payment. The deduction and payment of the information charge for the mobile standalone game is irrevocable. After the deduction of such charge by the carrier, the risks and rewards are transferred to the users. The Company's standalone games are distributed jointly with third parties. After the users have downloaded and installed the games, the Company is not responsible for the management of the games or otherwise restricts the use of the games by the users, that is, the Company does not have control over such games. In such mode, the Company recognizes its share of revenue as the operating revenue as calculated according to the cooperation agreement concluded with the relevant third-party platform and confirmed by the Company and the third-party platform.

(10) Revenue from H5 interaction

Revenue from H5 interaction mainly comes from H5 interactive advertisements placed by clients in the television programs of Hunan Satellite TV, and is recognized after the showing of the relevant programs on TV.

(11) Revenue from wireless value-added service

According to the wireless value-added service contract concluded by the Company and the relevant client, if the contract specifies the total contract price, the contract price is allocated according to the schedule of payment during the term of license specified therein if the contract price will be paid in installments, or wholly recognized as revenue after the delivery of service if the contract price will be paid in one lump sum. If the contract does not specify the total contract price, the revenue is recognized according to the settlement statements provided by the client.

Difference in the accounting policy for revenue recognition arising from adoption of different modes of operation for the same kind of business

None

## 25. Government grants

1. Government grants are recognized if (i) the Company meets the conditions attaching to the government grants; and (ii) the Company will receive the government grants. If a government grant is in the form of a transfer of a monetary asset, the item is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, the item is measured at fair value. If fair value is not reliably determinable, the item is measured at a nominal amount.

2. Determination and accounting treatment of government grants related to assets

Government grants related to assets are government grants which are offered for purchasing, constructing or otherwise acquiring long-term assets as provided by the applicable government documents, or in the absence of such express provision in the applicable government documents, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire long-term assets. The government grants related to assets are offset against the carrying amount of the related assets or recognized as deferred income. Government grants related to assets recognized as deferred income are included in profit or loss over the service life of the relevant assets on a reasonable and systemic basis. Government grants measured at nominal amount are directly recognized in profit or loss for the current period. In case of sale, transfer, retirement or damage of the relevant assets before the end of intended service life, the balance of the unallocated deferred income is transferred to profit or loss for the period in which the assets are disposed of.

3. Determination and accounting treatment of government grants related to income

Government grants related to income are government grants other than those related to assets. Government grants related to both assets and income in which it is difficult to make a distinction between the portion related to assets and the portion related to income are wholly classified as government grants related to income. Government grants related to income as compensation for expenses or losses to be incurred in subsequent periods are recognized as deferred income and in the period for recognizing the relevant costs, expenses or losses, included in profit or loss for the current period or offset against the relevant costs. Government grants related to income as compensation for expenses or losses already incurred are directly included in profit or loss for the current period or offset against the relevant costs.

4. Government grants related to day-to-day operations of the Company are recognized in other income or offset against the relevant costs and expenses depending on the nature of economic business. Government grants not related to day-to-day operations of the Company are recognized in non-operating revenues or expenses.

5. Accounting treatment of policy preferential loans and interest subsidies

*(1) If the finance department allocates the interest discount funds to the lending bank, and then the lending bank offers a loan to the Company at the policy-based preferential interest rate, the Company recognizes the loan amount actually received as the recorded amount of the loan, and calculates the borrowing costs according to the loan principal and such policy-based preferential interest rate.*

*(2) If the finance department directly allocates the interest discount funds to the Company, the Company offsets the corresponding interest subsidy against the related borrowing costs.*

## **26. Deferred tax assets / deferred tax liabilities**

1. The difference between the tax base of an asset or liability and its carrying amount (or in case of an item not recognized as asset or liability whose tax base can be determined according to the applicable tax law), the difference between its tax base and carrying amount is recognized as a deferred tax asset or deferred tax liability according to the tax rate applicable to the period in which the asset or liability is expected to be recovered or settled.

2. Deferred income tax assets are recognized to the extent of the amount of income tax payable that will be available in future periods against which deductible temporary differences are deductible. At the balance sheet date, deferred tax assets not recognized in prior periods are recognized if there's conclusive evidence that it is probable that sufficient taxable income will be available in future periods against which the deductible temporary differences are deductible.

3. At the balance sheet date, the carrying amount of a deferred tax asset is reviewed. The Company reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profits will be available in future periods to allow the benefit of the deferred tax asset to be utilized. Any such reduction in amount is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

4. Current and deferred tax of the Company is recognized as income or an expense and included in profit or loss for the current period, except to the extent that the tax arises from: (1) business combination; or (2) a transaction or event which is recognized directly in owner's equity.

## **27. Lease**

(1) Accounting Treatment for operating lease

If the Company is a lessee, the rents paid by the Company are included in the costs of the relevant assets or in profit or loss for the current period over the whole lease term on a straight line basis. The initial direct cost

incurred by the Company is directly recognized in profit or loss for the current period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

If the Company is a lessor, the rents received by the Company are recognized in profit or loss for the current period over the whole lease term on a straight line basis. The initial direct cost incurred by the Company is directly recognized in profit or loss for the current period. However, if such initial direct cost is of a large amount, the initial direct cost is capitalized and recognized in profit or loss by installments. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

## 28. Other significant accounting policies and accounting estimates

### Customer credit policy

The accounting for customer credits requires an estimate of the fair value and the time and possibility of use of credits. Valuation and recording of customer credits require judgment and estimation. If the result of re-estimation is different from the current estimation, such difference will affect the carrying amount of other current liabilities for the period in which the estimation is changed.

## 29. Changes in significant accounting policies and accounting estimates

### (1) Changes in significant accounting policies

√ Applicable □ N/A

Changes in accounting policies and associated reasons	Approval procedure	Remark
Changes in accounting policies caused by changes in Accounting Standards for Business Enterprises	Approved by the Company at the 29th conference of the 3rd board of directors held on April 23, 2020.	New Revenue Standards

1. The Company implements the Accounting Standard for Business Enterprises No. 14—Revenue revised by the Ministry of Finance (“New Revenue Standard”) from January 1, 2020. In accordance with the relevant regulations on the transition of old and new standards, the information for the comparable period is not adjusted, and the cumulative effects arising from the implementation of new standards on the first implementation date is retrospectively adjusted to the amount of retained earnings and other related items in the financial statements at the beginning of the reporting period.

The main impacts of the new standards on the Company’s financial statements on January 1, 2020 are presented as follows:

Item	Balance sheet		
	December 31, 2019	Adjusted effects arising from the implementation of New Revenue Standards	January 1, 2020
Accounts receivable	2,997,010,508.82	-572,868,754.73	2,424,141,754.09
Contract Assets		572,868,754.73	572,868,754.73
Receipts in advance	1,192,477,979.60	-1,192,477,979.60	
Contract liabilities		1,417,590,477.58	1,417,590,477.58
Other current liabilities	78,695,861.52	37,041,392.57	115,737,254.09

Deferred income	308,425,484.68	-262,153,890.55	46,271,594.13
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2. The Company implements the *Interpretation No. 13 of the Accounting Standards for Business Enterprises* issued by the Ministry of Finance in 2019 from January 1, 2020, and changes in the accounting policy are accounted for using prospective application.

## (2) Changes in significant accounting estimates

Applicable  N/A

## (3) Description of adjustments in opening balances of line items in financial statements of the year due to first implementation of new financial instrument standards, new income standard and new lease standard since 2020

Applicable

Did the line items of the opening assets and liabilities require adjustment?

Yes  No

Consolidated balance sheet

In RMB

Item	December 31, 2019	January 01, 2020	Adjusted amount
Current Assets:			
Cash and bank balances	5,064,224,581.46	5,064,224,581.46	
Balances with clearing agencies			
Placements with banks and other financial institutions			
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable	95,456,357.50	95,456,357.50	
Accounts receivable	2,997,010,508.82	2,424,141,754.09	-572,868,754.73
Receivable financing			
Prepayments	1,127,734,126.28	1,127,734,126.28	
Premiums receivable			
Amounts receivable under reinsurance contracts			
Reinsurer's share of insurance contract reserves			

Other receivables	35,946,262.96	35,946,262.96	
Including: Interest receivable			
Dividends receivable			
Financial assets purchased under resale agreements			
Inventories	1,916,375,338.89	1,916,375,338.89	
Contract assets		572,868,754.73	572,868,754.73
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	491,278,913.90	491,278,913.90	
Total current assets	11,728,026,089.81	11,728,026,089.81	
Non-current Assets:			
Loans and advances			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	210,436,179.18	210,436,179.18	
Other investments in equity instruments			
Other non-current financial assets	6,946,466.60	6,946,466.60	
Investment properties			
Fixed assets	180,606,150.34	180,606,150.34	
Construction in progress			
Bearer biological assets			
Oil and gas assets			
Right of use assets			
Intangible assets	4,851,078,019.24	4,851,078,019.24	
Development expenditure	38,338,883.84	38,338,883.84	
Goodwill			

Long-term prepaid expenses	61,646,861.37	61,646,861.37	
Deferred income tax assets			
Other non-current Assets	1,127,499.30	1,127,499.30	
Total non-current assets	5,350,180,059.87	5,350,180,059.87	
Total assets	17,078,206,149.68	17,078,206,149.68	
Current liabilities:			
Short-term borrowings	349,816,947.83	349,816,947.83	
Loans from the central bank			
Taking from banks and other financial institutions			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	325,880,463.11	325,880,463.11	
Accounts payable	5,048,443,928.94	5,048,443,928.94	
Receipts in advance	1,192,477,979.60		-1,192,477,979.60
Contract liabilities		1,417,590,477.58	1,417,590,477.58
Financial assets sold under repurchase agreements			
Customer deposits and deposits from banks and other financial institutions			
Funds from securities trading agency			
Funds from underwriting securities agency			
Employee benefits payable	589,359,251.74	589,359,251.74	
Taxes payable	137,563,508.65	137,563,508.65	
Other payables	202,952,467.24	202,952,467.24	
Including: Interest payable			

Dividends payable			
Fees and commissions payable			
Amounts payable under reinsurance contracts			
Held-for-sale liabilities			
Non-current liabilities due within one years	10,400,000.00	10,400,000.00	
Other current liabilities	78,695,861.52	115,737,254.09	37,041,392.57
Total current liabilities	7,935,590,408.63	8,197,744,299.18	262,153,890.55
Non-current liabilities:			
Insurance contract reserves			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions	14,232,872.30	14,232,872.30	
Deferred income	308,425,484.68	46,271,594.13	-262,153,890.55
Deferred income tax liabilities			
Other non-current liabilities			
Total Non-current Liabilities	322,658,356.98	60,504,466.43	-262,153,890.55
Total liabilities	8,258,248,765.61	8,258,248,765.61	
Owner's equity:			
Share capital	1,780,377,511.00	1,780,377,511.00	
Other equity instruments			
Including: Preferred shares			



Perpetual bonds			
Capital reserve	4,838,937,706.35	4,838,937,706.35	
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve	84,782,321.71	84,782,321.71	
General risk reserve			
Undistributed profit	2,079,761,680.01	2,079,761,680.01	
Total owners' equity attributable to equity holders of the parent company	8,783,859,219.07	8,783,859,219.07	
Minority interests	36,098,165.00	36,098,165.00	
Total owners' equity	8,819,957,384.07	8,819,957,384.07	
Total liabilities and owners' Equity	17,078,206,149.68	17,078,206,149.68	

Descriptions of adjustments

Balance sheet of the Company

In RMB

Item	December 31, 2019	January 01, 2020	Adjusted amount
Current Assets:			
Cash and bank balances	359,847,797.79	359,847,797.79	
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Receivable financing			
Prepayments	88,060.80	88,060.80	
Other receivables	260,036,746.64	260,036,746.64	
Including: Interest receivable			
Dividends receivable			

Inventories			
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	2,275,609.21	2,275,609.21	
Total current assets	622,248,214.44	622,248,214.44	
Non-current Assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	7,970,398,191.17	7,970,398,191.17	
Other investments in equity instruments			
Other non-current financial assets			
Investment properties			
Fixed assets	343,638.91	343,638.91	
Construction in progress			
Bearer biological assets			
Oil and gas assets			
Right of use assets			
Intangible assets	776,485.36	776,485.36	
Development expenditure			
Goodwill			
Long-term prepaid expenses	6,052,764.08	6,052,764.08	
Deferred income tax assets			
Other non-current Assets			
Total non-current assets	7,977,571,079.52	7,977,571,079.52	
Total assets	8,599,819,293.96	8,599,819,293.96	
Current liabilities:			

Short-term borrowings			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable			
Receipts in advance			
Contract liabilities			
Employee benefits payable	19,164,650.75	19,164,650.75	
Taxes payable	316,522.46	316,522.46	
Other payables	8,093,306.17	8,093,306.17	
Including: Interest payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one years			
Other current liabilities			
Total current liabilities	27,574,479.38	27,574,479.38	
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income	172,268.06	172,268.06	
Deferred income tax			

liabilities			
Other non-current liabilities			
Total Non-current Liabilities	172,268.06	172,268.06	
Total liabilities	27,746,747.44	27,746,747.44	
Owner's equity:			
Share capital	1,780,377,511.00	1,780,377,511.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	6,179,334,010.36	6,179,334,010.36	
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve	84,782,321.71	84,782,321.71	
Undistributed profit	527,578,703.45	527,578,703.45	
Total owners' equity	8,572,072,546.52	8,572,072,546.52	
Total liabilities and owners' Equity	8,599,819,293.96	8,599,819,293.96	

Descriptions of adjustments

**(4) Descriptions of retrospective adjustments in comparative data in prior periods due to the first implementation of new revenue standards or new lease standard from 2020**

Applicable N/A

## VI. TAXES

### 1. Major categories of taxes and tax rates

Category of tax	Taxation basis	Tax rate
VAT	VAT payable is the output tax based on the sales of goods and taxable labor income calculated pursuant to the tax law, net of the input tax that is allowed to be deducted in the current period	13%, 9%, 5%, 6%, 3%

Consumption tax	Taxable sales turnover (volume)	5%
City maintenance and construction tax	Actually paid turnover tax	7%, 5%
Enterprise income tax	Taxable income	Tax exemption, 8.25%, 12.5%, 15%, 16.5%, 25%
Property tax	If it is levied on an ad valorem basis, the tax is calculated as 1.2% of the remaining value after being deducted 20% of the original value of the property; if it is levied subject to rent, the tax is calculated as 12% of the rental income.	1.2%, 12%
Education surcharges	Actually paid turnover tax	3%
Local education surcharges	Actually paid turnover tax	2%
Development fee for cultural undertakings	Taxable service income subject to tax laws	Tax exemption

Disclosure of taxpayers with different rates of enterprise income tax:

Taxpayer	Rate of enterprise income tax
Bio Products Laboratory Holdings Limited	Tax exemption
Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd.	Tax exemption
Horgos Happy Sunshine Media Co., Ltd.	Tax exemption
Mango Studios Co., Ltd.	Tax exemption
Hunan Mango Entertainment Co., Ltd.	Tax exemption
Hunan Happy Mangofun Technology Co., Ltd.	Tax exemption
Hunan Tianyu Film and Television Production Co. Ltd.	Tax exemption
Shanghai Mangofun Technology Co., Ltd.	12.5%
Hunan Happy Money Microfinance Co., Ltd.	12.5%
Happigo Cloud Providers Trading (Hong Kong) Co., Limited	8.25%, 16.5% [note]
Dameiren Global Trading Co., Limited	8.25%, 16.5% [note]
Mgtv.com (Hong Kong) Media Company Limited	8.25%, 16.5% [note]
Other taxpayers excluding above ones	25%

## 2. Tax incentives

1. The Company's subsidiaries, including Happy Sunshine, Mango Studios, Mango Entertainment, Hunan Happy Mangofun Technology Co., Ltd., Hunan Tianyu Film and Television Production Co. Ltd. and Happigo Co., Ltd. are enterprises transformed from cultural public institutions with for-profit operations. In accordance with the *Notice of Continuing Implementing Several Tax Policies for the Transformation of Cultural Public Institutions with For-Profit Operations into Enterprises During the Cultural System Reform* jointly issued by the Ministry of Finance, the State Taxation Administration, and the Publicity Department of the CPC Central Committee (Cai

Shui (2019) No. 16) on February 2019, cultural enterprises transformed are qualified to be exempt from enterprise income tax within five years from January 1, 2019.

2. The Company's sub-subsidiary, Horgos Happy Sunshine Media Co., Ltd., is an enterprise within the scope defined in the *Notice of the Ministry of Finance, the State Administration of Taxation, the National Development and Reform Commission, and the Ministry of Industry and Information Technology on Publishing the Catalogue of Enterprise Income Tax Incentives for Industries Particularly Encouraged by Poverty Areas of Xinjiang for Development (Trial)* (Cai Shui (2011) No. 60). In accordance with the requirements in the *Notice on Enterprise Income Tax Incentive Policies for Enterprises in Two Special Economic Development Zones Including Kashgar and Horgos Economic Development Zones in Xinjiang* (Cai Shui (2011) No. 112), enterprises in such scope can be exempted from enterprise income tax within five years consecutively, starting from the first year in which manufacturing or business operational revenue is earned in the period from January 1, 2010 to December 31, 2020. Horgos Happy Sunshine Media Co., Ltd. is exempted from enterprise income tax within five years from 2018 as it earned its first manufacturing or business operational revenue in 2018.

3. The Company's subsidiary, Mangofun, has been evaluated as a software enterprise in accordance with the requirements in *Several Policies on Further Encouraging the Development of the Software and Integrated Circuit Industries* (Guo Fa (2011) No. 4) and the *Evaluation Standard for Software Enterprises*, and received the new certificate numbered in Hu RQ-2017-0370 with a valid term of 1 year on July 30, 2019 after passing the annual verification. In accordance with the *Notice of the Ministry of Finance, the State Administration of Taxation on Enterprise Income Tax Policies for Further Encouraging the Development of Software and Integrated Circuit Industries* (Cai Shui (2012) No. 27), Mangofun's tax incentive period should commence from 2017, the first year of earning profits, which means Mangofun can be exempted from enterprise income tax from the first year to the second year, and is eligible for a reduction half (i.e. 25%) from the third year to the fifth year until the tax incentive period expires.

4. The Company's subsidiary, Hunan Happy Money Microfinance Co., Ltd., was recognized as a software enterprise by Huanan Software Industry Association on August 5, 2020, and obtained a Software Enterprise Certificate (Xiang RQ-2020-0050). The Company paid the enterprise income tax at the reduced tax rate of 12.5% in 2020.

5. In accordance with the *Announcement on Relevant Policies for Deepening the Value-Added Tax Reform* (Announcement No. 39 by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs in 2019), VAT taxpayers in production and life service industry are allowed to credit the amount of input tax deductible in the current period plus 10% thereof against the amount of taxes payable from April 1, 2019 to December 31, 2021.

6. In accordance with the *Notice of the Ministry of Finance on Relevant Policies on Adjusting Certain Government-Managed Funds* (Cai Shui [2019] No. 46), from July 1, 2019 to December 31, 2024, development fees for cultural undertakings attributable to the Central Treasury shall be reduced at 50% of the taxable income paid by the taxpayer. In accordance with the *Notice of Huanan Provincial Department of Finance on Relevant Policies on Adjusting Development Fees for Cultural Undertakings* (Xiang Cai Zong (2019) No.11), from July 1, 2019 to December 31, 2024, local enterprises and institutions and individuals can pay the development fees for cultural undertakings in a reduction of 50%.

7. In accordance with the *Announcement on Taxation Support Policies for Film and Other Industries* (Announce No. 25 issued by the Ministry of Finance and the State Administration of Taxation in 2020), the Company is exempted from cultural undertaking construction fees from January 1, 2020 to December 31, 2020.

### 3. Others

[Note] The Company's subsidiaries, Happigo Cloud Providers Trading (Hong Kong) Co., Limited, Dameiren Global Trading Co., Limited, Mamma Mia Global Trading Co., Limited, and Mgtv.com (Hong Kong) Media Company Limited, are all enterprises incorporated in Hong Kong. From April 1, 2018, their enterprise income taxes are paid in two level, namely, at a rate of 8.25% for the profits equal to or below HKD 2 million, and at a rate of 16.5% for the remaining profits over HKD 2 million.

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Cash and bank balances

In: RMB

Item	Closing balance	Opening balance
Cash on hand	86,976.40	104,219.13
Bank deposits	5,317,984,735.78	5,024,849,713.74
Other monetary funds:	18,248,074.52	39,270,648.59
Total	5,336,319,786.70	5,064,224,581.46
Total amount of funds restricted in use due to mortgage, pledge or freezing, etc.	21,856,302.69	23,149,082.30

Other descriptions:

In the closing balance of bank balances, the amount of RMB1,000.00 using as POS deposits and the amount of RMB21,625,225.00 frozen due to litigation are restricted to use.

In the closing balance of other monetary funds, the amount of RMB230,077.69 using as third-party deposits are restricted to use.

### 2. Notes receivable

#### (1) Presentation of notes receivable by category

In: RMB

Item	Closing balance	Opening balance
Bank acceptances		95,456,357.50
Total		95,456,357.50

In: RMB

Category	Closing balance				Carrying amount	Opening balance				
	Gross carrying amount		Provisions for doubtful debts			Gross carrying amount		Provisions for bad debts		Carrying amount
	Amount	Proportio	Amount	Proportio		Amount	Proportio	Amount	Proportio	

		n (%)		n (%)			n (%)		n (%)	
Notes receivable for which the provision for bad debts are made individually						95,456,357.50	100.00%			95,456,357.50
Including:										
Bank acceptances						95,456,357.50	100.00%			95,456,357.50
Including:										
Total						95,456,357.50	100.00%			95,456,357.50

Provisions for bad debts made individually:

In: RMB

Name	Closing balance			
	Gross carrying amount	Provisions for bad debts	Proportion (%)	Reason for provisions

Provisions for bad debts made by group:

In: RMB

Name	Closing balance		
	Gross carrying amount	Provisions for bad debts	Proportion (%)

Descriptions of basis for determining the group:

If a provision for bad debts is made for notes receivable in accordance with the general model of expected credit losses (hereinafter referred to as "ECL"), please disclose relevant information on provisions for bad debts with reference to the disclosure method of other receivables.

Applicable  N/A

## (2) Notes receivable of the Company that have been endorsed or discounted and are not yet due as of the balance sheet date at the end of the period

In: RMB

Item	Balance derecognized at the end of the period	Balance not derecognized at the end of the period
Total	0.00	0.00

### 3. Accounts receivable

#### (1) Disclosure of accounts receivable by category

In: RMB



Category	Closing balance					Opening balance				
	Gross carrying amount		Provisions for bad debts		Carrying amount	Gross carrying amount		Provisions for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable for which the provision for bad debts are made individually	70,540,338.97	2.26%	49,824,633.16	70.63%	20,715,705.81	39,878,131.10	1.58%	26,084,596.10	65.41%	13,793,535.00
Including:										
Accounts receivable for which the provision for bad debts are made by group	3,053,563,568.97	97.74%	97,582,601.83	3.20%	2,955,980,967.14	2,483,359,692.94	98.42%	73,011,473.85	2.94%	2,410,348,219.09
Including:										
Total	3,124,103,907.94	100.00%	147,407,234.99	4.72%	2,976,696,672.95	2,523,237,824.04	100.00%	99,096,069.95	3.93%	2,424,141,754.09

Provisions for bad debts made individually:

In: RMB

Name	Closing balance			
	Gross carrying amount	Provisions for bad debts	Proportion (%)	Reason for provisions
The First	17,205,050.00	5,161,515.00	30.00%	Likely to be non-recoverable
The Second	13,800,000.00	7,821,226.41	56.68%	Likely to be non-recoverable
The Third	9,701,037.77	9,701,037.77	100.00%	Expected to be non-recoverable
The Fourth	5,832,200.00	5,832,200.00	100.00%	Expected to be non-recoverable
The Fifth	5,419,890.00	5,419,890.00	100.00%	Expected to be non-recoverable
The Sixth	3,880,651.10	3,880,651.10	100.00%	Expected to be non-recoverable
The Seventh	3,000,000.00	830,187.68	27.67%	Likely to be non-recoverable

The Eighth	3,000,000.00	2,830,188.68	94.34%	Likely to be non-recoverable
The Ninth	2,500,000.00	2,146,226.42	85.85%	Likely to be non-recoverable
The Tenth	1,676,100.00	1,676,100.00	100.00%	Expected to be non-recoverable
Other	4,525,410.10	4,525,410.10	100.00%	Expected to be non-recoverable
Total	70,540,338.97	49,824,633.16	--	--

Provisions for bad debts made individually:

In: RMB

Name	Closing balance			
	Gross carrying amount	Provisions for bad debts	Proportion (%)	Reason for provisions

Provisions for bad debts made by group:

In: RMB

Name	Closing balance		
	Carrying amount	Provisions for bad debts	Proportion (%)
Aging group	2,182,153,749.12	97,582,601.83	4.47%
Group of receivables from related parties controlled by the same de facto controller	871,409,819.85		
Total	3,053,563,568.97	97,582,601.83	--

Description of basis for determining the group:

Provisions for bad debts made by group:

In: RMB

Name	Closing balance		
	Carrying amount	Provisions for bad debts	Proportion (%)
Within 1 year (including)	1,506,542,196.23	48,513,510.47	3.22%
More than 1 year but not exceeding 2 years	619,437,957.15	39,614,172.99	6.40%
More than 2 years but not exceeding 3 years	51,088,622.86	5,699,607.53	11.16%
More than 3 years but not	1,811,809.75	696,092.24	38.42%

exceeding 4 years			
More than 4 years but not exceeding 5 years	1,641,771.91	1,427,827.38	86.97%
More than 5 years	1,631,391.22	1,631,391.22	100.00%
Total	2,182,153,749.12	97,582,601.83	--

Description of basis for determining the group:

Provisions for bad debts made by group:

In: RMB

Name	Closing balance		
	Carrying amount	Provisions for bad debts	Proportion (%)

Description of basis for determining the group:

If a provision for bad debts is made for accounts receivable in accordance with the general model of expected credit losses, please disclose relevant information on provisions for bad debts with reference to the disclosure method of other receivables.

Applicable  N/A

Disclosure by aging

In: RMB

Aging	Carrying amount
Within 1 year (including)	2,382,081,553.85
More than 1 year but not exceeding 2 years	663,676,910.15
More than 2 years but not exceeding 3 years	55,911,327.16
More than 3 years	22,434,116.78
More than 3 years but not exceeding 4 years	2,568,413.55
More than 4 years but not exceeding 5 years	1,641,771.91
More than 5 years	18,223,931.32
Total	3,124,103,907.94

## (2) Provisions, recovery or reversal of bad debts for the current period

Provisions for bad debts made for the current period

In: RMB

Category	Opening balance	Changes for the current period				Closing balance
		Provision	Recovery or reversal	Write-off	Others	
Provision for bad	26,084,596.10	24,490,037.06	750,000.00			49,824,633.16

debts made individually						
Provision for bad debts made by group	73,011,473.85	25,343,290.31		772,162.33		97,582,601.83
Total	99,096,069.95	49,833,327.37	750,000.00	772,162.33		147,407,234.99

Significant recovery or reversal of bad debt provision for the current period:

In: RMB

Name	Amount of recovery or reversal	Method of recovery
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### (3) Notes receivable actually written off for the current period

In: RMB

Item	Write-off amount
Loan	772,162.33

Information of significant accounts receivable that are written off:

In: RMB

Name	Nature of accounts receivable	Write-off amount	Reason for write-off	Write-off procedures performed	If the payments is generated from the related party transactions
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Description of write-off of accountants receivable:

### (4) Top five closing balances of accounts receivable categorized by debtor

In: RMB

Entities	Closing balance of accounts receivable	% of total closing balance of accounts receivable	Closing balance of provisions for bad debts
The First	290,175,195.53	9.29%	
The Second	249,955,809.88	8.00%	2,947,503.92
The Third	214,923,447.92	6.88%	
The Fourth	164,336,587.00	5.26%	
The Fifth	156,250,000.00	5.00%	7,812,500.00
Total	1,075,641,040.33	34.43%	

#### 4. Receivable financing

In: RMB

Item	Closing balance	Opening balance
Notes receivable	164,410,000.00	
Total	164,410,000.00	

Increase or decrease of receivable financing for the current period and changes in its fair value

Applicable  N/A

If a provision for impairment is made for receivable financing in accordance with the general model of expected credit losses, please disclose relevant information on the provisions for impairment with reference to the disclosure method of other receivables.

Applicable  N/A

Other descriptions:

At the end of the period, the Company has no notes receivable that have been endorsed or discounted and are not yet due as of the balance sheet date

#### 5. Prepayments

##### (1) Presentation of prepayments by aging

In: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	1,056,611,336.10	75.56%	704,974,422.77	62.51%
More than 1 year but not exceeding 2 years	141,828,262.96	10.14%	132,081,812.20	11.71%
More than 2 years but not exceeding 3 years	95,580,817.91	6.84%	195,519,392.56	17.34%
More than 3 years	104,329,736.75	7.46%	95,158,498.75	8.44%
Total	1,398,350,153.72	--	1,127,734,126.28	--

Reasons for overdue settlement of prepayments with significant amounts and aged more than 1 year:

Entity	Gross carrying amount	Reasons for unsettlement
The First	86,556,603.68	Prepayments for copyrights pending broadcasting
The Second	57,816,250.00	Undelivered goods
The Third	54,235,437.00	Prepayments for copyrights pending broadcasting
The Fourth	49,999,516.00	Undelivered goods

The Fifth	45,283,019.04	Prepayments for copyrights pending broadcasting
The Sixth	42,915,750.00	Undelivered goods
Sub-total	336,806,575.72	

## (2) Top five closing balances of prepayments categorized by receivers

Entity	Gross carrying amount	Proportion to total prepayments (%)
The First	224,056,603.68	14.67
The Second	128,399,815.62	8.41
The Third	93,597,918.79	6.13
The Fourth	83,005,169.06	5.44
The Fifth	70,754,717.25	4.63
Sub-total	599,814,224.40	39.28

Other descriptions:

The bad-debt provision made and reversed in the current period was RMB52,414,642.28 and RMB30,997,600.00 respectively, without actual write-off of bad-debt provision for prepayments.

## 6. Other receivables

In: RMB

Item	Closing balance	Opening balance
Other receivables	51,168,090.47	35,946,262.96
Total	51,168,090.47	35,946,262.96

### (1) Other receivables

#### 1) Category of other receivables by nature

In: RMB

Nature	Gross carrying amount at the end of the period	Gross carrying amount at the beginning of the period
Security deposit	17,122,521.77	18,036,931.78
Amount due to or from related parties	3,928,869.69	3,640,174.50

Suspense payments receivable	3,787,622.67	2,911,186.43
Petty cash	8,384,709.56	9,084,428.85
Receivables and payables	22,452,844.09	5,508,622.75
<b>Total</b>	<b>55,676,567.78</b>	<b>39,181,344.31</b>

## 2) Provisions for bad debts

In: RMB

Provisions for bad debts	Stage I	Stage II	Stage III	Total
	Future 12-month ECL	Lifetime ECL (without credit impairment)	Lifetime ECL (with credit impairment)	
Balance as at January 1, 2020	410,810.45	139,608.94	2,684,661.96	3,235,081.35
Balance as at January 1, 2020 transferred to	—	—	—	—
-- Stage II	-45,262.91	45,262.91		
-- Stage III		-83,439.55	83,439.55	
Provision	466,220.39	44,728.99	762,446.58	1,273,395.96
Balance as at December 31, 2020	831,767.93	146,161.29	3,530,548.09	4,508,477.31

Changes in gross carrying amount whose loss allowance changed significantly in the current period

 Applicable     N/A

Disclosure by aging

In: RMB

Aging	Carrying amount
Within 1 year (including)	34,177,378.24
More than 1 year but not exceeding 2 years	7,990,859.07
More than 2 years but not exceeding 3 years	3,624,448.03
More than 3 years	9,883,882.44
More than 3 years but not exceeding 4 years	693,986.96
More than 4 years but not exceeding 5 years	4,312,397.25
More than 5 years	4,877,498.23
<b>Total</b>	<b>55,676,567.78</b>

## 3) Provisions, recovery or reversal of bad debts for the period

Provisions for bad debts made for the current period

In: RMB

Category	Opening balance	Changes for the current period				Closing balance
		Provision	Recovery or reversal	Write-off	Others	
Provision for bad debts made individually	1,661,929.89	99,412.94				1,761,342.83
Provision for bad debts made by group	1,573,151.46	1,173,983.02				2,747,134.48
<b>Total</b>	<b>3,235,081.35</b>	<b>1,273,395.96</b>				<b>4,508,477.31</b>

Significant recovery or reversal of provisions for bad debts for the current period:

In: RMB

Entity	Amount of recovery or reversal	Method of recovery

**4) Top five closing balances of other receivables categorized by debtor**

In: RMB

Entity	Nature	Closing balance	Aging	% of total closing balance of other receivables	Closing balance of provisions for bad debts
The First	Receivables and Payables	8,400,000.00	Within 1 year	15.09%	84,000.00
The Second	Amount due to or from related parties	2,629,764.69	More than 4 years but not exceeding 5 years, more than 5 years	4.72%	1,564,882.35
The Third	Receivables and Payables	2,006,200.00	Within 1 year	3.60%	100,310.00
The Fourth	Security deposit	2,000,000.00	More than 1 year but not exceeding 2 years	3.59%	
The Fifth	Security deposit	1,321,183.96	Within 1 year, more than 2 years but not exceeding 3 years, more than 3 years but not exceeding 4 years, more than 5 years	2.38%	



Total	--	16,357,148.65	--	29.38%	1,749,192.35
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## 7. Inventories

Did the Company need to comply with the disclosure requirements on the real estate industry?

No

### (1) Categories of inventories

In: RMB

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for decline in value of inventories or for impairment of contract performance costs	Carrying amount	Gross carrying amount	Provision for decline in value of inventories or for impairment of contract performance costs	Carrying amount
Raw materials	110,321,511.87		110,321,511.87	119,569,809.53		119,569,809.53
Work-in-progress	1,048,703,826.21	76,390,171.65	972,313,654.56	1,393,906,522.76	74,642,083.76	1,319,264,439.00
Goods on hand	571,736,351.42	754,367.83	570,981,983.59	468,194,587.57	4,406,332.80	463,788,254.77
Goods upon delivery	5,911,092.71		5,911,092.71	12,502,049.88		12,502,049.88
Other reusable materials	796,365.36		796,365.36	1,250,785.71		1,250,785.71
Total	1,737,469,147.57	77,144,539.48	1,660,324,608.09	1,995,423,755.45	79,048,416.56	1,916,375,338.89

### (2) Provision for decline in value of inventories and for impairment of contract performance costs

In: RMB

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Provision	Others	Recovery or reversal	Others	
Work-in-progress	74,642,083.76	1,748,087.89				76,390,171.65
Goods on hand	4,406,332.80	423,571.89		4,075,536.86		754,367.83
Total	79,048,416.56	2,171,659.78		4,075,536.86		77,144,539.48

As to the Company's products directly used for sale, the net realizable value was recognized by: the estimated selling price of the inventory minus the estimated selling expenses and relevant taxes. External sales have been realized with respect to the reversal of provision for decline in value of inventories in the current period.

The Company's provision for decline in value of work-in-progress was made mainly because The Herstory,

a TV drama, was unable to be released after a release license was obtained therefor on November 28, 2016 due to restrictions in broadcasting. Accordingly, the provision for decline in value was fully made.

## 8. Contract assets

In: RMB

Item	Closing balance			Opening balance		
	Gross carrying amount	Provisions for impairment	Carrying amount	Gross carrying amount	Provisions for impairment	Carrying amount
Operator business	860,346,222.69	42,894,826.13	817,451,396.56	602,550,398.49	29,681,643.76	572,868,754.73
Total	860,346,222.69	42,894,826.13	817,451,396.56	602,550,398.49	29,681,643.76	572,868,754.73

Significant changes in the carrying amount of contract assets for the current period and reasons therefor:

In: RMB

Item	Changes	Reason for changes

If a provision for bad debts is made for contract assets in accordance with the general model of expected credit losses, please disclose relevant information on provisions for bad debts with reference to the disclosure method of other receivables.

Applicable  N/A

Information of the provisions for impairment made for contract assets for the period

In: RMB

Item	Provisions for the period	Reversal for the period	Removal/write-off for the period	Reason
Operator business	13,213,182.37			Made by group
Total	13,213,182.37			--

Other descriptions:

The difference between the opening balance of the current year and the closing balance of the previous year (as at December 31, 2019) represents the adjustment made in accordance with the new revenue standard.

## 9. Other current assets

In: RMB

Item	Closing balance	Opening balance
Prepayments for internet access cooperation	19,816,194.13	45,657,300.81
Input VAT to be deducted	87,304,605.69	33,725,081.91
Prepaid taxes and levies	2,425,615.08	6,115,482.85
Issued loans-credit loans [Note]	6,034,159.32	1,803,532.21
Issued loans-mortgage loans [Note]	399,965,532.81	395,395,091.01

Others	4,541,557.17	8,582,425.11
Total	520,087,664.20	491,278,913.90

Other descriptions:

[Note] For issued loan group, the provision for impairment of loan losses amounted to RMB2,230,274.05 for the current period.

## 10. Long-term equity investments

In: RMB

Investee	Opening balance (carrying amount)	Increase or decrease for the period								Closing balance (carrying amount)	Closing balance of provisions for bad debts
		Additional investment	Decreased investment	Investment profit or loss under equity method	Adjustment in other comprehensive income	Other equity changes	Declared cash dividends or profits	Provisions for impairment	Others		
I. Joint ventures											
II. Associates											
Shanghai Mama Mia Mutual Entertainment Network Technology Co., Ltd.	20,621,726.36			2,261,243.15						22,882,969.51	
Malanshan Culture Creative Investment Co., Ltd.	189,814,452.82		189,295,820.20	-518,632.62							
Sub-total	210,436,179.18		189,295,820.20	1,742,610.53						22,882,969.51	
Total	210,436,179.18		189,295,820.20	1,742,610.53						22,882,969.51	

Other descriptions

**11. Other non-current financial assets**

In: RMB

Item	Closing balance	Opening balance
Classified as financial assets at fair value through profit or loss		6,946,466.60
<b>Total</b>		<b>6,946,466.60</b>

Other descriptions:

**12. Fixed assets**

In: RMB

Item	Closing balance	Opening balance
Fixed assets	186,924,296.25	180,606,150.34
<b>Total</b>	<b>186,924,296.25</b>	<b>180,606,150.34</b>

**(1) Fixed assets**

In: RMB

Item	Buildings	Machinery and equipment	Electronic equipment, appliances and furniture	Transportation equipment	Others	Total
I. Original carrying amount						
1. Opening balance	58,268,091.66	268,694,025.62	238,194,727.92	22,103,860.11	11,000,000.00	598,260,705.31
2. Increase		22,655,301.67	28,238,262.44	1,039,000.00		51,932,564.11
(1) Purchase		22,655,301.67	28,238,262.44	1,039,000.00		51,932,564.11
(2) Transfer from construction in progress						
(3) Increase due to business combination						
3. Decrease		1,970,034.18	2,570,730.51	4,800,226.76		9,340,991.45
(1) Disposal or retirement		1,970,034.18	2,570,730.51	4,800,226.76		9,340,991.45

4. Closing balance	58,268,091.66	289,379,293.11	263,862,259.85	18,342,633.35	11,000,000.00	640,852,277.97
II. Accumulated depreciation						
1. Opening balance	8,781,163.86	224,166,288.74	169,592,587.55	14,709,777.66		417,249,817.81
2. Increase	1,908,705.38	18,796,528.77	22,435,787.87	1,688,194.06		44,829,216.08
(1) Provision	1,908,705.38	18,796,528.77	22,435,787.87	1,688,194.06		44,829,216.08
3. Decrease		1,886,063.67	2,067,512.87	4,595,576.45		8,549,152.99
(1) Disposal or retirement		1,886,063.67	2,067,512.87	4,595,576.45		8,549,152.99
4. Closing balance	10,689,869.24	241,076,753.84	189,960,862.55	11,802,395.27		453,529,880.90
III. Provision for impairment						
1. Opening balance		392,428.73	12,308.43			404,737.16
2. Increase						
(1) Provision						
3. Decrease		1,340.46	5,295.88			6,636.34
(1) Disposal or retirement		1,340.46	5,295.88			6,636.34
4. Closing balance		391,088.27	7,012.55			398,100.82
VI. Book value						
1. Closing balance	47,578,222.42	47,911,451.00	73,894,384.75	6,540,238.08	11,000,000.00	186,924,296.25
2. Opening balance	49,486,927.80	44,135,308.15	68,589,831.94	7,394,082.45	11,000,000.00	180,606,150.34

### 13. Intangible assets

#### (1) Intangible assets

In: RMB

Item	Land use right	Patent	Non-patent technology	Film and television play copyright	Software	Trademarks and domain names	Patent licensing fees and program adaptation rights	Game copyright	Total
I. Original carrying amount:									
1. Opening balance	33,157,507.40			12,128,370.818.55	161,081,841.49	2,884,994.29	29,245,283.01	5,934,212.57	12,360,674.657.31
2. Increase				5,354,703.210.18	40,852,398.75	283,018.87	11,415,094.34	2,661,202.72	5,409,914.924.86
(1) Purchase				5,354,703.210.18	24,880,173.56	283,018.87	11,415,094.34	2,661,202.72	5,393,942.699.67
(2) Internal research and development					15,972,225.19				15,972,225.19
(3) Increase due to business combinations									
3. Decrease				534,855,398.24				1,405,910.68	536,261,308.92
(1) Disposal				534,855,398.24				1,405,910.68	536,261,308.92
4. Closing	33,157,507.40			16,948,218.630.49	201,934,240.24	3,168,013.16	40,660,377.35	7,189,504.61	17,234,328.273.25

balance									
II. Accumulate d amortizatio n									
1. Opening balance	5,808,202.7 8			7,414,542,9 21.65	68,223,301. 71	2,736,213.1 5	14,002,683. 09	4,283,315.6 9	7,509,596,6 38.07
2. Increase	676,683.82			4,337,288,9 92.15	19,075,540. 92	235,960.75	5,593,921.1 6	2,495,853.3 8	4,365,366,9 52.18
(1) Provisions	676,683.82			4,337,288,9 92.15	19,075,540. 92	235,960.75	5,593,921.1 6	2,495,853.3 8	4,365,366,9 52.18
3. Decrease				534,855,398 .24				234,318.44	535,089,716 .68
(1) Disposal				534,855,398 .24				234,318.44	535,089,716 .68
4. Closing balance	6,484,886.6 0			11,216,976, 515.56	87,298,842. 63	2,972,173.9 0	19,596,604. 25	6,544,850.6 3	11,339,873, 873.57
III. Provisions for impairment									
1. Opening balance									
2. Increase									
(1) Provisions									
3. Decrease									
(1) Disposal									

4. Closing balance									
IV. Book value									
1. Closing balance	26,672,620. 80			5,731,242,1 14.93	114,635,397 .61	195,839.26	21,063,773. 10	644,653.98	5,894,454,3 99.68
2. Opening balance	27,349,304. 62			4,713,827,8 96.90	92,858,539. 78	148,781.14	15,242,599. 92	1,650,896.8 8	4,851,078,0 19.24

Proportion of intangible assets generated from the Company's internal research and development to the balance of intangible assets at the end of the period: 0.13%.

#### 14. Development expenditure

In: RMB

Item	Opening balance	Increase			Decrease			Closing balance
		In-house development expenditure	Others		Recognized intangible assets	Transfer to profit or loss for the period		
Mangoli system	12,899,556.9 2	3,072,668.27			15,972,225.1 9			
Cloud platform construction project	25,439,326.9 2	125,750,660. 43						151,189,987. 35
Smart credit system		6,074,244.50						6,074,244.50
Total	38,338,883.8 4	134,897,573. 20			15,972,225.1 9			157,264,231. 85

Other descriptions

1) The Mangoli System is a project developed by Hunan Happy Money Microfinance Co., Ltd. It is intended to solve problems such as underlying data security, system compatibility, and iterative expansion., and to improve the financial technology ability, so that the system can support businesses more significantly.

The Mangoli System began its market research in October 2018, and was established in December 2018. As it has been eligible for capitalization and recognition in the development expenses since January 2019, the expenses related to the project that are eligible for capitalization are included in the development expenses, and the expenses incurred in the previous research phase are directly recognized in the current profit and loss.

2) Mongo TV Cloud Storage and Multi-screen Broadcast Platform Construction Project ("Cloud Platform Construction



Project”) is a supporting project funded by Happy Sunshine financing funds. This project, which is intended to provide enhanced platform technology support for enterprise content production and dissemination to improve users’ experience and satisfaction, reduce platform operating costs and enhance platform data security and reliability, is an inevitable choice for the strategic development of enterprises in the fierce competition.

The Cloud Platform Construction Project was planned in 2017 and implemented upon approval of the board meeting of Happy Sunshine on July 30, 2019. From September 1, 2019, the expenses related to the project that are eligible for capitalization are included in the development expenses, and the expenses incurred in the previous research phase are directly recognized in the current profit or loss.

3) The Smart Credit System aims to create diversified credit products, quickly adapt to different customer groups in the market, and realize smart monitoring and customer management after loan. From May 2020, the expenses related to the project that are eligible for capitalization are included in the development expenses, and the expenses in the previous research stage are directly recognized in the current profit or loss.

## 15. Long-term prepaid expenses

In: RMB

Item	Opening balance	Increase	Amortization	Other decrease	Closing balance
Projects of rebuilding and decoration for rented buildings	61,646,861.37	41,387,062.61	25,691,871.99		77,342,051.99
Total	61,646,861.37	41,387,062.61	25,691,871.99		77,342,051.99

Other descriptions

## 16. Deferred income tax assets/deferred income tax liabilities

### (1) Details of unrecognized deferred tax assets

In: RMB

Item	Closing balance	Opening balance
Deductible temporary differences	19,411,205.95	9,364,947.85
Deductible losses	106,310,201.58	80,994,642.11
Total	125,721,407.53	90,359,589.96

### (2) Deductible losses, for which no deferred income tax assets are recognized, will expire in the following year

In: RMB

Year	Closing balance	Opening balance	Note
2021	390,483.62	1,923,827.66	

2022	18,240,181.33	24,850,507.66	
2023	34,021,526.74	34,021,526.74	
2024	3,629,802.99	20,198,780.05	
2025	50,028,206.90		
Total	106,310,201.58	80,994,642.11	--

Other descriptions:

## 17. Other non-current assets:

In: RMB

Item	Closing balance			Opening balance		
	Gross carrying amount	Provisions for impairment	Carrying amount	Gross carrying amount	Provisions for impairment	Carrying amount
Prepayments for equipment	2,023,481.01		2,023,481.01	1,127,499.30		1,127,499.30
Total	2,023,481.01		2,023,481.01	1,127,499.30		1,127,499.30

Other descriptions:

## 18. Short-term borrowings

### (1) Category of short-term borrowings

In: RMB

Item	Closing balance	Opening balance
Credit borrowings	39,731,500.00	349,352,600.00
Credit borrowings - interest	57,610.68	464,347.83
Total	39,789,110.68	349,816,947.83

Descriptions of categorization of short-term borrowings:

## 19. Notes payable

In: RMB

Category	Closing balance	Opening balance
Commercial acceptances	221,862,982.11	42,502,468.46
Bank acceptances	490,429,053.64	283,377,994.65
Total	712,292,035.75	325,880,463.11

The total of notes payable due but not yet paid for the period is RMB0.00.

**20. Accounts payable****(1) Accounts payable**

In: RMB

Item	Closing balance	Opening balance
Purchase payment	5,217,087,330.62	5,048,443,928.94
Total	5,217,087,330.62	5,048,443,928.94

**(2) Significant accounts payable aged not less than one year**

In: RMB

Item	Closing balance	Reason for failure to be repaid or carried forward
The First	159,000,000.00	Not yet due for settlement
The Second	108,800,000.00	Not yet due for settlement
The Third	100,828,305.14	Not yet due for settlement
The Fourth	50,395,471.69	Not yet due for settlement
The Fifth	41,254,117.83	Not yet due for settlement
The Sixth	43,716,981.13	Not yet due for settlement
The Seventh	40,080,000.00	Not yet due for settlement
Total	544,074,875.79	--

Other descriptions:

**21. Contract liabilities**

In: RMB

Item	Closing balance	Opening balance
Loan	663,307,479.05	661,047,311.39
Investments in film and television play co-production	146,186,845.74	509,228,175.11
Membership service	520,980,698.31	247,314,991.08
Total	1,330,475,023.10	1,417,590,477.58

Significant changes in the carrying amount during the Reporting Period and reasons therefor:

In: RMB

Item	Changes	Reason for changes
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**22. Employee benefits payable****(1) Employee benefits payable**

In: RMB

Item	Opening balance	Increase	Decrease	Closing balance
I. Short-term remuneration	588,179,880.34	1,537,987,554.31	1,269,710,835.76	856,456,598.89
II. Post-employment benefits-defined contribution plan	643,815.52	5,029,951.47	5,607,986.15	65,780.84
III. Termination benefits	535,555.88	10,847,634.33	11,192,742.10	190,448.11
Total	589,359,251.74	1,553,865,140.11	1,286,511,564.01	856,712,827.84

**(2) Short-term remuneration**

In: RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Wages or salaries, bonuses, allowances and subsidies	586,902,865.99	1,465,776,621.36	1,197,601,119.27	855,078,368.08
2. Staff welfare		21,834,085.95	21,834,085.95	
3. Social security contributions	373,917.63	18,161,113.40	18,215,659.12	319,371.91
Including: Medical insurance	329,348.26	15,702,153.43	15,721,473.35	310,028.34
Work injury	12,559.86	136,174.53	146,443.20	2,291.19
Maternity insurance	32,009.51	385,543.17	410,500.30	7,052.38
Other commercial insurance		1,937,242.27	1,937,242.27	
4. Housing funds	250,246.00	28,565,216.52	28,490,787.29	324,675.23
5. Union running costs and employee education cost	102,072.57	3,650,517.08	3,018,405.98	734,183.67
Other short-term remuneration	550,778.15		550,778.15	
Total	588,179,880.34	1,537,987,554.31	1,269,710,835.76	856,456,598.89

**(3) Defined benefit plan**

In: RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pensions	615,832.84	4,849,475.73	5,402,303.94	63,004.63
2. Unemployment insurance	27,982.68	180,475.74	205,682.21	2,776.21
Total	643,815.52	5,029,951.47	5,607,986.15	65,780.84

Other descriptions:

**23. Taxes payable**

In: RMB

Item	Closing balance	Opening balance
VAT	17,317,973.41	31,925,708.15
Enterprise income tax	4,183,186.13	1,020,008.15
Personal income tax	17,925,339.96	11,616,474.32
City maintenance and construction tax	422,228.46	611,160.04
Stamp duty	2,395,805.75	2,556,733.85
Educational surcharges	315,577.50	533,271.72
Development Fees for Cultural Undertakings	88,789,083.88	89,141,920.66
Other taxes	178,690.86	158,231.76
Total	131,527,885.95	137,563,508.65

Other descriptions:

**24. Other payables**

In: RMB

Item	Closing balance	Opening balance
Other payables	160,651,194.91	202,952,467.24
Total	160,651,194.91	202,952,467.24

**(1) Other payables****1) Other payables by nature**

In: RMB

Item	Closing balance	Opening balance
Receivables and payables	131,046,966.11	171,975,402.58
Security deposit	29,604,228.80	30,977,064.66
Total	160,651,194.91	202,952,467.24

## 2) Other significant payables aged not less than one year

In: RMB

Item	Closing balance	Reason for failure to be repaid or carried forward
The First	3,784,547.60	Not yet due for settlement
Total	3,784,547.60	--

Other descriptions

## 25. Non-current liabilities due within one years

In: RMB

Item	Closing balance	Opening balance
Long-term employee benefits payable due within 1 year		10,400,000.00
Total		10,400,000.00

Other information:

## 26. Other current liabilities

In: RMB

Item	Closing balance	Opening balance
Logistics and distribution expenses	1,909,886.62	3,391,046.30
Output tax to be transferred	106,261,801.24	45,541,221.04
Internet access cooperation	24,923,744.58	52,969,657.49
Others	5,603,393.15	13,835,329.26
Total	138,698,825.59	115,737,254.09

Changes in short-term bonds payable:

In: RMB

Name of bond	Par value	Issue date	Term of bond	Issue amount	Opening balance	Issue for the period	Interest accrued based on	Amortization of premiums	Repayment for the period	Closing balance
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							par value	or			
								discounts			

Other descriptions:

The difference between the opening balance of the current year and the closing balance of the previous year (as at December 31, 2019) can be referred to the descriptions in Note V 29, Changes in significant accounting policies and accounting estimates.

## 27. Provisions

In: RMB

Item	Closing balance	Opening balance	Reason
Pending litigation	8,305,486.15	14,092,872.30	Estimated compensation for pending litigation
Provision for infringement compensation		140,000.00	Estimated compensation
Total	8,305,486.15	14,232,872.30	--

Other descriptions, including important assumptions and estimation explanations related to significant estimated liabilities:

## 28. Deferred income

In: RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Government grants	46,271,594.13	29,383,962.27	26,716,720.71	48,938,835.69	Government grants related to assets and income
Total	46,271,594.13	29,383,962.27	26,716,720.71	48,938,835.69	--

Projects involving government grants

In: RMB

Liabilities	Opening balance	Additional government grants	Amount recognized in non-operating income	Amount recognized in other income	Amount offset against costs and expenses	Other changes	Closing balance	Related to assets/income
Happigo Supply Chain Urban Co-Distribution System Project	2,583,002.83			100,000.00			2,483,002.83	Related to assets
Special	1,015,787.96			40,229.22			975,558.74	Related to

funds for the development of the modern logistics								assets
The second batch of special guidance funds of Hunan Province to cultivate and develop strategic emerging industries	199,999.96			199,999.96				Related to assets
Special funds for "Cloud Multi-screen " service platform	1,380,000.00			1,380,000.00				Related to assets
The second batch of special funds for modern services development - Mango TV mobile client	140,000.00			60,000.00			80,000.00	Related to assets
Mobile internet industry development special fund	4,680,677.20			2,064,638.24			2,616,038.96	Related to assets
Special funds for the development of the cultural industry	19,200,233.36	7,750,000.00		8,456,954.89			18,493,278.47	Related to assets



Guidance funds for provincial-level cultural industry development	1,133,333.44			399,999.96			733,333.48	Related to assets
Special funds for the development of modern services	180,000.00			60,000.00			120,000.00	Related to assets
Special funds for Mongo TV Cloud Platform (ERU) project	6,000,000.00			6,000,000.00				Related to assets
Silk Road Film and Television Bridge Project of the State Administration of Radio, Film and Television	1,132,075.48			566,037.74			566,037.74	Related to assets
Network audio-visual program quality creation and distribution project	258,000.00			72,000.00			186,000.00	Related to assets
“Youth Mango Festival” project		8,000,000.00		666,666.67			7,333,333.33	Related to assets
Others	714,907.67	483,962.27		237,951.13			960,918.81	Related to assets
Key project	622,641.51			622,641.51				Related to

of "going global" by the State Administration of Radio, Film and Television								income
Guidance fund subsidies for cultural business of Hunan Province	1,525,333.33			284,000.00			1,241,333.33	Related to income
Central cultural industry development special funds	5,000,000.00			5,000,000.00				Related to income
Malanshan cultural and creative subsidy	333,333.33			333,333.33				Related to income
Intellectual property subsidy funds	172,268.06			172,268.06				Related to income
The second batch of special funds for the development of modern service industry in Hunan Province		8,000,000.00					8,000,000.00	Related to income
Mango TV high-tech interactive video creation		150,000.00					150,000.00	Related to income

platform project								
Mango TV international convergence media communication project		4,000,000.00					4,000,000.00	Related to income
Mango TV smart home page push project		1,000,000.00					1,000,000.00	Related to income
Total	46,271,594.13	29,383,962.27		26,716,720.71			48,938,835.69	

Other descriptions:

## 29. Share capital

In: RMB

	Opening balance	Changes (+ or -)					Closing balance
		New shares issued	Bonus shares	Conversion of equity reserve into share capital	Others	Sub-total	
Total shares	1,780,377,511.00						1,780,377,511.00

Other information:

## 30. Capital reserve

In: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium (Share capital premium)	4,832,673,268.51			4,832,673,268.51
Other capital reserve	6,264,437.84			6,264,437.84
Total	4,838,937,706.35			4,838,937,706.35

Other descriptions, including changes and reasons therefor:

## 31. Other comprehensive income

In: RMB

Items	Opening balance	Amount for the current period						Closing balance
		Amount before income tax for the current period	Less: Amount included in other comprehensive income for the prior periods and transferred to the profit or loss for the current period	Less: Amount included in other comprehensive income for the prior periods and transferred to the retained earnings for the current period	Less: Income tax expenses	Attributable to the parent company after tax	Attributable to minority interests after tax	
II. Other comprehensive income to be reclassified into profit or loss		-2,759.37					-2,759.37	-2,759.37
Translation differences of financial statements denominated in foreign currencies		-2,759.37					-2,759.37	-2,759.37
Total of other comprehensive income		-2,759.37					-2,759.37	-2,759.37

Other descriptions, including adjustment of the effective part of the cash flow hedge gains and losses transferred to initially recognized amount of hedged items:

### 32. Surplus reserve

In: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	84,782,321.71	2,357,238.43		87,139,560.14
Total	84,782,321.71	2,357,238.43		87,139,560.14

Descriptions of surplus reserve, including changes for the current period and reasons therefor:

In the current period, the surplus reserve is appropriated according to 10% of the net profit of the parent company.

### 33. Undistributed profit

In: RMB

Items	Current period	Prior period
Retained profits at the end of prior period before adjustment	2,079,761,680.01	923,476,426.28

Retained profits at the beginning of the period after adjustment	2,079,761,680.01	923,476,426.28
Add: Net profit attributable to owners of the Company for the period	1,982,159,476.82	1,156,285,253.73
Less: Appropriation to statutory surplus reserve	2,357,238.43	
Distribution to owners (or shareholders)	178,037,751.10	
Retained profits at the end of the period	3,881,526,167.30	2,079,761,680.01

Details of adjustments to retained profits at the beginning of the period:

- 1) Retained profits at the beginning of the period were affected by RMB0.00 due to the retrospective adjustment under the *Accounting Standards for Business Enterprises* and related new regulations.
- 2) Retained profits at the beginning of the period were affected by RMB0.00 due to changes in accounting policies.
- 3) Retained profits at the beginning of the period were affected by RMB0.00 due to the correction of significant accounting errors.
- 4) Retained profits at the beginning of the period were affected by RMB0.00 due to changes in the scope of consolidation resulting from business combination involving enterprises under common control.
- 5) Retained profits at the beginning of the period were affected by RMB0.00 in total due to other adjustments.

### 34. Operating income and operating costs

In: RMB

Item	Amount for the current period		Amount for the prior period	
	Revenue	Cost	Revenue	Cost
Principal operating activities	13,991,615,817.08	9,224,019,161.88	12,283,968,853.93	8,181,187,347.79
Other operating activities	13,919,138.28	6,269,482.56	216,695,378.12	103,553,601.63
Total	14,005,534,955.36	9,230,288,644.44	12,500,664,232.05	8,284,740,949.42

Whether the lower of the net profit after non-recurring gain or loss is negative

Yes  No

Information on Revenue:

In: RMB

Category of Contract	Segment 1	Segment 2	Total
Commodity type	13,992,232,833.33		13,992,232,833.33
Including:			
New media platform operation	9,060,568,867.27		9,060,568,867.27
New media interactive entertainment content	2,764,980,756.83		2,764,980,756.83

production and operation			
Media retail	2,104,532,724.46		2,104,532,724.46
Others	62,150,484.77		62,150,484.77
By region	13,992,232,833.33		13,992,232,833.33
Including:			
Within Hunan	4,500,604,312.69		4,500,604,312.69
Outside Hunan	9,491,628,520.64		9,491,628,520.64
Including:			
Including:			
By the time of commodity transfer	13,992,232,833.33		13,992,232,833.33
Including:			
Goods (transferred at a certain time point)	8,835,348,876.25		8,835,348,876.25
Services (rendered within a certain time period)	5,156,883,957.08		5,156,883,957.08
Including:			
Including:			

Information regarding performance obligations:

None

Information regarding the transaction price allocated to the remaining performance obligations:

The revenue corresponding to the performance obligations for which the contract has been signed but has not yet been performed or fully performed at the end of this Reporting Period is RMB1,330,475,023.10, among which RMB            is expected to be recognized as the revenue in           , RMB            is expected to be recognized as the revenue in           , and RMB            is expected to be recognized as the revenue in           .

Other descriptions

The revenue-related statement does not include the revenue from leasing in the amount of RMB13,302,122.03.

### 35. Taxes and levies

In: RMB

Item	Amount for the current period	Amount for the prior period
Consumption tax	280,585.49	167,486.70
City construction and maintenance tax	10,756,920.01	5,900,635.15
Education surcharges	7,721,309.79	4,437,184.38
Property tax	648,464.10	651,832.90
Land use tax	294,816.00	294,816.00

Vehicle and vessel tax	30,730.00	24,970.00
Stamp duty	2,190,238.78	2,706,383.81
Development fees for cultural undertakings		82,219,302.29
Others	54,686.31	28,120.33
<b>Total</b>	<b>21,977,750.48</b>	<b>96,430,731.56</b>

Other descriptions:

### 36. Selling expenses

In: RMB

Item	Amount for the current period	Amount for the prior period
Employee's benefits and labor costs	649,713,450.73	594,022,500.47
Depreciation and amortization	11,258,434.02	10,708,960.80
Advertising costs	1,275,774,161.48	1,175,246,290.72
Payments for internet access cooperation	104,333,924.97	200,426,442.86
Settlement costs of logistics and service charges for payment collection (Note)	6,646,826.33	53,935,525.49
Business travel expenses	24,555,943.68	25,541,037.00
Program production costs	4,706,447.54	9,730,185.87
Channel sales and operations development expenses	49,839,615.85	35,871,112.32
Others	37,586,465.27	35,202,099.92
<b>Total</b>	<b>2,164,415,269.87</b>	<b>2,140,684,155.45</b>

Other descriptions:

Note: As adjusted according to the new revenue standard, the transportation expenses for the period is presented in the main operating costs.

### 37. General and administrative expenses

In: RMB

Item	Amount for the current period	Amount for the prior period
Employee's benefits and labor costs	428,389,317.79	391,323,328.42
Depreciation and amortization	45,517,534.33	58,628,415.09
Legal costs	12,643,454.90	13,302,853.01
Office and administrative service	90,263,227.76	95,274,367.16
Agency fees	8,368,627.11	11,738,465.41
Business entertainment expenses	2,567,649.76	2,740,267.03

Others	41,450,911.08	37,130,743.80
<b>Total</b>	<b>629,200,722.73</b>	<b>610,138,439.92</b>

Other descriptions:

### 38. Research and development expenses

In: RMB

Item	Amount for the current period	Amount for the prior period
Employee's benefits and labor costs	78,237,277.89	128,112,151.81
Depreciation and amortization	12,030,086.93	21,407,106.17
Technical service fees	88,241,580.19	81,582,077.08
Others	5,876,003.71	8,197,996.80
<b>Total</b>	<b>184,384,948.72</b>	<b>239,299,331.86</b>

Other descriptions:

### 39. Financial expenses

In: RMB

Item	Amount for the current period	Amount for the prior period
Interest expenses	13,770,536.66	15,981,713.90
Less: Interest income	116,608,027.78	65,976,045.63
Finance discount	238,406.56	
Service charge	16,999,003.73	13,022,001.64
Exchange profit or loss	-542,960.12	395,763.36
<b>Total</b>	<b>-86,619,854.07</b>	<b>-36,576,566.73</b>

Other descriptions:

### 40. Other income

In: RMB

Source of other income	Amount for the current period	Amount for the prior period
Government grants related to assets	20,304,477.81	12,748,320.76
Government grants related to income	29,158,039.45	44,851,235.43
Refund of service fees of withholding personal income tax	6,044,849.19	1,123,274.02
Additional VAT deduction	97,244,205.84	
<b>Total</b>	<b>152,751,572.29</b>	<b>58,722,830.21</b>



**41. Investment income**

In: RMB

Item	Amount for the current period	Amount for the prior period
Income from long-term equity investments under equity method	1,742,610.53	-5,105,446.79
Income from disposal of long-term equity investments	70,437,276.18	
Income from investments in film and television play without copyrights	4,706,280.41	4,227,644.04
Income from wealth management products	3,906,349.28	7,344,704.18
Total	80,792,516.40	6,466,901.43

Other descriptions:

**42. Income from changes in fair values**

In: RMB

Source of income from changes in fair values	Amount for the current period	Amount for the prior period
Other non-current financial assets(Financial assets at fair value through profit or loss)		-1,370,986.18
Total		-1,370,986.18

Other descriptions:

**43. Impairment losses of credit**

In: RMB

Item	Amount for the current period	Amount for the prior period
Bad debt losses of other receivables	-1,273,395.96	31,334.30
Bad debt losses of accounts receivable	-49,083,327.37	-50,020,218.33
Other current assets-losses of impairment on issued loans	-2,230,274.05	-1,253,943.11
Total	-52,586,997.38	-51,242,827.14

Other descriptions:

**44. Impairment losses of assets**

In: RMB

Items	Amount for the current period	Amount for the prior period
I. Bad debt losses	-21,417,042.28	1,371,927.60
II. Losses from decline in value of inventories and impairment of contract performance costs	-2,171,659.78	-1,996,052.09
XII. Impairment losses of contractual assets	-13,213,182.37	
Total	-36,801,884.43	-624,124.49

Other descriptions:

#### 45. Income from disposal of assets

In: RMB

Source of income from disposal of assets	Amount for the current period	Amount for the prior period
Income from disposal of fixed assets	354,684.48	-168,797.67

#### 46. Non-operating income

In: RMB

Item	Amount for the current period	Amount for the prior period	Amount included in the non-recurring profit or loss for the current period
Payment unable to be made	3,249,641.40		3,249,641.40
Gains from damage and retirement of non-current assets		51,169.81	
Income from safeguarding legal rights	21,772,303.69	24,730,857.50	21,772,303.69
Others	1,864,339.26	1,061,063.97	1,864,339.26
Total	26,886,284.35	25,843,091.28	26,886,284.35

Government grants included in profit and loss for the current period

In: RMB

Project	Issuer	Reason	Nature	Did the grants affect earnings or losses for the current year?	Special grants?	Amount for the current period	Amount for the current period	Related to assets/income
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Other descriptions:

**47. Non-operating expenses**

In: RMB

Item	Amount for the current period	Amount for the prior period	Amount included in the non-recurring profit or loss for the current period
Losses from debt restructuring	2,576,237.35	1,004,295.80	2,576,237.35
Losses from damage and retirement of non-current assets	736,201.04	135,510.79	736,201.04
Compensation expenditures	26,032,164.94	21,447,884.24	26,032,164.94
Losses from outbreak	15,627,676.21		15,627,676.21
Others	1,563,601.45	3,451,527.88	1,563,601.45
Total	46,535,880.99	26,039,218.71	46,535,880.99

Other descriptions:

**48. Income tax expenses****(1) Table of income tax expenses**

In: RMB

Item	Amount for the current period	Amount for the prior period
Current income tax expenses	7,411,218.58	16,092,665.26
Deferred income tax expenses		3,938,878.58
Total	7,411,218.58	20,031,543.84

**(2) Reconciliation of income tax expenses to the accounting profit**

In: RMB

Item	Amount for the current period
Total profit	1,986,747,767.91
Income tax expense calculated based on statutory/applicable tax rate	496,686,941.98
Effect of different tax rates of subsidiaries operating in other jurisdictions	-494,232,528.50
Effect of adjustment on income tax for the period	-1,708,718.01
Effect of non-taxable income	-565,310.79
Effect of non-deductible cost, expense and loss	1,874,964.40
Effect of utilizing deductible loss not recognized for deferred tax	-6,077,279.62

assets for prior period	
Effect of deductible temporary difference or deductible loss not recognized for deferred tax assets for the current period	12,236,955.68
Additional deduction of R&D expenses	-803,806.56
Income tax expense	7,411,218.58

Other descriptions

#### 49. Other comprehensive income

See the accompanying Note 31. Other comprehensive income.

#### 50. Items in the cash flow statement

##### (1) Other cash receipts relating to operating activities

In: RMB

Item	Amount for the current period	Amount for the prior period
Other business income	14,754,286.58	192,630,932.33
Government grants	72,405,901.23	42,494,918.97
Interest income	116,608,027.78	65,976,045.63
Note deposits and legal affairs deposits		10,422,873.28
Income from safeguarding legal rights	21,772,303.69	24,730,857.50
Receivables and payables and others	28,128,702.93	35,197,705.87
Total	253,669,222.21	371,453,333.58

Descriptions of other cash receipts relating to operating activities:

##### (2) Other cash payments relating to operating activities

In: RMB

Items	Amount for the current period	Amount for the prior period
Payments of various expenses	1,721,402,373.87	1,806,621,786.03
Other business expenditures	6,645,651.51	82,336,163.55
Bank service fees	16,999,003.73	13,022,001.64
Others	42,190,406.87	40,067,901.04
Total	1,787,237,435.98	1,942,047,852.26

Descriptions of other cash payments relating to operating activities:

**(3) Other cash receipts relating to investing activities**

In: RMB

Item	Amount for the current period	Amount for the prior period
Recovery of bank wealth management products	622,500,000.00	840,100,000.00
Income from wealth management products	3,906,349.28	7,344,704.18
Income from investments in copyrights where the investor have no copyrights		945,045.86
Received investments in film and television plays		10,390,721.60
<b>Total</b>	<b>626,406,349.28</b>	<b>858,780,471.64</b>

Descriptions of other cash receipts relating to investing activities:

**(4) Other cash payments relating to investing activities**

In: RMB

Item	Amount for the current period	Amount for the prior period
Wealth management products	622,500,000.00	657,600,000.00
<b>Total</b>	<b>622,500,000.00</b>	<b>657,600,000.00</b>

Descriptions of other cash payments relating to investing activities:

**(5) Other cash payments relating to financing activities**

In: RMB

Item	Amount for the current period	Amount for the prior period
Supporting financing expenses and expenditures		657,257.37
<b>Total</b>		<b>657,257.37</b>

Descriptions of other cash payments relating to financing activities:

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

In: RMB

Supplementary information	Amount for the current period	Amount for prior period
1. Reconciliation of net profit to cash flow from operating activities:	--	--

Net profit	1,979,336,549.33	1,157,502,515.46
Add: Provisions for impairment losses of assets	89,388,881.81	51,866,951.63
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of bearer biological assets	44,829,216.08	60,969,750.12
Depreciation of use right assets		
Amortization of intangible assets	4,365,366,952.18	3,684,525,176.86
Amortization of long-term prepaid expenses	25,691,871.99	25,123,027.11
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by "—")	-354,684.48	168,797.67
Losses on retirement of fixed assets (gains are indicated by "—")	736,201.04	84,340.98
Losses on changes in fair values (gains are indicated by "—")		1,370,986.18
Financial expenses (gains are indicated by "—")	13,546,992.93	16,377,477.26
Investment losses (gains are indicated by "—")	-80,792,516.40	-6,466,901.43
Decrease in deferred tax assets (increase is indicated by "—")		3,938,878.58
Increase in deferred tax liabilities (decrease is indicated by "—")		
Decrease in inventories (increase is indicated by "—")	253,879,071.02	296,441,004.11
Decrease in receivables from operating activities (increase is indicated by "—")	-1,256,748,283.48	-1,048,364,434.32
Increase in payables from operating activities (decrease is indicated by "—")	500,793,311.24	1,692,076,134.46
Others	-5,354,703,210.18	-5,642,746,993.49
Net cash flow from operating activities	580,970,353.08	292,866,711.18
2. Significant investing and financing activities that do not involve cash receipts and payments:	--	--

Conversion of debts into capital		
Convertible corporate bonds due within one years		
Fixed assets leased in under financing leases		
3. Net changes in cash and cash equivalents:	--	--
Closing balance of cash	5,314,463,484.01	5,041,075,499.16
Less: Opening balance of cash	5,041,075,499.16	2,514,587,154.25
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	273,387,984.85	2,526,488,344.91

## (2) Composition of cash and cash equivalents

In: RMB

Item	Closing balance	Opening balance
I. Cash	5,314,463,484.01	5,041,075,499.16
Including: Cash on hand	86,976.40	104,219.13
Bank deposit that can be paid at any time	5,296,358,510.78	5,003,669,597.21
Other monetary funds that can be paid at any time	18,017,996.83	37,301,682.82
III. Closing balance of cash and cash equivalents	5,314,463,484.01	5,041,075,499.16

Other descriptions:

## 52. Assets with restrictions in ownership or use right

In: RMB

Items	Gross carrying amount at the end of the period	Reason for restriction
Cash and bank balances	21,856,302.69	Frozen amounts due to litigation, POS deposits and third-party platform account deposits
Total	21,856,302.69	--

Other descriptions:

**53. Foreign currency item****(1) Foreign currency item**

In: RMB

Item	Closing balance of foreign currency	Exchange Rate	Translated balance in RMB at the end of the period
Cash and bank balances	--	--	4,057,722.10
Including: USD	621,882.65	6.5249	4,057,722.10
EUR			
HKD			
Accounts receivable	--	--	251,861.14
Including: USD	38,600.00	6.5249	251,861.14
EUR			
HKD			
Long-term borrowings	--	--	
Including: USD			
EUR			
HKD			

Other descriptions:

**(2) Descriptions of overseas operating entities, including disclosure of the main overseas business locations, functional currency and the basis for selection of important overseas operating entities, and the reasons for changes in functional currency (if any).**

Applicable  N/A

**54. Government grants****(1) Basic information of government grants**

In: RMB

Category	Amount	Line item	Amount included in profit or loss for the current period
Happigo Supply Chain Urban Co-Distribution System Project	100,000.00	Other income	100,000.00



Special funds for the development of the modern logistics	40,229.22	Other income	40,229.22
The second batch of special guidance funds of Hunan Province to cultivate and develop strategic emerging industries	199,999.96	Other income	199,999.96
Special funds for "Cloud Multi-screen" service platform	1,380,000.00	Other income	1,380,000.00
The second batch of special funds for modern services development - Mango TV mobile client	60,000.00	Other income	60,000.00
Mobile internet industry development special fund	2,064,638.24	Other income	2,064,638.24
Special funds for the development of the cultural industry	8,456,954.89	Other income	8,456,954.89
Guidance funds for provincial-level cultural industry development	399,999.96	Other income	399,999.96
Special funds for the development of modern services	60,000.00	Other income	60,000.00
Special funds for Mongo TV Cloud Platform (ERU) project	6,000,000.00	Other income	6,000,000.00
Silk Road Film and Television Bridge Project of the State Administration of Radio, Film and Television	566,037.74	Other income	566,037.74
Network audio-visual program quality creation and distribution project	72,000.00	Other income	72,000.00
2020 "Youth Mango Festival" Project	666,666.67	Other income	666,666.67
Others	237,951.13	Other income	237,951.13
Key project of "going global" by the State Administration of Radio, Film and Television	622,641.51	Other income	622,641.51

Guidance fund subsidies for cultural business of Hunan Province	284,000.00	Other income	284,000.00
Central cultural industry development special funds	5,000,000.00	Other income	5,000,000.00
Malanshan cultural and creative subsidy	333,333.33	Other income	333,333.33
Intellectual property subsidy funds	172,268.06	Other income	172,268.06
R&D awards for enterprises, universities and research institutes	4,079,000.00	Other income	4,079,000.00
Special fund award for movie and television culture development	2,942,576.00	Other income	2,942,576.00
Enterprise development award on “case-by-case” basis for “four types of large-scale enterprises”	2,337,000.00	Other income	2,337,000.00
Activity bonus for Malanshan Cup international algorithm competition	1,990,000.00	Other income	1,990,000.00
Subsidy for job stabilization	1,916,448.22	Other income	1,916,448.22
The “five one” project award for <i>the City of the Family</i> by the Publicity Department of the CPC	900,000.00	Other income	900,000.00
Subsidy funds for modern service enterprises newly introduced in Xiaoshan District	698,100.00	Other income	698,100.00
Financial support for development of e-commerce industry	660,000.00	Other income	660,000.00
Financial support funds	576,000.00	Other income	576,000.00
Special fund for risk compensation to micro-loan companies	570,000.00	Other income	570,000.00
Awards for key cultural export enterprises and projects	500,000.00	Other income	500,000.00
New media conference project	500,000.00	Other income	500,000.00

support fund			
The sixth quality bonus by Hunan Provincial Governor	500,000.00	Other income	500,000.00
The fifth network original audio visual program competition award	396,226.42	Other income	396,226.42
Bonus for top 100 internet companies in China	370,000.00	Other income	370,000.00
Housing subsidy during the outbreak of COVID-19	355,748.54	Other income	355,748.54
Special fund for cultural industry development	300,000.00	Other income	300,000.00
Subsidy for development of boutique member system in Mango automobile mall	250,000.00	Other income	250,000.00
Incentive funds for leading e-commerce enterprises	200,000.00	Other income	200,000.00
Intellectual Property Protection Award	200,000.00	Other income	200,000.00
Awards for assessment on leading enterprises in modern service industry	200,000.00	Other income	200,000.00
Subsidy funds for cultural enterprises to deal with the outbreak	200,000.00	Other income	200,000.00
Others	2,104,697.37	Other income	2,104,697.37
Loan interest subsidy related to Malanshan Cultural and Creative Park	238,406.56	Financial expense	238,406.56
Be Steeled in Repeated Struggles	11,037,735.85	Inventory offset	
A LAND SO RICH IN BUAUTY	9,000,000.00	Inventory offset	

## VIII. CHANGES IN SCOPE OF CONSOLIDATION

### 1. Changes in scope of consolidation due to other reasons

Descriptions of changes in scope of consolidation caused by other reasons (such as establishment of a new subsidiary and liquidation of a subsidiary, etc.) and their relevant information:

## 1. Increase in the scope of combination

In: RMB0'000

Company name	Method of obtaining equity	Timepoint of obtaining equity	Capital contribution	Proportion of contribution
Happy Sunshine Hongmang Education Technology Co., Ltd.	Establishment	June 16, 2020	1,000.00	100.00%
Xiaomang Electronic Commerce Co., Ltd.	Establishment	September 11, 2020	5,000.00	100.00%

## 2. Decrease in the scope of combination

In: RMB

Company name	Method of disposing equity	Timepoint of disposing equity	Net profit from the beginning of the period to the date of disposal
Doug (Shanghai) Investment Management Limited Liability Company	Deregistration	June 16, 2020	21,727.98
Ningbo Free Trade Zone Happigo International Trade Co., Ltd.	Deregistration	March 25, 2020	-1,974,065.52
Damei Fashion (Shanghai) Culture Media Co., Ltd.	Deregistration	July 23, 2020	-316,944.01

## IX. INTERESTS IN OTHER ENTITIES

## 1. Interests in subsidiaries

## (1) Composition of enterprise group

Name of subsidiary	Main business place	Registered address	Business nature	Shareholding percentage		Method of acquisition
				Direct	Indirect	
Shanghai Happigo Enterprise Development Co., Ltd.	Shanghai	Shanghai	Commerce		100.00%	Establishment

Shanghai Happivision Advertising Communication Co., Ltd.	Shanghai	Shanghai	Commerce		100.00%	Establishment
Happigo (Beijing) New Media Technology Co., Ltd.	Beijing	Beijing	Commerce		100.00%	Establishment
Doug Cloud Business (Hunan) Trade Limited Liability Company	Changsha	Changsha	Commerce		100.00%	Establishment
Mango Life (Hunan) E-commerce Limited Liability Company	Changsha	Changsha	Commerce		100.00%	Establishment
Happigo (Hunan) Supply Chain Management Co., Ltd.	Changsha	Changsha	Storage		100.00%	Business combination not involving enterprises under common control
Shanghai Meimi Trade Co., Ltd.	Shanghai	Shanghai	Commerce		100.00%	Establishment
Dameiren Global Trading Co., Limited	Shanghai	Hong Kong	Commerce		100.00%	Establishment
Hunan Mango Auto Automobile Sales Co., Ltd.	Changsha	Changsha	Commerce		51.00%	Establishment
Happigo Co., Ltd.	Changsha	Changsha	Commerce	100.00%		Establishment
Hunan Happy Money Microfinance Co., Ltd.	Changsha	Changsha	Finance	100.00%		Establishment
Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd.	Changsha	Changsha	Video	100.00%		Business combination involving enterprises under common control

Hunan Mango Entertainment Co., Ltd	Changsha	Changsha	Film & Television	100.00%		Business combination involving enterprises under common control
Mango Studios Co., Ltd.	Changsha	Changsha	Film & Television	100.00%		Business combination involving enterprises under common control
Shanghai Mangofun Technology Co., Ltd.	Shanghai	Shanghai	Game	100.00%		Business combination involving enterprises under common control
Shanghai EE-Media Co., Ltd.	Shanghai	Shanghai	Film & Television	100.00%		Business combination involving enterprises under common control
Zhejiang Dongyang Tianyu Film and Television Culture Co. Ltd.	Zhejiang	Zhejiang	Film & Television		100.00%	Business combination involving enterprises under common control
Hunan Tianyu Film and Television Production Co. Ltd.	Changsha	Changsha	Film & Television		100.00%	Business combination involving enterprises under common control
Beijing Super Vocal Culture Co. Ltd.	Beijing	Beijing	Music		100.00%	Business combination involving enterprises under common control
Beijing Happy Mango Culture Media Co., Ltd.	Beijing	Beijing	Culture media		100.00%	Business combination involving enterprises under common control
Horgos Happy Sunshine Media	Horgos	Horgos	Culture media		100.00%	Business combination

Co., Ltd.						involving enterprises under common control
Hunan Happy Mangofun Technology Co., Ltd.	Changsha	Changsha	Game		100.00%	Business combination involving enterprises under common control
Hangzhou Hemei Interactive Entertainment Technology Co., Ltd.	Hangzhou	Hangzhou	Commerce		54.00%	Establishment
Hunan Happy Star Light Interactive Entertainment Media Co., Ltd.	Haikou	Haikou	Commerce		100.00%	Establishment
Happy Sunshine Hongmang Education Technology Co., Ltd.	Changsha	Changsha	Commerce		100.00%	Establishment
Xiaomang Electronic Commerce Co., Ltd.	Changsha	Changsha	Commerce		100.00%	Establishment
Mgtv.com (Hong Kong) Media Company Limited	Hong Kong	Hong Kong	Commerce		100.00%	Establishment

Descriptions of the difference between the shareholding percentage and the proportion of voting rights in a subsidiary:

Basis for holding half of the voting rights or below but still controlling the investee, and holding over half of the voting right but having no control over the investee:

Basis for controls over significant structured entities included in consolidation scope:

Basis for determining the Company as the agent or the principal:

Other descriptions:

## (2) Significant non-wholly subsidiaries

In: RMB

Name of subsidiary	Shareholding percentage by minority shareholders	Profit or loss attributable to minority interests for	Dividends declared for distribution to minority	Closing balance of minority interests
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		the current period	shareholders for the current period	
Hunan Mango Auto Automobile Sales Co., Ltd.	49.00%	501,154.15		30,315,205.14

Descriptions of the difference between the shareholding percentage of minority shareholders and their proportion of voting rights in a subsidiary:

Other descriptions:

### (3) Key financial information of significant non-wholly subsidiaries

In: RMB

Name of subsidiary	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
Hunan Mango Auto Automobile Sales Co., Ltd.	95,213,439.53	13,358,862.09	108,572,301.62	46,704,536.01		46,704,536.01	48,911,515.19	17,876,051.30	66,787,566.49	5,942,564.46		5,942,564.46

In: RMB

Name of subsidiary	Amount for the current period				Amount for the prior period			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Hunan Mango Auto Automobile Sales Co., Ltd.	735,524,869.05	1,022,763.58	1,022,763.58	-39,939,680.60	318,492,977.00	-918,080.86	-918,080.86	-13,467,087.68

Other descriptions:

## 2. Interests in joint ventures or associates

### (1) Summary of financial information of insignificant joint ventures and associates

In: RMB



	Closing balance / Amount for the current period	Opening balance / Amount for the prior period
Joint ventures	--	--
Total of the following items calculated based on the shareholding percentage	--	--
Associates:	--	--
Total carrying amount of investment	22,882,969.51	210,436,179.18
Total of the following items calculated based on the shareholding percentage	--	--
--Net profit	1,742,610.53	-5,105,446.79
--Other comprehensive income	1,742,610.53	-5,105,446.79
--Total comprehensive income	1,742,610.53	-5,105,446.79

Other descriptions

Note: In this period, the Company transferred 40% of the equity in Malanshan Culture Creative Investment Co., Ltd. to Mango Media Co., Ltd. at a price of RMB259.6792 million.

## (2) Excessive loss of joint venture or associates

In: RMB

Name of associates or joint ventures	Accumulated loss not recognized in the prior period	Loss not recognized in the current period (net profit shared in the current period)	Closing accumulated loss not recognized in the current period
Tianjin Sunshine Meichuang Technology Co., Ltd.	-2,164,726.96	-98,191.97	-2,262,918.93

Other descriptions:

## X. RISKS RELATED TO FINANCIAL INSTRUMENTS

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

The Company is exposed to various risks associated with financial instruments in its daily routines, primarily including credit risk, liquidity risk and market risk. The management has reviewed and approved policies to manage these risks, summarized as below.

### (I) Credit risk

Credit risk refers to the risk that a party of the financial instrument will default on its obligations resulting in financial loss to the counterparty.

#### 1. Management of credit risk

## (1) Evaluation of credit

The Company assesses at each balance sheet date whether the credit risk of the underlying financial instruments has increased significantly since initial recognition. In determining whether the credit risk has increased significantly since initial recognition, the Company considers reasonable and supportable information that is available without undue cost or effort, including quantitative and qualitative analysis based on historical data, ranking of external credit risks and forward-looking information. The Company compares the risk of a default occurring on a financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition based on individual financial instrument or a group of financial instruments with similar credit risk characteristic, to determine the change of the risk of a default occurring on a financial instrument over the expected life.

The Company considers the credit risk of financial instruments has increased significantly when one or more of the following quantitative and qualitative criteria are met:

1) The quantitative criterion primarily refers to a certain percentage of increase in the probability of default over the remaining life of the financial instruments as of the balance sheet date when comparing with that at initial recognition of the financial instruments;

2) The qualitative criteria includes, inter alia, adverse material changes in business or financial conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations, and an actual or expected significant adverse change in the technological, market, economic, or legal environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations;

## (2) Definition of defaulted or credit-impaired assets

A financial asset is defined as defaulted when the financial instrument meets one or more conditions stated as below, and the criteria of defining defaulted asset is consistent with the that of defining credit-impaired asset:

1) significant financial difficulty of the debtor;

2) a breach of contract terms with binding force by the debtor;

3) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;

4) the creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, has granted to the debtor a concession(s) that the creditor would not otherwise consider.

## 2. Measurement of expected credit loss ("ECL")

Key parameters to measure ECL include the probability of default, loss given default and the exposure at default. The Company established models of the probability of default, loss given default and the exposure at default on the basis of qualitative analysis on historical statistical data (such as counterparty ranking, guarantee methods, collateral category, and repayment way) and forward-looking information.

3. Details of reconciliation of the opening balance and the closing balance of provision for impairment of financial instruments can be referred to in Note VII(I)3, 6 and 8 of the financial statements hereof.

## 4. Credit risk exposure and credit risk concentration

The Company's credit risk is primarily from cash and bank balances and receivables. In order to control the risks associated with aforementioned items, the Company has taken the following measures.

## (1) cash and bank balances

The credit risk of the Company is limited because the Company has deposited bank deposits and other monetary funds in banks with high credit ratings.

## (2) Receivables

The Company continually evaluates the creditworthiness of its customers with deals on credit, and selects to deal with approved and creditworthy customers subject to the results of the credit assessment with monitoring the balance of its receivables, so as to ensure that the Company is not exposed to significant risk of bad debt.

No collaterals are required since the Company only deals with third parties that are approved and creditworthy. The

concentrated credit risks are managed by customers. As of December 31, 2020, the Company is exposed to certain concentration of credit risks, as the Company's accounts receivable from top 5 customers have accounted for 34.43% of the total balance of accounts receivable (December 31, 2019: 33.31%). The Company held no collaterals or other credit ranking measures for the balance of accounts receivable.

The maximum exposure to the Company is the carrying amount of each financial asset in the balance sheet.

#### (II) Liquidity risk

Liquidity risk refer to the risk that the Company is in shortage of funds in performing obligations that are settled by delivering cash or another financial asset.

In order to control this risk, the Company balances the continuity and flexibility of financing by using various financing measures such as notes settlement and bank loans comprehensively and adopting both long-term and short-term financing methods to optimize the financing structure. The Company has received credit facilities from a number of commercial banks to satisfy its working capital requirements and capital expenditures.

#### Financial liabilities classified by remaining maturity

Item	Closing balance				
	Carrying amount	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Short-term borrowings	39,789,110.68	41,159,399.06	41,159,399.06		
Notes payable	712,292,035.75	712,292,035.75	712,292,035.75		
Accounts payable	5,217,087,330.62	5,217,087,330.62	5,217,087,330.62		
Other payables	160,651,194.91	160,651,194.91	160,651,194.91		
Sub-total	6,129,819,671.96	6,131,189,960.34	6,131,189,960.34		

(Continued to above table)

Item	Balance at the end of last year				
	Carrying amount	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Short-term borrowings	349,816,947.83	357,795,920.01	357,795,920.01		
Notes payable	325,880,463.11	325,880,463.11	325,880,463.11		
Accounts payable	5,048,443,928.94	5,048,443,928.94	5,048,443,928.94		
Other payables	202,952,467.24	202,952,467.24	202,952,467.24		
Sub-total	5,927,093,807.12	5,935,072,779.30	5,935,072,779.30		

#### (III) Market risk

Market risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly includes interest rate risk and currency risk.

##### 1. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Company's borrowings are at fixed interest rates, fluctuations in interest rates of borrowings will not have a material impact on the Company's total profits or shareholders' equity.

##### 2. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the currency risk is primarily associated with the Company's monetary assets and liabilities dominated in foreign currencies. If the monetary assets and liabilities dominated in foreign currencies are imbalanced in a short time, the Company will purchase and sell foreign currencies at the market exchange rate to keep the net risk exposure acceptable. Since the Company mainly operates in Mainland China with its principal activities denominated in RMB, the Company's exposure to the currency risk due to changes in market is not material.

The closing balance of the Company's monetary assets and liabilities dominated in foreign currencies can be referred to in Note VII53. Foreign currency item of the financial statements hereof for details.

## XI. DISCLOSURE OF FAIR VALUE

### 1. Closing balance of the fair value of assets and liabilities measured at fair value

In: RMB

Items	Closing balance of fair value			
	Level 1	Level 2	Level 3	Total
I. Continuous fair value measurement	--	--	--	--
Receivables financing			164,410,000.00	164,410,000.00
Total assets continuously measured at fair value			164,410,000.00	164,410,000.00
II. Non-continuous fair value measurement	--	--	--	--

### 2. Valuation techniques and qualitative and quantitative information of key parameters adopted for continuous and non-continuous level 3 fair value measurement items

The Company's receivables financing refers to the bank acceptances accepted by commercial banks with higher credit rating, without quotation in the active market. The cost thereof represents the best estimate of fair value.

## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

### 1. Parent company of the Company

Name of the parent company	Registered address	Business nature	Registered capital	Proportion of the Company's ownership interest held by the parent company (%)	Proportion of the Company's voting right held by the parent company(%)
Mango Media Co., Ltd.	PRC	Planning, production and operation of	2,050,000,000.00	58.94%	58.94%

		radio and television programs; asset management and investment subject to laws and regulations; advertising planning, production and operation;			
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#### Descriptions of the Company's parent company

Mango Media Co., Ltd., which holds 58.94% of the shares in the Company, was established on July 10, 2007 with a registered capital of RMB2,050,000,000 and registered address and principal place of business in Golden Eagle Studio Culture City in Kaifu District, Changsha City. Hunan Broadcasting System holds 100% shares in Mango Media Co., Ltd. Mango Media Co., Ltd. is mainly engaged in planning, production and operation of radio and television programs; investment in culture, sports, entertainment, media, science and technology, internet and other industries with self-owned funds (not allowed to engage in activities under national financial supervision and financial credit businesses such as deposit absorption, fund raising and collection, entrusted loan, bill issuance, loan issuance, etc.); advertising planning, production and operation; and multimedia technology development and management.

The ultimate controlling party of the Company is Hunan Broadcasting System .

Other descriptions:

## 2. Subsidiaries of the Company

For details of the subsidiaries of the Company, see Note IX. Interests in Other Entities.

## 3. Associates and joint ventures of the Company

For details of the significant joint ventures or associates of the Company, see the accompanying notes.

The details of other joint ventures or associates having related party transactions and balances with the Company in the current period or prior periods are presented as follows:

Name of joint venture or associate	Relationship with the Company
Shanghai Mama Mia Mutual Entertainment Network Technology Co., Ltd.	Associates
Tianjin Sunshine Meichuang Technology Co., Ltd.	Associates

Other descriptions

## 4. Other related parties of the Company

Name of other related parties	Relationship between other related parties and the Company
Hunan Radio and Television Advertising Corporation	Controlled by the same <i>de facto</i> controller
Hunan Broadcasting System Satellite TV Channel	Controlled by the same <i>de facto</i> controller
Hunan Golden Eagle Animation Media Co., Ltd. (former name:	Controlled by the same <i>de facto</i> controller

Hunan Golden Eagle Cartoon Co., Ltd.)	
Hunan EE Advertising Co., Ltd.	Controlled by the same <i>de facto</i> controller
Yunhong Communication Technology (Guangzhou) Co., Ltd. [Note 1]	Controlled by the same <i>de facto</i> controller
Hunan Radio, Film and Television Group Co., Ltd.	Controlled by the same <i>de facto</i> controller
Subsidiaries of Hunan Broadcasting System [Note 2]	Controlled by the same <i>de facto</i> controller
Subsidiaries of Hunan TV & Broadcast Intermediary Co., Ltd. [Note 3]	Controlled by the same <i>de facto</i> controller
Subsidiaries of Mango Media Co., Ltd. [Note 4]	Controlled by the same <i>de facto</i> controller
Hunan Fukun Culture Media Investment Center (LP)	Joint-stock company of Mango Media
MIGU Culture Technology Co., Ltd. [Note 5]	Company materially affected by the key officers

#### Other descriptions

[Note 1] Yunhong Communication Technology (Guangzhou) Co., Ltd. Comprises Beijing Yunhong Wanhao Advertising Co., Ltd. and Shanghai Yunhong Advertising Co., Ltd..

[Note 2] The subsidiaries of Hunan Broadcasting System comprise Beijing Happywoods Culture Communication Co., Ltd., Hunan Innovation Entertainment Media Co., Ltd., Hunan TV Drama Media Co., Ltd. , Hunan Broadcasting and Television Logistics Management Service Co., Ltd., Hunan Broadcasting System Channel (excluding Satellite TV Channel), Hunan Broadcasting System Broadcast Media Center, Hunan Broadcasting System Logistics Support Center, Hunan Broadcasting System International Media Co., Ltd., Hunan International Convention and Exhibition Center, Hunan Happy Avant Garde Media Co., Ltd. and Letian Entertainment (Hunan) Co., Ltd..

[Note 3] The subsidiaries of Hunan TV & Broadcast Intermediary Co., Ltd. comprise TIK Films, Hunan Jinyingcheng Real Estate Co., Ltd., Hunan CATV Network Group Co., Ltd., Hunan Saint Tropez Investment Co., Ltd., Shenzhen 9zhitx Technology Co., Ltd. and Changsha Colorful World Co., Ltd..

[Note 4] The subsidiaries of Mango Media Co., Ltd. comprise Beijing Jinshiyatang Film & Television Culture Communication Co., Ltd. and Hunan Mango Vision Technology Co., Ltd..

[Note 5] MIGU Culture Technology Co., Ltd. comprises MIGU Video Technology Co., Ltd., MIGU Cartoon Co., Ltd., MIGU Digital Media Co., Ltd., MIGU Music Co., Ltd. and MIGU Interactive Entertainment Co., Ltd..

## 5. Related party transactions

### (1) Sales and purchase of goods, rendering and receipt of services

Table of purchase of goods/ receipt of services

In: RMB

Related parties	Details of related party transactions	Amount for the current period	Transaction quota approved	If exceeding the approved transaction amount	Amount for the prior period
Yunhong Communication Technology (Guangzhou) Co.,	Advertising agency	210,676,667.48	260,500,000.00	No	209,215,545.43

Ltd.					
Hunan Radio and Television Advertising Corporation	Advertising, publicity and promotion	40,592,476.33	42,800,000.00	No	1,456,603.77
Hunan Broadcasting System	Value added share of operators, brand license and program usage fee	11,407,659.58	12,120,000.00	No	474,672,200.51
Subsidiaries of Hunan Broadcasting System	Publicity and promotion, artist agency, program production, venue exhibition and supporting services	33,420,832.91	29,340,000.00	Yes	41,707,546.09
Hunan Broadcasting System Satellite TV Channel	Publicity and promotion, artist agency, accepting services	36,848,537.20	43,450,000.00	No	36,560,704.01
Hunan Golden Eagle Animation Media Co., Ltd.	Artist agency, publicity and promotion	10,642,027.79	20,000,000.00	No	7,783,371.36
Mango Media Co., Ltd.	Advertising agency and purchase of goods	183,877,073.47	71,090,000.00	Yes	70,252,090.47
Meichuang Technology Co., Ltd.	Purchase of goods		4,000,000.00	No	3,423,354.19
Shanghai Mama Mia Mutual Entertainment Network Technology Co., Ltd.	Purchase of goods	949,171.49	3,950,000.00	No	1,741,999.26
MIGU Culture Technology Co., Ltd.	Purchase of bandwidth, copyrights and goods	62,298,481.29	70,120,000.00	No	16,540,342.07
Hunan Radio, Film and Television Group Co., Ltd.	Purchase of copyrights, operator sharing,	662,114,253.82	628,550,000.00	Yes	

	publicity and promotion				
Subsidiaries of Hunan TV & Broadcast Intermediary Co., Ltd.	Operator sharing, board and lodging expenses, purchase of goods and site expenses	20,277,039.13	3,800,000.00	Yes	3,611,104.17
Subsidiaries of Mango Media Co., Ltd.	Technical cost	188,679.25	8,000,000.00	No	

Table of sales of goods/ rendering of services

In: RMB

Related parties	Details of related party transactions	Amount for the current period	Amount for the prior period
Yunhong Communication Technology (Guangzhou) Co., Ltd.	Advertising	771,483,736.91	741,360,400.00
Hunan Radio, Film and Television Group Co., Ltd.	Advertising and release income	801,900,648.11	2,358,490.57
Hunan Radio and Television Advertising Corporation	HS interaction and advertising		19,735,849.06
Hunan Broadcasting System	Advertising and release income	354,592.45	981,143,773.58
Hunan Broadcasting System Satellite TV Channel	Release income and rendering of services	418,531,355.04	379,794,709.37
Subsidiaries of Hunan Broadcasting System	Advertising and artist income	40,437,722.81	135,295.21
Hunan Golden Eagle Animation Media Co., Ltd.	Artist income	867,924.52	3,594,301.88
Mango Media Co., Ltd.	Advertising	556,465,901.91	344,703,783.89
Mango Media Co., Ltd.	Release income	445,650,943.20	578,254,700.00
Shanghai Mama Mia Mutual Entertainment Network Technology Co., Ltd.	Sales of goods	308,159.28	566,194.21
Subsidiaries of Hunan TV & Broadcast Intermediary Co., Ltd.	Operator income	2,514,681.44	5,471,698.11
MIGU Culture Technology Co.,	Operator income and	826,176,362.97	510,790,103.89



Ltd.	advertising		
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Descriptions of related party transactions with respect to the sales and purchase of goods, rendering and receipt of services

## (2) Related leases

The Company as the lessor

In: RMB

Name of lessee	Category of leased assets	Lease income recognized in the current period	Lease income recognized in the prior period
Subsidiaries of Mango Media Co., Ltd.	Leasing and property management	2,005,015.86	
Subsidiaries of Hunan Broadcasting System	Leasing and property management	5,229,537.88	5,462,134.32
Hunan Golden Eagle Animation Media Co., Ltd.	Leasing and property management		1,019,573.80

The Company as the lessee:

In: RMB

Name of lessor	Category of leased assets	Lease fees recognized in the current period	Lease fees recognized in the prior period
Subsidiaries of Hunan Broadcasting System	Leasing and property management	23,335,476.32	14,657,277.07
Hunan TV & Broadcast Subsidiaries of Intermediary Co., Ltd.	Leasing and property management	13,260,280.74	10,913,921.27
Subsidiaries of Mango Media Co., Ltd.	Automobile rental	188,586.82	392,000.00

Descriptions of leases with related parties

## (3) Compensation for key management

In: RMB

Item	Amount for the current period	Amount for the prior period
Compensation for key management personnel	37,175,900.00	27,328,700.00

## (4) Other related party transactions

The 40% equity of Malanshan Cultural and Creative Investment Co., Ltd. held by the Company was transferred to Mango Media Co., Ltd. in consideration of RMB259.6792 million, the industrial and commercial

change registration procedures for which were completed on April 16, 2020.

## 6. Receivables from and payables to related parties

### (1) Accounts receivable

In: RMB

Item	Related parties	Closing balance		Opening balance	
		Gross carrying amount	Provisions for bad debts	Gross carrying amount	Provisions for bad debts
Receivable financing					
Receivable financing	Hunan Broadcasting System Satellite TV Channel	57,000,000.00			
Receivable financing	MIGU Culture Technology Co., Ltd.	107,410,000.00			
Notes receivable	Hunan Broadcasting System Satellite TV Channel			95,456,357.50	
Accounts receivable	Hunan Radio and Television Advertising Corporation			3,420,000.00	
Accounts receivable	Hunan Broadcasting System	244,000.00		127,438,327.00	
Accounts receivable	Hunan Broadcasting System Satellite TV Channel	214,923,447.92		146,560,000.00	
Accounts receivable	Hunan Radio, Film and Television Group Co., Ltd.	164,336,587.00		2,500,000.00	25,000.00
Accounts receivable	Hunan EE Advertising Co., Ltd.	290,175,195.53		41,294,538.32	
Accounts receivable	Mango Media Co., Ltd.	122,610,000.00		20,500,000.00	
Accounts receivable	Meichuang Technology Co., Ltd.	766,557.10	766,557.10	766,557.10	71,405.67
Accounts receivable	Yunhong Communication Technology	72,753,709.93		47,659,781.04	2,382,989.05

	(Guangzhou) Co., Ltd.				
Accounts receivable	MIGU Culture Technology Co., Ltd.	61,576,467.21	3,078,823.36	101,563,719.81	5,078,185.99
Accounts receivable	Subsidiaries of Hunan TV & Broadcast Intermediary Co., Ltd.	2,876,840.38			
Accounts receivable	Subsidiaries of Hunan Broadcasting System	3,490,039.09		1,090,000.00	
Contract asset	Subsidiaries of Hunan TV & Broadcast Intermediary Co., Ltd.	2,449,700.00		8,800,000.00	590,000.00
Contract asset	MIGU Culture Technology Co., Ltd.	462,914,088.43	23,145,704.42	252,143,480.97	12,607,174.06
Prepayments	Yunhong Communication Technology (Guangzhou) Co., Ltd.			164,717.00	
Prepayments	Hunan Radio and Television Advertising Corporation			111,344.33	
Prepayments	Hunan EE Advertising Co., Ltd.			257,835.67	
Prepayments	Subsidiaries of Hunan TV & Broadcast Intermediary Co., Ltd.	64,443.96		40,820.20	
Prepayments	Subsidiaries of Hunan Broadcasting System	397,107.70		236,399.19	
Prepayments	Meichuang Technology Co., Ltd.	6,014,723.96	6,014,723.96	6,014,723.96	428,072.40
Prepayments	Hunan Golden Eagle	304,789.54		824,175.81	

	Animation Media Co., Ltd.				
Other receivables	Subsidiaries of Hunan Broadcasting System	1,000,105.00		500,105.00	
Other receivables	Subsidiaries of Hunan TV & Broadcast Intermediary Co., Ltd.	1,119,357.00		1,161,620.80	
Other receivables	Shanghai Mama Mia Mutual Entertainment Network Technology Co., Ltd.	2,629,764.69	1,564,882.35	3,000,000.00	1,000,000.00
Other receivables	Hunan Radio, Film and Television Group Co., Ltd.	300,000.00			
Other receivables	Subsidiaries of Mango Media Co., Ltd.			241,069.50	
Other current assets	Subsidiaries of Hunan TV & Broadcast Intermediary Co., Ltd.	1,531,056.96		1,940,764.58	

**(2) Accounts payable**

In: RMB

Item	Related parties	Gross carrying amount at the end of the period	Gross carrying amount at the beginning of the period
Accounts payable	Yunhong Communication Technology (Guangzhou) Co., Ltd.	199,545,392.54	152,095,293.45
Accounts payable	Hunan Broadcasting System	20,281,809.33	157,092,020.64
Accounts payable	Hunan Broadcasting System Satellite TV Channel	3,380,943.40	4,622,628.53
Accounts payable	Hunan Radio and Television Advertising Corporation	11,320,754.73	

Accounts payable	Hunan Radio, Film and Television Group Co., Ltd.	37,086,109.61	
Accounts payable	Hunan EE Advertising Co., Ltd.	176,823,442.87	41,762,467.87
Accounts payable	Shanghai Mama Mia Mutual Entertainment Network Technology Co., Ltd.	134,309.23	185,956.40
Accounts payable	Hunan Fukun Culture Media Investment Center (LP)		179,055.14
Accounts payable	Meichuang Technology Co., Ltd.	25,350.00	25,350.00
Accounts payable	MIGU Culture Technology Co., Ltd.	35,517,829.89	17,963,977.49
Accounts payable	Subsidiaries of Hunan TV & Broadcast Intermediary Co., Ltd.	17,725,248.79	404,627.42
Accounts payable	Subsidiaries of Hunan Broadcasting System	1,845,211.14	11,813,636.47
Accounts payable	Subsidiaries of Mango Media Co., Ltd.	132,075.48	
Contract liabilities	Yunhong Communication Technology (Guangzhou) Co., Ltd.	855,240.83	110,717.09
Contract liabilities	Hunan Broadcasting System	1,886,792.45	1,698,142.45
Contract liabilities	Hunan Broadcasting System Satellite TV Channel	117,594,339.62	42,924.53
Contract liabilities	Hunan EE Advertising Co., Ltd.	1,725,283.01	247,660.23
Contract liabilities	MIGU Culture Technology Co., Ltd.	22,022.40	1,962,264.10
Contract liabilities	Subsidiaries of Hunan Broadcasting System	349,943.95	331,222.25
Contract liabilities	Subsidiaries of Hunan TV & Broadcast Intermediary Co., Ltd.	1,573,712.60	377,358.49
Other payables	Hunan EE Advertising Co., Ltd.	250,000.00	
Other payables	Hunan TV & Broadcast Subsidiaries of Intermediary Co., Ltd.	1,596,991.85	559,752.67
Other payables	Hunan Broadcasting System		104,245.28

Other payables	Mango Media Co., Ltd.	3,784,547.60	3,796,820.30
Other payables	Shanghai Mama Mia Mutual Entertainment Network Technology Co., Ltd.		207,397.81
Other payables	Subsidiaries of Hunan Broadcasting System	5,788,122.23	2,114,564.76
Other current liabilities	Subsidiaries of Hunan TV & Broadcast Intermediary Co., Ltd.		1,273,669.54

### XIII. COMMITMENTS AND CONTINGENCIES

#### 1. Significant commitment

Significant commitments as of the balance sheet date

As of the balance sheet date, the Company and its subsidiaries have had the following commitments in respect of non-cancellable operating leases:

In: RMB0'000

##### 1. Operating lease commitment

Minimum lease payments under non-cancellable operating leases:	Closing balance	Opening balance
1st year subsequent to the balance sheet date	6,059.73	4,804.20
2nd year subsequent to the balance sheet date	4,918.39	3,655.84
3rd year subsequent to the balance sheet date	3,474.67	2,562.88
Subsequent periods	11,111.92	8,597.38
Total	25,564.71	19,620.30

Operating lease expenses are the expenses spent by the Company and its subsidiaries to rent office, program production space and storage facilities.

##### 2. Commitment to payments for internet access cooperation

Payments for internet access cooperation	Closing balance	Opening balance
1st year subsequent to the balance sheet date	3,198.95	6,710.50
2nd year subsequent to the balance sheet date	4.86	410.40
3rd year subsequent to the balance sheet date		410.00
Subsequent periods	3,203.81	7,530.90

Payments for internet access cooperation are charges for use that should be paid by the Company in each relevant agreement period subject to agreements concluded by the Company and each local TV station with cooperation.

##### 3. Copyright purchase commitment

Copyright purchase agreements	Closing balance	Opening balance
1st year subsequent to the balance sheet date	54,571.00	54,571.00
2nd year subsequent to the balance sheet date	54,571.00	
3rd year subsequent to the balance sheet date	54,571.00	

Subsequent periods	109,142.00	
Total	272,855.00	54,571.00

Copyright purchase agreements are concluded by and between Happy Sunshine and Golden Eagle Broadcasting System Co., Ltd. for considerations that should be paid by the Company to purchase copyrights in each relevant agreement period.

## 2. Contingencies

### Significant contingencies as of the balance sheet date

1. In July 2019, Jiangsu Baozi Film and Television Media Co., Ltd. (“Jiangsu Baozi”) filed a lawsuit against Happy Sunshine, Zhejiang Hengrui Film and Television Media Co., Ltd. and the Company, requesting to order: to confirm Happy Sunshine and Zhejiang Hengrui infringe upon Jiangsu Baozi’s rights to publish, release and communicate through information network the film i.e. *HE Likes Me First*; a statement of apology to be published for three consecutive days; Happy Sunshine and Zhejiang Hengrui to compensate Jiangsu Baozi for the economic loss of RMB5.2926 million, and the Company to be jointly and severally liable therefor to the extent payable by Happy Sunshine.

The first instance judgment of the case was made by Changsha Municipal Intermediate People’s Court, whereby it is adjudicated that Happy Sunshine shall compensate Jiangsu Baozi for the economic loss of RMB450,000, and Zhejiang Hengrui shall bear joint and several liability for RMB400,000 of the said compensation. The Company has appealed to Hunan Provincial Higher People’s Court against Jiangsu Baozi requesting to dismiss the latter’s claim. At present, the second instance proceedings are pending. It is expected that the case will not have a material adverse effect on the financial situation of the Company.

2. In August 2019, Lead Capital Management Co., Ltd. (“Lead Capital”) filed a lawsuit against Happy Sunshine with Changsha Municipal Intermediate People’s Court, requesting to order Happy Sunshine to make the relevant payments together with the liquidated damages in the amount of about RMB20.4611 million on behalf of Beijing Guolong Film Investment Co., Ltd. (“Guolong”) to Lead Capital, and meanwhile applying to the court for property preservation, as a result of which a sum of RMB21 million in Happy Sunshine’s account opened with the Business Department of China Zheshang Bank Changsha Branch was frozen.

At present, the second instance of the case is pending before Hunan Provincial Higher People’s Court who has ruled to suspend the trial. The key to the case lies in the outcome of a separate case filed by Happy Sunshine concerning termination of contract with Guolong. If the contract is held to be terminated, Happy Sunshine will not be required to pay the subsequent copyright licensing fee, and accordingly will have no need to pay to Lead Capital on behalf of Guolong.

3. In September 2020, Century Great Dragon Film & TV Co., Ltd. (“Century Great Dragon”) filed a lawsuit against Happy Sunshine with Changsha Municipal Intermediate People’s Court, requesting to order Happy Sunshine to make on behalf of Guolong the relevant payments together with the liquidated damages in the amount of about RMB29.0624 million to Century Great Dragon.

At present, the first instance of the case is pending before Changsha Municipal Intermediate People’s Court who has ruled to suspend the trial. The key to the case lies in the outcome of a separate case filed by Happy Sunshine concerning termination of contract with Guolong. If the contract is held to be terminated, Happy Sunshine will not be required to pay the subsequent copyright licensing fee, and accordingly will have no need to pay to Lead Capital on behalf of Guolong.

4. Chongqing Daisheng Cultural Entertainment Media Co., Ltd. (“Chongqing Daisheng”) filed a lawsuit against Happy Sunshine and Entertainment Channel of Hunan Broadcasting System with the People’s Court of

Chongqing Pilot Free Trade Zone, claiming that the two defendants, without permission, had the music work i.e. *Opponent* sang by guests in the variety show *Sisters Who Brave Winds and Waves*, and requesting to order Happy Sunshine and Entertainment Channel to pay a total of RMB4.058 million comprising the indemnity for losses of RMB4.0 million, the attorneys' fees of RMB50,000 and the notarization fees of RMB8,000.

The music work involved was initially sung by the guest *New Rap New Star* in the program Listen Up. Under the agreement on the contestant, it is New Rap New Star who shall be responsible for solving the dispute over copyright. New Rap New Star has appointed an attorney to handle this case at their expense, who has instituted proceedings for confirming the song copyright against Chongqing Daisheng. It is expected that this case will have no material adverse effect on the financial situation of the Company.

#### XIV. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

##### 1. Distribution of profits

In: RMB

Profits or dividends proposed to be distributed	231,449,076.43
Declared profits or dividends that has been deliberated and approved	231,449,076.43

#### XV. OTHER SIGNIFICANT EVENTS

##### 1. Segment information

###### (1) Determination basis and accounting policies of reporting segments

Happy Sunshine, the subsidiary of the Company, is engaged in two segments, new media platform operation and new media interactive entertainment content production and operation, and cannot separate its assets and liabilities by industrial segments, hence the Company's assets and liabilities are not presented by industrial segments.

###### (2) Financial information of reporting segments

In: RMB

Item	New media platform operation	New media interactive entertainment content production and operation	Media retail business	Others	Inter-segment offset	Total
Income from principal operating activities	9,060,568,867.27	2,764,980,756.83	2,104,532,724.46	61,533,468.52		13,991,615,817.08
Cost of principal operating activities	5,373,904,985.43	2,146,888,764.52	1,676,380,697.52	26,844,714.41		9,224,019,161.88



**XVI. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY****1. Other receivables**

In: RMB

Item	Closing balance	Opening balance
Other receivables	260,068,347.20	260,036,746.64
Total	260,068,347.20	260,036,746.64

**(1) Other receivables****1) Category of other receivables by nature**

In: RMB

Nature	Gross carrying amount at the end of the period	Gross carrying amount at the beginning of the period
Petty cash	69,759.37	25,673.88
Receivables and payables		11,443.94
Amount due to or from related parties within the scope of consolidation	260,000,000.00	260,000,000.00
Total	260,069,759.37	260,037,117.82

**2) Provisions for bad debts**

In: RMB

Provisions for bad debts	Stage I	Stage II	Stage III	Total
	Future 12-month ECL	Lifetime ECL (without credit impairment)	Lifetime ECL (with credit impairment)	
Balance as at January 1, 2020	371.18			371.18
Balance as at January 1, 2020 transferred to	—	—	—	—
-- Stage II	-178.64	178.64		
Provisions	326.41	714.58		1,040.99
Balance as at December 31, 2020	518.95	893.22		1,412.17

Changes in gross carrying amount whose loss allowance changed significantly in the current period

 Applicable  N/A

Disclosure by aging

In: RMB

Aging	Carrying amount
Within 1 year (including)	51,895.04
More than 1 year but not exceeding 2 years	260,017,864.33
Total	260,069,759.37

### 3) Provisions, recovery or reversal of bad debts for the period

Provisions for bad debts made for the current period

In: RMB

Category	Opening balance	Changes for the current period				Closing balance
		Provision	Recovery or reversal	Write-off	Others	
Other receivables for which the bad debt provision are made by groups classified according to credit risk characteristics	371.18	1,040.99				1,412.17
Total	371.18	1,040.99				1,412.17

Significant recovery or reversal of provisions for bad debts for the current period:

In: RMB

Entity	Amount of recovery or reversal	Method of recovery

### 4) Top five closing balances of other receivables categorized by debtor

In: RMB

Entity	Nature	Closing balance	Aging	Proportion of total closing balance of other receivables	Closing balance of provisions for bad debts
Hunan Mango Entertainment Co., Ltd.	Amount due to or from subsidiaries	130,000,000.00	1-2 years	49.99%	
Hunan Happy Money Microfinance Co., Ltd.	Amount due to or from subsidiaries	130,000,000.00	1-2 years	49.99%	
Total	--	260,000,000.00	--	99.98%	

## 2. Long-term equity investments

In: RMB

Items	Closing balance			Opening balance		
	Gross carrying amount	Provisions for impairment	Carrying amount	Gross carrying amount	Provisions for impairment	Carrying amount
Investments in subsidiaries	7,780,583,738.35		7,780,583,738.35	7,780,583,738.35		7,780,583,738.35
Investments in associates and joint ventures				189,814,452.82		189,814,452.82
Total	7,780,583,738.35		7,780,583,738.35	7,970,398,191.17		7,970,398,191.17

### (1) Investments in subsidiaries

In: RMB

Investees	Opening balance (carrying amount)	Increase or decrease for the period				Closing balance (carrying amount)	Closing balance of provisions for bad debts
		Additional investment	Decreased investment	Provisions for impairment	Others		
Hunan Happy Money Microfinance Co., Ltd.	300,000,000.00					300,000,000.00	
Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd.	5,658,165,333.48					5,658,165,333.48	
Hunan Mango Entertainment Co., Ltd.	145,185,235.62					145,185,235.62	
Mango Studios Co., Ltd.	211,030,100.57					211,030,100.57	
Shanghai Mangofun Technology Co., Ltd.	334,876,836.75					334,876,836.75	
Shanghai EE-Media Co., Ltd.	535,281,326.72					535,281,326.72	

Happigo Co., Ltd.	596,044,905.21					596,044,905.21	
Total	7,780,583,738.35					7,780,583,738.35	

**(2) Investments in associates and joint ventures**

In: RMB

Investors	Opening balance (carrying amount)	Increase or decrease for the period								Closing balance (carrying amount)	Closing balance of provisions for bad debts
		Additional investment	Decreased investment	Investment profit or loss under equity method	Adjustment in other comprehensive income	Other equity changes	Declared cash dividends or profits	Provisions for impairment	Others		
<b>I. Joint ventures</b>											
<b>II. Associates</b>											
Malanshan Culture Creative Investment Co., Ltd.	189,814,452.82		189,295,820.20	-518,632.62							
Sub-total	189,814,452.82		189,295,820.20	-518,632.62							
Total	189,814,452.82		189,295,820.20	-518,632.62							

**3. Investment income**

In: RMB

Items	Amount for the current period	Amount for the prior period
Income from long-term equity investments under equity method	-518,632.62	-7,121,117.50
Income from disposal of long-term equity investments	70,383,379.80	
Income from investments in wealth management products		2,559,846.51
Total	69,864,747.18	-4,561,270.99

## XVII. SUPPLEMENTARY INFORMATION

### 1. Breakdown of non-recurring profit or loss for the current period

Applicable    N/A

Item	Amount	Description
Profit or loss on disposal of non-current assets	70,055,759.62	Mainly due to income from equity disposal
Government grants recognized in profit or loss (other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	49,700,923.82	
Profit or loss on entrusted investments or assets management	3,906,349.28	
Reversal of provision for accounts receivable and contract assets that are tested for impairment losses individually	31,747,600.00	
Other non-operating income or expenses other than the above	-18,913,395.60	
Less: effects of income tax	1,209.77	
Effects attributable to minority interests	539,732.26	
Total	135,956,295.09	--

It is required to specify the reason for defining items as non-recurring profit or loss items according to *Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 1—Non-recurring Profit or Loss*, and reasons for defining non-recurring profit or loss items illustrated in *Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 1—Non-recurring Profit or Loss* as recurring profit or loss items.

Applicable    N/A

### 2. Return on net assets and earnings per share

Profit during the Reporting Period	Weighted average return on net assets (%)	Earnings per share:	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profit attributable to ordinary shareholders of the Company	20.46%	1.11	1.11
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	19.06%	1.04	1.04

## **Section XIII List of Documents Available for Inspection**

1. Financial statements with seals and signatures of legal representative, the chief financial officer and the head of accounting department (the person in charge of accounting).
2. The original auditor's report with seals of the accounting firm and seals and signatures of the certified public accountants.
3. All original documents and announcements of the Company publicly disclosed in the websites designated by the CSRC within the Reporting Period.
4. Other relevant materials.