

Songcheng Performance Development Co., Ltd

2021 Annual Report



April 2022

Section I Important Notes, Contents And Definitions

The Board of Directors, the Board of Supervisors, directors, supervisors and senior management members of the Company hereby guarantee that the information presented in this annual report is authentic, accurate, complete and free of any false records, misleading statements or material omissions, and they will bear joint and several liabilities for such information.

Shang Lingxia, the person in charge of the Company, Chen Shengmin, chief accountant, and Zhu Shana, head of accounting department (Accounting Officer) hereby declare and warrant that the financial statements in the annual report are authentic, accurate, and complete.

All directors attended the meeting of the Board of Directors for deliberation of this annual report.

The content concerning the future plan and performance forecast in this report shall not constitute the Company's substantial commitment to investors and relevant persons who shall maintain adequate risk awareness and shall understand the differences between the plans, forecasts and commitments.

The risks that the Company may face in management and countermeasures have been stated in “XI. Outlook for the Future Development of the Company” of “Section III Discussion and Analysis of Management of the Company”. Investors are kindly reminded to pay attention to possible investment risks.

The profit distribution proposal approved by the Board of Directors is: Taking 2,614,694,040 as the basis, RMB 0.50 (tax included) of cash dividend and 0 bonus share (tax included) for every 10 shares will be distributed to all shareholders, and 0 share capitalized from the capital reserves will be distributed to all the shareholders for every 10 shares.

Note: This document is a translated version of the Chinese version 2021 Annual Report (“2021 年年度报告”), and the published annual report in the Chinese version shall prevail. The complete published Chinese 2021 Annual Report may be obtained at www.cninfo.com.cn.

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Directory of Reference Files

I. The financial statements signed and sealed by the legal representative, the chief accountant and the person in charge of accounting institution (Accounting Officer) of the Company.

II. The original copy of the Audit Report with the seal of the Accounting Firm and signed and stamped by Certified Public Accountants.

III. Originals of all the Company's documents and announcements published on the website designated by China Securities Regulatory Commission during the reporting period.

IV. Other related information.

The said documents are prepared and placed at the Company's Securities Investment Department

Definitions

Item	Refers To	Definitions
Company, the Company, Songcheng Performance	Refers To	Songcheng Performance Development Co., Ltd
Songcheng Group, Songcheng Holdings	Refers To	Hangzhou Songcheng Group Holdings Co., Ltd, the controlling shareholder of the Company
Songcheng Performance Valley Company	Refers To	Hangzhou Songcheng performance Valley technology and Culture Development Co., Ltd, a wholly-owned subsidiary of the Company
Hangzhou Paradise Company	Refers To	Hangzhou Paradise Co., Ltd, a wholly-owned subsidiary of the Company
Songcheng Art Troupe	Refers To	Songcheng Performance Management Co., Ltd, a wholly-owned subsidiary of the Company
Songcheng Tourism	Refers To	Songcheng Tourism Development Co., Ltd, a wholly-owned subsidiary of the Company
Sanya Romance Show Company	Refers To	Sanya Romance Tourism Performance Co., Ltd, a wholly-owned subsidiary of the Company
Lijiang Chama Ancient City Company	Refers To	Lijiang Chama Ancient City Tourism Development Co., Ltd, a wholly-owned subsidiary of the Company
Jiuzhai Romance Show Company	Refers To	Aba Zhou Jiuzhai Romance Tourism Development Co., Ltd, a wholly-owned subsidiary of the Company
Shanghai Songcheng Company	Refers To	Shanghai Songcheng World Expo Performance Development Co., Ltd, a holding subsidiary of the Company
Guilin Romance Show Company	Refers To	Guilin Lijiang Romance Performance Development Co., Ltd, a holding subsidiary of the Company
Zhangjiajie Romance Show Company	Refers To	Zhangjiajie Romance Performance Development Co., Ltd, a wholly-owned subsidiary of the Company
Xi'an Romance Show Company	Refers To	Xi'an Romance Performance Development Co., Ltd, a holding subsidiary of the Company
Foshan Romance Show Company	Refers To	Foshan South Sea Qiao Mountain Cultural Tourism Development Co., Ltd, a wholly-owned subsidiary of the Company
Xitang Songcheng Performance Valley Company	Refers To	Zhejiang Songcheng Xitang Performance Valley Performance Development Co., Ltd, a wholly-owned subsidiary of the Company
Zhuhai Songcheng Company	Refers To	Zhuhai Songcheng Performance Kingdom Co., Ltd, a wholly-owned subsidiary of the Company
Songcheng International	Refers To	Songcheng Performance International Development Co., Ltd, a

		wholly-owned subsidiary of the Company
Songcheng Technology	Refers To	Hangzhou Songcheng Technology Development Co., Ltd, a wholly-owned subsidiary of the Company
Dumuqiao Travel Agency	Refers To	Hangzhou Songcheng Dumuqiao Travel Services Co., Ltd, a wholly-owned subsidiary of Songcheng Tourism Development Co., Ltd, a wholly-owned subsidiary of the Company
Songcheng Entertainment Company (Australia)	Refers To	Songcheng (Australia) Entertainment Pty Ltd., a wholly-owned subsidiary of Songcheng Performance International Development Co., Ltd, a wholly-owned subsidiary of the Company
Jiuzhai Tibetan Mystery Company	Refers To	Jiuzhaigou Tibetan Mystery Culture Co., Ltd, a holding subsidiary of the Company
Huafang Technology	Refers To	Beijing Huafang Technology Co., Ltd, a joint stock company of the Company
China Securities Regulatory Commission (CSRC)	Refers To	China Securities Regulatory Commission
Shenzhen Stock Exchange (SZSE)	Refers To	Shenzhen Stock Exchange
yuan, ten thousand yuan	Refers To	RMB, RMB Ten Thousand

Section II Company Profile and Key Financial Indicators

I. Company Information

Stock Abbreviation	宋城演艺	Stock Code	300144
Company Name in Chinese	Songcheng Performance Development Co., Ltd		
Company Abbreviation in Chinese	宋城演艺		
Company Name in Foreign Language (If any)	Songcheng Performance Development Co., Ltd		
Abbreviation of Company Name in Foreign Language (If any)	Songcheng Performance		
Legal Representative	Shang Lingxia		
Registered Address	148 Zhijiang Road, Hangzhou City, Zhejiang Province		
Post Code of Registered Address	310008		
Previous changes of registered address of the Company	Not applicable.		
Office Address	148 Zhijiang Road, Hangzhou City, Zhejiang Province		
Post Code of Office Address	310008		
Internet Website of the Company	https://www.songcn.com/Shares/		
E-mail	sczq@songcn.com		

II. Contact Person and Contact Information

	Secretary of the Board	Representative of Securities Affairs
Name	Hou Li	Hou Li
Contact Address	148 Zhijiang Road, Hangzhou City, Zhejiang Province	148 Zhijiang Road, Hangzhou City, Zhejiang Province
Tel.	0571-87091255	0571-87091255
Fax	0571-87091233	0571-87091233
E-mail	hl@songcn.com	hl@songcn.com

III. Information Disclosure and Location

Website of the stock exchange for release of the Annual Report	Securities Times, Securities Daily
Name and website of the media for release of the Annual Report	http://www.cninfo.com.cn
Location for Annual Report of the Company	Securities Investment Department of the Company

IV. Other Related Information

Accounting Firm Hired by the Company

Name of the Accounting Firm	BDO China Shu Lun Pan CPAs (special general partnership)
Office Address of the Accounting Firm	No. 61 Nanjing East Road, Shanghai
Name of Certified Public Accountant	Ni Yilin, Wang Bin

The sponsor institution hired by the company to perform the continuous supervision in the reporting period

Applicable Not applicable

The financial adviser hired by the company to perform the continuous supervision in the reporting period

Applicable Not applicable

V. Key Accounting Data and Financial Indicators

Whether the Company needs performed retroactive adjustment or restatement of accounting data in prior years or not

Yes No

	2021 years	2020 years	Increase/decrease compared with previous year	2019 years
Operating income (RMB)	1,184,864,639.25	902,586,125.63	31.27%	2,611,753,208.86
Net profit attributable to shareholders of the listed Company (RMB)	315,130,771.75	-1,752,398,009.60	117.98%	1,339,790,994.94
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	267,809,723.49	-1,767,861,638.68	115.15%	1,222,100,617.31
Net cash flow generated by operational activities (RMB)	750,473,809.79	393,941,899.94	90.50%	1,571,451,499.51
Basic Earnings per Share (RMB/Share)	0.1205	-0.6702	117.98%	0.5124

Diluted Earnings per Share (RMB/Share)	0.1205	-0.6702	117.98%	0.5124
Weighted Average ROE	4.22%	-20.50%	24.72%	14.52%
	End of 2021	End of 2020	Increase/Decrease at the end of the current year compared with the end of the previous year	End of 2019
Total assets (RMB)	9,826,508,029.84	9,195,342,831.06	6.86%	11,041,076,933.58
Net assets attributable to shareholders of the listed company (RMB)	7,644,770,822.36	7,412,287,432.06	3.14%	9,614,069,166.64

The lower of the Company's net profit before and after deduction of non-recurring profit and loss for the last three fiscal years is negative, and the audit report for the latest year shows that there is uncertainty about the Company's ability to continue operating

Yes No

The lower of net profit before and after deduction of non-recurring profit and loss is negative

Yes No

Total share capital of the Company as at the trading date preceding the disclosure:

Total share capital of the Company as at the trading date preceding the disclosure (share)	2,614,694,040
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Whether the share capital has been changed for issuance of new shares, addition, allotment, exercise of equity incentives and buy-back, and whether the amount of the owners' equity is influenced from the end of the reporting period of the Company to the disclosure date of the annual report

Yes No

Preferred stock dividends paid	0.00
Perpetual bond interest paid (RMB)	0.00
Fully diluted earnings per share calculated with the latest share capital (RMB/share)	0.1205

VI. Key Financial Indicators by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating income	306,452,312.38	428,062,906.79	281,121,818.86	169,227,601.22
Net profit attributable to shareholders of the listed company	132,387,788.43	245,941,775.64	54,196,299.52	-117,395,091.84
Net profit attributable to shareholders of the listed company	130,105,035.10	187,941,310.97	52,216,568.36	-102,453,190.94

after deducting non-recurring gains and losses				
Net cash flow generated by operating activities	86,395,031.59	394,658,000.83	257,089,474.60	12,331,302.77

Whether the above financial indicators or their totals are significantly different from the financial indicators disclosed in the Company's quarterly and semi-annual reports

Yes No

VII. Differences in Accounting Data Under Domestic and Foreign Accounting Standards

1. Differences of net profits and net assets in the financial reports disclosed according to the international accounting standards and Chinese accounting standards

Applicable Not applicable

During the reporting period of the company, there is no difference between the net profits and net assets in the financial reports disclosed according to international accounting standards and Chinese accounting standards.

(2) Differences between the net profits and net assets in the financial reports disclosed according to the overseas accounting standards and Chinese accounting standards

Applicable Not applicable

During the reporting period of the company, there is no difference between the net profits and net assets in the financial reports disclosed according to overseas accounting standards and Chinese accounting standards.

3. Reasons for differences in accounting data under domestic and overseas accounting standards

Applicable Not applicable

Note: If the data audited by an overseas audit firm is adjusted for differences, the name of the overseas firm shall be indicated.

VIII. Non-recurring Gains and Losses Items and Their Amounts

Applicable Not applicable

Unit: RMB

Item	Amount in 2021	Amount in 2020	Amount in 2019	Note
Profits or losses from disposal of non-current assets (including the write-off for the accrued impairment of assets)	25,044,233.19	-37,625,882.13	70,970,952.64	
Government subsidies included in the current profits and losses (except those closely related to the Company's normal business, and continuously granted in	4,656,601.31	35,618,594.19	5,629,978.38	

accordance with a certain standard quota or quantity set by national policies and regulations)				
In addition to the effective hedging business related to normal business of the Company, the profits and losses from the changes in fair value for holding trading financial assets and trading financial liabilities, and investment income from disposal of trading financial assets, trading financial liabilities, and available-for-sale financial assets.	13,096,973.83	19,619,586.83	52,061,383.80	
Non-Operating Revenue and expenses other than the above	3,502,874.67	-509,618.20	-19,029,327.85	
Less: Impact of income tax	-2,293,110.04	2,230,795.39	-7,184,125.78	
Impact of minority equity (after tax)	1,272,744.78	-591,743.78	-873,264.88	
Total	47,321,048.26	15,463,629.08	117,690,377.63	--

Details of other gain and loss items that meet the definition of non-recurring gains and losses:

Applicable Not applicable

The Company did not have any details of other gain and loss items that meet the definition of non-recurring gains and losses.

Description of defining the non-recurring gain and loss items, which are listed in *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gains and Losses* as recurring gain and loss items

Applicable Not applicable

The Company did not classify any item of the non-recurring gain and loss items listed in the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gains and Losses*, as recurring gain and loss items in the reporting period.

Section III Discussion and Analysis of Management of the Company

I. Industry Overview during the Reporting Period

1. The Overall Trend of the Industry

(1) Normalized Pandemic Prevention and Control and Industrial Short-term Development Impacted by the Pandemic

Data released by the National Bureau of Statistics shows that in 2021, the number of domestic tourists grew by 12.89% over the previous year to 3.25 billion, but was only at 54.11% of the 2019 level. The domestic tourism revenue was RMB 2919.1 billion, an increase of 30.98% year on year, but was only at 50.99% of the 2019 level. Affected by the COVID-19 pandemic, the domestic tourism market declined sharply in 2020, ending the continuous growth for 16 consecutive years since 2004. Though 2021 saw recovery to some extent, the market performance remained unsatisfactory. The COVID-19 pandemic had a great impact on the tourism industry, and it also driven away a large amount of speculative capitals in the society, cleared out most inferior suppliers that lack capitals and creativity, and forced enterprises to work on intelligent hardware, themes and atmosphere, content-based scenarios, and services and reception, thus facilitating the emergence of a number of products integrating elements such as culture, tourism, and technology. In the long run, enterprises with abundant resources, sufficient creativity, convenient transportation and good supporting facilities have stronger risk-resistance ability and market competitiveness.

	2018 years	2019 years	2020 years	2021 years
Number of domestic tourists (xxx billion)	55.39	60.06	28.79	32.50
Domestic tourism revenue (RMB xxx billion)	51,278.30	57,250.92	22,286.30	29,191.00

(2) Continuous Policy Support for Promotion of Long-term High-quality Development of the Industry

Although there are great difficulties in short-term development, tourism, as a strategic pillar industry of the national economy, has obvious advantages in adjusting the industrial structure, creating job opportunities, and narrowing regional development gaps. China continuously issues various tourism promotion policies, thus facilitating the long-term high-quality development of the industry. In 2021, the State Council issued the *“Development Plan for the Tourism Industry during the 14th Five-Year Plan Period”* to deepen the integration of culture and tourism, as well as accelerate the construction of a strong tourism industry, thus achieving the higher-quality development of the tourism industry. According to the plan, by 2025, the tourism industry will continue to improve, with a more complete modern tourism system. There will be more effective, high-quality and flexible supply resources for tourism, and the consumption demand of the general public will be better met. The Ministry of Culture and Tourism has released documents such as the *“Development Plan for the Culture Industry during the 14th Five-Year Plan Period”*, *“Development Plan for Culture and Tourism during the 14th Five-Year Plan Period”*, and *“Plan for Artistic Creation during the 14th Five-Year Plan Period”*, so as to accelerate the improvement of the modern culture industry system, promote the high-quality development of the culture industry, and build a socialist country of a strong power of culture.

(3) Constantly Developed Economy and Society for a Broad Space for Industrial Development

Sustained economic development and social progress have boosted the long-term sound development of the tourism industry. Over the past 70 years, China has built a complete modern industrial system, created a unified free-circulation nationwide market, and constructed global leading infrastructure. China’s middle-income group has quickly grown to a large population. The period has witnessed continuously growing national economy, improved people’s living standards and enhanced purchasing power. According to global precedent, a country with per capita GDP between USD 10,000 and 30,000 experiences the fastest growth of consumption for pleasure such as tourism, leisure, culture and entertainment. In 2021, China’s per capita GDP reached USD 12,600, which was

close to the threshold of high-income countries released by the World Bank. People has changed their consumption habit from material consumption to consumption for pleasure. Therefore, there is broad room for development in the culture and tourism industry.

(4) Innovation-driven Development and Technology Empowerment

The new round of technological revolution and industrial reform and the innovation-driven development strategy will continuously promote the creation of new products, new formats and new models and provide strong impetus for the transformation and upgrade of the culture and tourism industry. With the popularization of technologies such as big data, cloud computing, Internet of Things, blockchain and 5G, Beidou System, virtual reality, and augmented reality, smart tourism featuring digitization, network, and intelligence is gaining momentum. "Internet +" scenic spots, digital experience and products, and immersive and interactive experience have emerged to offer constantly improved culture and tourism experience. Technological innovation is constantly leading and supporting the development of culture and tourism industry and shaping a new landscape of the industry.

2. The Company's Market Position and Strengths in the Industry

Songcheng Performance is China's leading comprehensive culture and tourism service provider. It is one of China's top 30 enterprises in the culture industry. It is approved as a national demonstration base for integration of culture and technology. Its business scope covers live performance and tourism service. The Company engages itself in segmented markets such as culture and art, tourism and leisure. The Company has created a unique business model of "Theme park + Cultural performance", and operates more than 10 scenic spots nationwide and develops nearly 100 different shows. The Company leads the industry in the number of theaters, the number of seats, the number of performances, audience visits, operating efficiency, etc. "Songcheng" and "Romance Show" have established good brand awareness and have been widely praised in the industry, thus becoming the great strengths of the brand.

II. The Principal Business of the Company during the Reporting Period

(I) Vision and mission

The Company upholds the business philosophy of "a drop of water in need shall be returned with a spring in deed", to provide customers with heartwarming on-site entertainment experience. It is dedicated to telling China's stories through the Chinese culture, promoting confidence of the nation, and striving to become the world's top Company in cultural performing arts.

(ii) The Principal Business of the Company

In the reporting period, the Company was mainly engaged in live performance and tourism service.

Live performance: The Company has created a unique business model of "Theme park + Cultural performance". Relying on "Songcheng" and "Romance Show", and based on specific scenarios such as theme parks, the Company provides tourists with high-quality culture and tourism products characterized by a variety of art performances. Projects under operation include Hangzhou Songcheng Park, Sanya Romance Park, Lijiang Romance Park, Jiuzhai Romance Park, Guilin Romance Park, Zhangjiajie Romance Park, Xi'an Romance Park, Shanghai Romance Park, etc. Several new projects are under construction or going to be constructed.

Tourism services include light-asset output business and online sales of tickets. For light-asset output business, the Company provides partners with brand authorization, planning and design, directing and creation, entrusted operation and other services, so as to earn income through service fees and entrusted operation management fees. Light-asset projects under operation include Tanhe Ancient City, Yichun Mingyue Romance Park, and Zhengzhou Huangdi Romance Park. Online sales of tickets refer to online direct sales and distribution of tickets of performances and projects operated by the Company, and sales of joint tickets and ticket packages with third-party providers.

III. Core Competitiveness Analysis

After continuous efforts, the Company has established nationwide chain operation, with more than 40 million regular audiences per year in normal times. Our market share ranks among the top and continues to increase, with rising efficiency in resource allocation and brand influence. As a leading enterprise in China's performing arts industry, the Company's core competitiveness is mainly reflected in the following aspects:

1. Advantage in the Business Model

Centering on performing arts in theme parks with creativity, the Company is different from traditional companies in performing arts and tourism. The business mode of "theme park + cultural performance" helps solve high performance costs, high traffic attraction costs, and low frequency of audience replacement faced by common performing arts enterprises without self-owned venues. For the tourism industry, the mode has overcome shortcomings of insufficient core competitiveness, poor reproducibility, excessive reliance on large-scale amusement equipment, low marginal effect, homogeneous services, and weak profitability of traditional enterprises. The Company is transforming from the Romance Show model characterized by "one show and one park" to the performance theme park model characterized by "multiple theaters, shows, activities and tickets", a move to enrich business operations and aim for stronger competitiveness.

2. Brand advantages

The Company has established cultural performance platforms nationwide, thus leading the industry in the numbers of projects, theaters and seats, performance sessions and viewers, and growing into the largest domestic art performance group with a widely recognized brand. The Company's market reputation and strong brand influence have benefited its project expansion, resource integration, recruitment, and market expansion.

3. Advantages in locations

The Company was one of the first to enter China's first-tier tourism and leisure destinations and most commercially developed cities, thus occupying locations with the most traffic in the surrounding areas. The Company thus has significant advantages in region and location. The location advantage has improved the convenience and reduced the costs for the Company to carry out businesses, and made it difficult for potential competitors to enter the local market. The Company will continue to operate steadily, implement the expansion strategy based on schedules, and continuously strengthen and consolidate the location advantage.

4. Advantage in Cultural Values

The Company has always rooted its business in Chinese culture and the spirit of Chinese people. Through in-depth on-site investigations and extensive research, the Company has integrated cultural values, art and commerce, and shouldered its responsibility to deliver cultural values among people and tell Chinese stories through Chinese culture, thus creating many high-quality artistic works and achieving sound economic and social benefits.

5. Advantage in Creativity

The Company has strong creativity capability and rich creativity practices. The barrier in creativity established over the years is difficult for its competitors to break. This top-level design featuring creativity ensures the success of the projects. After years of development, the Company has built a team with creativity, professionalism, dedication, passion and vitality. The Company has created a closed-loop industrial chain involving site selection, planning and design, construction investment, directing and creation, stage choreography, park operation, marketing, and service upgrade. Strong creativity and professional capabilities across the whole industrial chain ensure the Company's differentiated operation and continuous innovation, so that the Company can better control costs, improve efficiency, and enhance profitability.

6. Advantage in Technology

The Company persists in technology-driven development to innovate services through technology. It always pays close attention to technological progress, and has integrated virtual and real stage design with cutting-edge digital technologies to create a dream-like immersive scene and to bring tourists extraordinary experience. The Company continues to promote the deep integration of cultural creativity and technology to create culture and tourism products that feature “culture + tourism + technology” and culture and tourism scenarios that integrate reality with virtual technology, leading the development of the industry.

7. Platform advantages

The Company aims to transform into a platform-based enterprise. With an open mind, it has encouraged free mobility and aggregation of personnel, content, resources and other factors, and takes the lead in integrating and reconstructing the upstream and downstream of the industrial chain, so as to realize high-efficiency operations at low costs. By transforming itself from a content-based company that emphasizes creativity to a platform-based one that integrates content creation, art appreciation and social contact, the Company has created greater value for itself and the cultural performance industry.

8. Advantage in Operation

Over years of development, the Company has demonstrated abilities to respond quickly, implement plans efficiently and keeps pace with the times in its operations. The Company implements flexible marketing strategies, attaches great importance to the application of social media, we-media and private traffic, gives full play to the power of creativity, and carries out creative marketing online and offline to reach clients accurately at low costs. The Company is capable of making planning as well as providing reception and other services for a large number of tourists, so as to bring them extraordinary experience and make their trips joyful.

IV. Main Business Analysis

1. Overview

2021 marked the first year of the 14th Five-Year Plan. In 2021, China led the world in economic development and pandemic prevention and control. However, the impact of the change in global landscape and the impact of the COVID-19 pandemic were unprecedented in a century. For one thing, the COVID-19 virus constantly mutated, and sporadic cases challenged the dynamic zero-COVID policy, resulting in normalized measures for pandemic prevention and control. For another, the instability in the global landscape continuously worried people and affected the recovery of consumer confidence. The complex, changeable external environment affected the consumption demand and the normal operation of the culture and tourism industry, which led to the sluggish recovery of the industry.

Facing the complex environment and various challenges at home and abroad, the Company kept in mind its vision and mission, came up with creative ideas and adhered to innovation, gave full play to its advantages, so as to make reasonable and effective arrangements for the operation schedule of each project, thus showing strong resilience. During the reporting period, the Company achieved operating income of RMB 1,184.8646 million, a year-on-year increase of 31.27%; net profit attributable to shareholders of the listed Company was RMB 315.1308 million, a year-on-year increase of 117.98%; net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses was RMB 267.8097 million, a year-on-year increase of 115.15%.

As the impact of the change in global landscape and the impact of the COVID-19 pandemic unseen in a century are expected to continue, the world is going to face more stress and more complicated risks and challenges in the long term. The Company is well aware of this situation, and has prepared itself for a prolonged difficult time. Facing the uncertainty of the future, the Company should not only maintain its advantages, but also pursue the development, and it should insist on doing things within its capabilities.

During the reporting period, the Company innovated the management of Hangzhou Songcheng Park and Shanghai Romance Park, continuously adjusted spatial layout, innovated diverse content, optimized the visiting routes, and promoted the breakthrough and upgrade of the cultural performance park model, so as to lay the foundation for the operation recovery of the Company in the short term; the Company integrated advantageous resources, increased investment, and accelerated the construction of technology-infused theme parks, so as to ensure the medium-term development of the Company; the Company strengthened market research and drew upon experiences, carried out drastic integration and optimization from the aspects of industrial layout, project layout, light asset expansion, etc., and accelerated the implementation of platform development strategy, so as to make sufficient preparations for the Company's long-term development. The Company thoroughly reconstructed the organizational structure, personnel structure and management process, and strengthened fine operation management to secure the Company's overall development. The key tasks carried out by the Company during the reporting period are as follows:

(1) Promote the breakthrough and upgrade of the cultural performance park mode

The Company used Hangzhou Songcheng Park and Shanghai Romance Park as models to seek new changes. It continued to make efforts in terms of spatial layout, content and products, visiting routes, and event marketing, thus promoting the continuous breakthrough and upgrade of the cultural performance park model.

Based on the advantages as the headquarters, Hangzhou Songcheng Park actively explored the mode featuring multiple theaters, multiple types and multiple sessions for performances, and accelerated content enrichment and diversification. The outdoor version of "The Romantic Show of Song Cheng", the real-scene performance "The Enchanting Bagpipe" and the light-and-shadow show "My All" made a stunning appearance. The total duration of all shows increased from 120 minutes to 300 minutes. The park also introduced famous plays such as "Thunderstorm" and "Worry-free Grocery Store", and jointly hosted the 2nd "Zhi Sheng" Mental Games and "Zhi Sheng" Mental Sports Industry Expo with the Hangzhou branch of Chinese Chess Academy to effectively meet the needs of various groups including individual tourists, parents and children as well as students. The Company adjusted and optimized visiting routes so that the duration of stay of tourists in the park has been increased from 3 hours to 6 hours; special themed events for young people such as the Halloween-themed "Night in Songcheng" and "Night for the celebration of Christmas and New Year" have been launched, thus setting new records in the number of sessions and tourists. In 2021, Hangzhou Songcheng Park was awarded as one of "First batch of national-level nighttime cultural and tourist consumption cluster areas", the "Place for experiencing Song Dynasty culture and Hangzhou lifestyle", "Excellent study trip base (camp) in Hangzhou for primary and middle school students", etc. During the Spring Festival, the May Day holiday and the National Day holiday, the total number of visitors, the total number of performance sessions, operating income, the proportion of individual tourists, and the duration of stay of tourists in Hangzhou Songcheng Park were all close to or exceeded those of the same period in 2019.

Shanghai Romance Park has a large construction area, high construction standards, and strict requirements for approval. Its successful completion and opening has already been a great success. During the May Day holiday, Shanghai Romance Park achieved a revenue of over RMB 25 million, receiving 179,000 tourists. The consumption of each visitor reached a new high among that of all theme parks of Songcheng, thus breaking the record of the opening year of Songcheng during the May Day holiday. During the National Day holiday, Shanghai Romance Park put on more than 50 sessions of shows such as the live show by the Huangpu River and the car stunt show every day, and was reported by CCTV and praised for putting on amazing shows during the National Day holiday. Since its premiere, "The Romantic Show of Shanghai" has become a business card of Shanghai for telling Shanghai stories to people at home and abroad and building Shanghai's cultural confidence. During the closing period of the park in winter, the Company transformed the theme park, and made the spatial layout more compact and organized and the visiting routes smoother. Also, efforts have been made on improving the diversity and interactivity of the performances. The newly upgraded "The Romantic Show of Shanghai" is more stunning; the plots of shows are more tense, and the emotion conveyed is stronger. The new "Show with Meals" pays attention to the stage environment to bring immersive dining experience. The creation and rehearsal of the hilarious parent-child interactive show *Beware - Ocean*, the sci-fi love show *L'amour bleu*, war experience show *Cuckoo's Blood*, night show *Shanghai Color* and other shows have been completed and will be launched at the appropriate time.

Other theme parks have adapted themselves to local conditions, gained insights into ethnic characteristics and regional customs, continuously improved the park atmosphere, launched diversified special events with engaging content, and strengthened immersive interactive experience. Therefore, tourist satisfaction and market reputation have been further improved. *The Earthquake* and *Beware - Dinosaurs* have been performed in various theme parks of the Company. The *Love* show series have been rehearsed and auditioned. The creation of *Beware* show series was stepped up. The diverse plays, unique outdoor shows and folk heritage performances have created a rich library of content. Cultural art performance parks have served as open platforms that adopt all kinds of high-quality, popular market-based content with an open mind to create more new shows and put them on stage in every park.

(2) Accelerate the construction of technology-infused Songcheng parks

The Company has always been at the forefront of high technology, and is one of the earliest companies in China to commercialize VR, AR, holograms, motion capture, light and shadow technologies in art performances and tourism scenarios. In 2021, the Company was jointly recognized as the “4th Batch of National Culture and Technology Integration Demonstration Bases” by the Ministry of Science and Technology, the Publicity Department of the Central Committee of the CPC, the Office of the Central Cyberspace Affairs Commission, the Ministry of Culture and Tourism, and the State Administration of Radio, Film and Television. Hangzhou Songcheng Park passed the High-tech Enterprise Certification in 2021 and was awarded the qualification certificate.

With the continuous progress and maturity of technology, the Company will further give full play to its advantages and maintain its leading position in the culture and tourism industry, make more efforts to explore and develop the application of new technologies in theme parks and live performances, upgrade and build comprehensive products featuring culture, tourism and technology. The Company accelerated its digital transformation, employed technology to empower theme park operations and internal management, optimized the operation and management processes, and stepped up the ability of quick response and efficient execution.

(3) Strengthen the enforcement of the platform-based strategy

Due to the prolonged pandemic, the Company has moved up its strategic agenda of building a platform-based enterprise, and will work on aspects including industrial planning, project planning, light-asset expansion, etc.

In terms of industrial planning, based on the development trend of the industry, the Company has focused on integrating the upstream and the downstream of the cultural performance industry, devoted itself to building an industrial chain featuring the integration of the upstream and the downstream. The Company has built and launched a one-stop comprehensive information platform of the industry in order to better connect the supply end and the demand end, reshape the industrial structure, build a new chain of value and a new order of the industry; in terms of project planning, in order to build a platform that encourages open cooperation, the Company has promoted the transfer of projects in Zhuhai and Australia to give full play to the advantages of all parties for faster and better development of the projects, reduced the Company's capital expenditure, and optimized its asset structure; in terms of light-asset expansion, the Company will combine resources flexibly, create the new light-asset output mode, expand from the “head” market to the “waist” market, and to the “long tail” market to meet diversified market demands, stimulate the vitality of the Company and gain more economic benefits.

(4) Accelerate refined operation management

To work towards the goal of building a platform-oriented enterprise, the Company has carried out systematic and integrated reform on the organizational structure, built teams with both intensive structures and extensive structures. The Company has standardized the management process and adopted both vertical management and flat management modes. Through the comprehensive integration and optimization of departments, levels and positions, the Company has created a core management structure featuring “one center and five departments” at the headquarter and “four departments and one group” of each project. With the top-down centralized management approach for all business processes, the Company has made sure that the concept proposed by the core team was implemented, reduced any loss in intermediate links, concentrated the management responsibility on several personnel

and reduced expenses, and adopted more diversified forms of labor through cooperation, outsourcing, crowdsourcing, etc. thus improving management capabilities, reduce management costs and enhance operation efficiency.

Through the reform, the cohesion and capabilities of the core team have been significantly enhanced. The coordination and mutual-support between projects and departments have been smoother. Efficient information sharing, quality of work, and responsibility fulfillment have been guaranteed. The systems and processes have become more standardized. At the same time, the list of university partners and troupes has been continuously expanded, which has helped the Company save and optimize labor costs, and has provided a foundation for the Company to become a platform, ecosystem and hub. The Company has adapted to the post-pandemic era and basically transformed itself into a light-manpower enterprise. In the future, on the basis of the core team, the Company will link internal and external resources to carry out various strategic plans.

(5) Optimize the planning of equity investment

During the reporting period, the overall development of Huafang Technology was good, and its operating and financial targets were achieved. Its overseas business, live streaming & voice chat and other innovative businesses developed well. The Company has been working with other shareholders to further promote the operation of Huafang Technology. The Company has withdrawn from some equity investment projects, gaining good investment returns and taking back large sums of funding.

2. Income and Costs

(1) Operating income structure

Overall operating income

Unit: RMB

	2021 years		2020 years		Year-on-year increase or decrease
	Amount	Proportion in Operating Revenue	Amount	Proportion in Operating Revenue	
Total Revenue	1,184,864,639.25	100%	902,586,125.63	100%	31.27%
By Industry					
I. Culture and Art Industry - Live Performance	1,009,714,986.26	85.22%	675,872,865.35	74.88%	49.39%
II. Tourism Service Industry	175,149,652.99	14.78%	226,713,260.28	25.12%	-22.74%
Classified by product					
1. Songcheng in Hangzhou	485,856,997.02	41.01%	286,877,405.89	31.78%	69.36%
2. Sanya Romance Park	147,957,437.74	12.49%	127,098,246.23	14.08%	16.41%
3. Lijiang Romance Park	116,241,285.38	9.81%	136,520,949.23	15.13%	-14.85%
4. Jiuzhai Romance Park	45,477,409.61	3.84%	25,667,095.21	2.84%	77.18%
5. Guilin Romance Park	91,145,694.57	7.69%	56,586,027.07	6.27%	61.07%
6. Zhangjiajie Romance Park	32,288,568.20	2.72%	18,120,963.58	2.01%	78.18%
7. Xi'an Romance Park	16,784,668.25	1.42%	25,002,178.14	2.77%	-32.87%
8. Shanghai Romance Park	73,962,925.49	6.24%	0.00	0.00%	

9. E-commerce service charge	73,045,802.16	6.16%	43,316,562.23	4.80%	68.63%
10. Design and planning fees	102,103,850.83	8.62%	183,396,698.05	20.32%	-44.33%
Classified by region					
1. Zhejiang Province	661,006,650.01	55.79%	513,590,666.17	56.90%	28.70%
2. Sanya, Hainan Province	147,957,437.74	12.49%	127,098,246.23	14.08%	16.41%
3. Lijiang, Yunnan Province	116,241,285.38	9.81%	136,520,949.23	15.13%	-14.85%
4. Sichuan Province	45,477,409.61	3.84%	25,667,095.21	2.84%	77.18%
5. Shanghai	73,962,925.49	6.24%	0.00	0.00%	
6. Guilin, Guangxi Province	91,145,694.57	7.69%	56,586,027.07	6.27%	61.07%
7. Zhangjiajie, Hunan Province	32,288,568.20	2.72%	18,120,963.58	2.01%	78.18%
8. Xi'an, Shaanxi Province	16,784,668.25	1.42%	25,002,178.14	2.77%	-32.87%
Classified by sales mode					
I. Culture and Art Industry - Live Performance	1,009,714,986.26	85.22%	675,872,865.35	74.88%	49.39%
II. Tourism Service Industry	175,149,652.99	14.78%	226,713,260.28	25.12%	-22.74%

(2) Industry, product, region or sales mode accounting for more than 10% of the Company's operating income or operating profit

√ Applicable □ Not applicable

Unit: RMB

	Operating income	Operating Cost	Gross margin	Increase or decrease of operating income compared with the same period of last year	Increase and decrease of operating cost over the same period of last year	Increase or decrease of gross profit compared with the same period of last year
By Industry						
1. Culture and art industry— Live performance	1,009,714,986.26	573,167,186.32	43.23%	49.39%	67.81%	-6.24%
2. Tourism service industry	175,149,652.99	6,420,025.35	96.33%	-22.74%	-42.27%	1.24%
Classified by product						
1. Songcheng in Hangzhou	485,856,997.02	274,756,084.44	43.45%	69.36%	47.12%	8.55%

2. Sanya Romance Park	147,957,437.74	48,095,105.61	67.49%	16.41%	64.18%	-9.46%
3. Lijiang Romance Park	116,241,285.38	49,312,322.49	57.58%	-14.85%	43.59%	-17.27%
4. Design and planning fees	102,103,850.83	4,232,657.31	95.85%	-44.33%	-47.83%	0.27%
Classified by region						
1. Zhejiang Province	661,006,650.01	281,176,109.79	57.46%	28.70%	42.10%	-4.01%
2. Sanya, Hainan Province	147,957,437.74	48,095,105.61	67.49%	16.41%	64.18%	-9.46%
3. Lijiang, Yunnan Province	116,241,285.38	49,312,322.49	57.58%	-14.85%	43.59%	-17.27%
Classified by sales mode						
1. Culture and art industry— Live performance	1,009,714,986.26	573,167,186.32	43.23%	49.39%	67.81%	-6.24%
2. Tourism service industry	175,149,652.99	6,420,025.35	96.33%	-22.74%	-42.27%	1.24%

When the statistical caliber of the company's main business data is adjusted in the reporting period, the company's main business data should be subject to the one after the statistical caliber at the end of the reporting period is adjusted in the most recent year.

Applicable Not applicable

(3) Is the company's physical sales income greater than the labor income?

Yes No

(4) Performance of major sales contracts and major procurement contracts signed by the Company as of the reporting period

Applicable Not applicable

(5) Operating Cost Structure

Unit: RMB

Industry Classification	Item	2021 years		2020 years		Year-on-year increase or decrease
		Amount	Proportion to Operating Cost	Amount	Proportion to Operating Cost	
I. Culture and Art Industry - Live Performance	Cost of live performance	573,167,186.32	98.89%	341,549,955.68	96.85%	67.81%
II. Tourism Service Industry	Cost of tourism service industry	6,420,025.35	1.11%	11,120,517.74	3.15%	-42.27%

(6) Has the scope of consolidation changed during the reporting period?√ Yes No

There are 1 newly merged units in this period, the reasons are:

New Merged Units This Year	Investment Ratio	Notes
Global Bacchus Limited	100.00%	New in 2021

In the current period, the number of merged units was reduced by 1 due to:

Reduced Merged Units This Year	Investment Ratio	Notes
Zhejiang Songcheng Longquan Mountain Tourism Development Co., Ltd	100.00%	Equity sale in 2021

(7) Major changes or adjustments to the company's business, products, or services during the reporting period Applicable √ Not applicable**(8) Major Clients and Suppliers**

The Company's Major Clients

Total sales amount of the top five customers	312,345,011.99
Proportion of the total sales amount of the top five customers to the total annual sales	26.36%
Proportion of the total sales amount of the related parties in the top five customers to the total annual sales	0.00%

Profiles of the Company's top five customers

No.	Name of customer	Sales amount (yuan)	Proportion to the annual sales
1	Customer I	145,116,607.90	12.25%
2	Customer II	63,037,991.19	5.32%
3	Customer III	53,229,339.62	4.49%
4	Customer IV	35,383,945.17	2.99%
5	Customer V	15,577,128.11	1.31%
Total	--	312,345,011.99	26.36%

Other Information Notes for Major Clients

 Applicable √ Not applicable**(8) Major suppliers**

Total Purchase Amount of Top Five Suppliers (yuan)	276,328,758.02
Proportion of the total purchase amount of top five suppliers to the total annual purchase amount	20.54%

Proportion of the total purchase amount of the related parties in top five suppliers to the total annual purchase amount	1.97%
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Profiles of the Company's top five suppliers

No.	Supplier Name	Purchase amount (yuan)	Proportion to the total annual purchase amount
1	Supplier I	101,433,729.98	7.54%
2	Supplier II	76,546,907.91	5.69%
3	Supplier III	43,758,108.57	3.25%
4	Supplier IV	28,121,811.56	2.09%
5	Supplier V	26,468,200.00	1.97%
Total	--	276,328,758.02	20.54%

Other Information Notes for Major Suppliers

Applicable Not applicable

3. Expenses

Unit: RMB

	2021 years	2020 years	Year-on-year increase or decrease	Statement on Significant Changes
Sales Expenses	66,184,828.78	63,649,750.30	3.98%	
Administration expenses	256,185,046.43	288,084,167.74	-11.07%	
Financial Expenses	-954,577.44	-12,843,438.15	92.57%	Mainly due to the implementation of the new lease standards during the reporting period
Research and development expense	41,175,131.35	37,487,964.00	9.84%	

4. R&D Investment

Applicable Not applicable

Names of major R&D projects	Purpose of project	Status of project	Objectives	Expected benefits to future development of the Company
Research on the automatic tracking spotlight technology for performers on stage	To improve performance quality	Project has completed the specified main technical targets and achieved the expected results	The spotlight can track performers timely and accurately	Improve the stage presentation and fluency of the Company's shows as well as visitors' experience

Design and relevant research of the mobile rotating stage	To improve performance quality	Project has completed the specified main technical targets and achieved the expected results	Simplify the complicated process and save the effort for fixating and building stages	Improve the stage presentation and fluency of the Company's shows as well as visitors' experience
Research and development of large-scale lighting & projection system for water shows with surreal effect	To improve performance quality	Project has completed the specified main technical targets and achieved the expected results	Harmonious integration of physical props and projected images	Add new performance approaches and effects, and improve the effect, and enhance visitors' experience
Research on the technology of immersive lighting system for interaction	To improve performance quality	Project has completed the specified main technical targets and achieved the expected results	The immersive lighting system for interaction can bring real-time immersive experience through 3D projection based on the features of different shows	Add new performance approaches and effects, and improve the effect, and enhance visitors' experience
Research on the application of VR technology in interactive design	Enrich product lines	Project has completed the specified main technical targets and achieved the expected results	Complete the construction of a virtual environment based on real-world scenarios to bring visitors interactive riding experience	Enrich product lines, add more fun to shows, enhance visitors' experience, so as to improve the Company's competitiveness
Research and development of the mobile device of assault boats for stage performance	To improve performance quality	Project has completed the specified main technical targets and achieved the expected results	Realize the operation and maintenance of the lift structure of assault boats	Enhance the stage effect of the Company's shows and enhance visitors' experience
Research on the application of colors in stage lighting design	To improve performance quality	Project has completed the specified main technical targets and achieved the expected results	Review and optimize the color schemes used in lighting designs	Enhance the stage effect of the Company's shows and enhance visitors' experience
Research on the application of dance cultures in choreography	To improve performance quality	Project has completed the specified main technical targets and achieved the expected results	Research on the application of dance rhythms in choreography	Enhance the stage effect of the Company's shows and enhance visitors' experience
Research on the safety application of stage machinery	To improve performance quality	Project has completed the specified main technical targets and achieved the expected results	Improve, correctly use, and properly maintain the configuration of stage machinery	Enhance the smoothness and safety of the Company's performances and make sure that all shows are performed as planned
Research on the role of the timing of stage	To improve performance	Project has completed the specified main technical	Employ stage lighting changes to divide a show	Enhance the stage effect of the Company's shows and

lighting changes and its application	quality	targets and achieved the expected results	into several acts, and create a rhythm for shows	enhance visitors' experience
Research and development of automatic stage machinery for mimicking volcano eruptions	To improve performance quality	Project has completed the specified main technical targets and achieved the expected results	Complete the design of the stage machinery for mimicking volcano eruptions and apply it to shows	Add new performance approaches and effects, and improve the effect, and enhance visitors' experience
Research on the integrated application of choreography and stage machinery	To improve performance quality	Project has completed the specified main technical targets and achieved the expected results	Strengthen the appeal of the performance and create a livelier atmosphere	Enhance the stage effect of the Company's shows and enhance visitors' experience
3D water effect device	To improve performance quality	Project has completed the specified main technical targets and achieved the expected results	Quickly switch among multiple scenes on stage in a short time	Enhance the stage effect of the Company's shows and enhance visitors' experience
Make technical improvements to stage props	To improve performance quality	Project has completed the specified main technical targets and achieved the expected results	Address the weaknesses in existing stage props and eliminate potential safety hazards	Enhance the safety of the Company's performances and make sure that all shows are performed as planned
Make technical improvements to stage devices	To improve performance quality	Project has completed the specified main technical targets and achieved the expected results	Make device installation and operation more convenient, and eliminate potential safety hazards	Enhance the safety and smoothness of the Company's performances and make sure that all shows are performed as planned
Research and development of holographic projection and naked-eye 3D technology for stages	To improve performance quality	Project has completed the specified main technical targets and achieved the expected results	Present a more gorgeous stage effect with holographic projection and naked-eye 3D technology	Add new performance approaches, improve the stage effect, and enhance visitors' experience
Research and development of the curtain projection device for interactive stage	To improve performance quality	Project has completed the specified main technical targets and achieved the expected results	Solve the problems of insufficient opening of curtain and loud noise during curtain opening	Optimize the stage effect of the Company's shows and improve visitors' experience
Research and development of the smart stage lighting system	To improve performance quality	Project has completed the specified main technical targets and achieved the expected results	Improve the automation level of stage lighting systems	Optimize the stage effect of the Company's shows and improve visitors' experience
Research and development of the	To improve performance	Project has completed the specified main technical	Solve the problems brought by the existing	Improve the sound quality of the Company's shows and

sound damping device	quality	targets and achieved the expected results	stage audio technology due to the materials of audio devices	enhance visitors' experience
Research and development of the remote control device for stage speakers	To improve performance quality	Project has completed the specified main technical targets and achieved the expected results	Solve the problem of the remote control devices for stage speakers that don't have rotation function	Improve the sound quality of the Company's shows and enhance visitors' experience
Research and development of rotating stage lift platforms	To improve performance quality	Project has completed the specified main technical targets and achieved the expected results	Solve the problem of the height of the current stages that cannot be adjusted	Optimize the stage effect of the Company's shows and improve visitors' experience
Research and development of Songcheng stage control software	To improve performance quality	Project has completed the specified main technical targets and achieved the expected results	Have better control over the stage effect and step up control over stage machinery and devices	Optimize the stage effect of the Company's shows and improve visitors' experience
Research and development of enterprise management software of Songcheng	Build smart theme parks	Project has completed the specified main technical targets and achieved the expected results	Address issues that no existing enterprise management software can solve or the issues to which there are no standard solutions, and reduce the cost of data exchange within the enterprise.	Improve the Company's management efficiency
Research and development of the smart tourism information management system	Build smart theme parks	Project has completed the specified main technical targets and achieved the expected results	Develop a good understanding of the status of all theme park resources and convey event information to visitors timely and accurately through proactive identification, real-time transmission, in-depth analysis and operation control	Improve the Company's management efficiency and service quality
Research and development of the parking lot management system	Build smart theme parks	Project has completed the specified main technical targets and achieved the expected results	Manage all parking lots in theme parks in a unified way and integrate all parking lots into the same network for parking fee charging by establishing a parking lot management system.	Improve management efficiency of parking lots and visitors' experience

Research and development of the queuing management system in theme parks	Build smart theme parks	Project has completed the specified main technical targets and achieved the expected results	Show the real-time queuing status on visitors' phones through a system featuring on-site ticket distribution and printing, online queuing, and calling functions	Improve queuing efficiency and visitors' experience
Development of the online mall system of theme parks based on Tik Tok's mini program	Build smart theme parks	Project has completed the specified main technical targets and achieved the expected results	Analyze data, and observe the data of competitors' accounts and industry developments, and develop a good understanding of industry trends.	Improve marketing efficiency
Development of the online order data synchronization system for theme parks	Build smart theme parks	Project has completed the specified main technical targets and achieved the expected results	Realize synchronization of orders and inventory, refund and written-off functions	Improve the Company's management efficiency
Research and development of the coupon management system in theme parks	Build smart theme parks	Project has completed the specified main technical targets and achieved the expected results	Merchants can view various daily and monthly reports on their mobile devices or in their web-based management applications	Improve marketing efficiency
Development of the smart tourism product portfolio system	Build smart theme parks	Project has completed the specified main technical targets and achieved the expected results	Conduct analysis on functional modules, performance and security, establish the coupon distribution and written-off management system, and provide customers with the best discount portfolio	Reduce visitors' expenditures and improve visitors' experience
Development of the intelligent notification system in theme parks	Build smart theme parks	Project has completed the specified main technical targets and achieved the expected results	Conduct analysis through the intelligent GPS, and quickly transmit multimedia information to visitors to improve the efficiency and experience of visiting	Make it more convenient and comfortable for visitors to enjoy themselves in theme parks

R&D personnel of the Company

	2021 years	2020 years	Year-on-year change
Number of R&D personnel	196	253	-22.53%
Percentage of R&D personnel	16.91%	17.56%	-0.65%
Educational background of R&D personnel			
Bachelor	78	95	-17.89%
Postgraduate	2	1	100.00%
Age of R&D personnel			
Below the age of 30	70	103	-32.04%
Aged between 30 to 40	77	91	-15.38%

The Company's R&D investment in the past three years and its percentage in operating income

	2021 years	2020 years	2019 years
R&D investment (yuan)	41,175,131.35	37,487,964.00	48,424,520.54
The proportion of R&D investment to operating income	3.48%	4.15%	1.85%
Capitalized amount of R&D expenditure (yuan)	0.00	0.00	0.00
Percentage of capitalized R&D expenditure in R&D investment	0.00%	0.00%	0.00%
Percentage of capitalized R&D expenditure in current net profit	0.00%	0.00%	0.00%

Reasons and impacts of significant changes in R&D personnel composition of the Company

Applicable Not applicable

The reason for the significant change in the proportion of the total amount of R&D investment to operating income compared with last year

Applicable Not applicable

Reasons and rational explanations on the substantial change in capitalization rate of R&D investment

Applicable Not applicable

5. Cash Flow

Unit: RMB

Item	2021 years	2020 years	Year-on-year increase or decrease
Subtotal of cash inflow from operational activities	1,395,144,293.27	943,790,117.88	47.82%
Subtotal of cash outflow from operational activities	644,670,483.48	549,848,217.94	17.25%

Net cash flow generated by operating activities	750,473,809.79	393,941,899.94	90.50%
Subtotal of cash inflow from investment activities	1,567,301,139.38	1,351,939,517.27	15.93%
Subtotal of Cash Outflow from Investment Activities	1,603,861,467.40	2,292,941,086.10	-30.05%
Net amount of cash flow generated by investment activities	-36,560,328.02	-941,001,568.83	96.11%
Subtotal of cash inflow from financing activities		420,000,000.00	-100.00%
Subtotal of cash outflow from financing activities	196,202,037.34	306,917,837.81	-36.07%
Net cash flow generated by financing activities	-196,202,037.34	113,082,162.19	-273.50%
Net additions to balance of equivalent	520,971,610.06	-443,933,773.37	217.35%

Description of the main factors affecting the significant changes in related data over the same period of last year

Applicable Not applicable

During the reporting period, the subtotal of cash inflows from operating activities and the net cash flows from operating activities increased by 47.82% and 90.50% respectively year on year, mainly due to the year-on-year increase of operating revenue.

During the reporting period, the subtotal of cash outflows from investment activities decreased by 30.05% year on year, and net cash flows from investment activities increased 96.11% year on year, mainly due to the decrease in project investment.

During the reporting period, the subtotals of cash inflows, cash outflows and net cash flows from financing activities decreased by 100%, 36.07% and 273.50% respectively year on year, mainly due to the year-on-year decrease in the new bank borrowings and reduced dividend payouts.

Reasons for the significant difference between the net cash flow generated by the company's operating activities in the reporting period and the net profit in the current year

Applicable Not applicable

Supplementary information	Amount of this period
1. Reconciliation of net profit to cash flows from operational activities:	
Net Profit	302,593,961.40
Plus: Credit impairment loss	16,581,681.70
Provision for Impairment of Assets	10,082,554.54
Depreciation of fixed assets	241,582,094.98
Depreciation of right-of-use assets	34,607,328.24
Amortization of Intangible Assets	50,825,412.01
Amortization of long-term prepaid expenses	59,765,277.28
Losses on disposal of fixed assets, intangible assets and other long-term assets (mark "-" for incomes)	-4,512,572.52
Losses on scrapping of fixed assets (mark "-" for incomes)	32,221,090.95

Losses on fair value changes (mark "-" for incomes)	12,098,344.02
Financial expenses (mark "-" for incomes)	23,509,105.27
Losses on investment (mark "-" for incomes)	-181,840,347.56
Decrease on deferred income tax assets (mark "-" for increases)	-7,057,573.77
Increase on deferred income tax liabilities (mark "-" for decreases)	-3,051,166.37
Decrease on inventories (mark "-" for increases)	902,490.69
Decrease on operational receivables (mark "-" for increases)	101,886,633.14
Increase on operational payables (mark "-" for decreases)	60,279,495.79
Net cash flow generated by operating activities	750,473,809.79

VI. Non-main Business

√ Applicable □ Not applicable

Unit: RMB

	Amount	Percentage of Total Profit	Reason	Sustainability
Investment Income	181,840,347.56	52.88%	Mainly due to long-term equity investment calculated by using the equity method	Yes
Changes in fair value gains and losses	-12,098,344.02	-3.52%	Mainly due to the year-on-year increase in the Company's recovery of financial products upon maturity	No
Asset Impairment	-10,082,554.54	-2.93%	Due to goodwill impairment loss from Jiuzhaigou Tibetan Mystery Company	No
Non-operating Revenue	6,091,127.99	1.77%		No
Non-Operating Expenses	34,713,244.90	10.10%	Mainly due to the Company's scenic upgrades and renovations	No

VI. Analysis of Assets and Liabilities

1. Significant changes in assets composition

Unit: RMB

	End of 2021		Early 2021		Proportion increase and decrease	Statement on Significant Changes
	Amount	Proportion To Total Assets	Amount	Proportion To Total Assets		

Cash and Bank Balances	1,858,747,864.04	18.92%	1,337,776,253.98	13.92%	5.00%	
Accounts receivable	2,197,594.37	0.02%	5,887,012.36	0.06%	-0.04%	
Contract Assets		0.00%		0.00%	0.00%	
Inventory	12,521,655.81	0.13%	13,424,146.50	0.14%	-0.01%	
Investment Property		0.00%		0.00%	0.00%	
Long-term Equity Investment	1,677,553,347.68	17.07%	1,534,539,625.11	15.97%	1.10%	
Fixed Assets	2,697,045,965.17	27.45%	2,508,754,929.16	26.11%	1.34%	
Projects under Construction	404,739,821.09	4.12%	771,871,563.73	8.03%	-3.91%	
Right-of-use Assets	493,815,583.40	5.03%	526,000,589.97	5.47%	-0.44%	
Short-term loan		0.00%		0.00%	0.00%	
Contract liabilities	87,754,309.11	0.89%	188,550,237.52	1.96%	-1.07%	
Long-term loan	270,000,000.00	2.75%	282,000,000.00	2.93%	-0.18%	
Lease Liabilities	371,772,172.05	3.78%	390,537,511.61	4.06%	-0.28%	

Foreign assets account for a relatively high proportion

Applicable Not applicable

2. Assets and liabilities measured at fair value

Applicable Not applicable

Unit: RMB

Item	At the beginning of the reporting period	Changes in fair value gains and losses in the current period	Cumulative fair value changes in equity	Impairment loss of the reporting period	Purchase amount of the reporting period	Sales amount of the reporting period	Other variations	At the end of the reporting period
Financial Assets								
1. Trading financial assets (excluding derivative financial	328,627,827.60	-8,179,556.84	0.00	0.00	910,000,000.00	1,255,643,588.61	25,195,317.85	0.00

assets)								
2. Derivative financial assets	6,589,730.08	-3,918,787.18						2,670,942.90
3. Investment in other equity instruments	224,266,596.74		-45,020,144.84			92,760,615.31		86,485,836.59
Subtotal of financial assets	559,484,154.42	-12,098,344.02	-45,020,144.84	0.00	910,000,000.00	1,348,404,203.92	25,195,317.85	89,156,779.49
Total	559,484,154.42	-12,098,344.02	-45,020,144.84	0.00	910,000,000.00	1,348,404,203.92	25,195,317.85	89,156,779.49
Financial liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Other changes

Other changes are due to cumulative investment income

Are there any significant changes in the measurement attributes of the company's main assets during the reporting period?

Yes No

3. Restrictions on asset rights as of the end of the reporting period

As of the end of the reporting period, the Company's main assets were not seized, frozen, mortgaged or pledged.

VII. Analysis of Investment

1. Overview

Applicable Not applicable

Investment In The Reporting Period (RMB)	Investment Over The Corresponding Period Of Last Year	Rate Of Change
1,710,295,515.16	2,159,030,550.70	-20.78%

2. Significant equity investments acquired during the reporting period

Applicable Not applicable

3. Major non-equity investments underway during the reporting period

Applicable Not applicable

4. Financial assets at fair value

Applicable Not applicable

Unit: RMB

Asset Class	Initial Investment Cost	Changes in fair value gains and losses in the current period	Cumulative fair value changes in equity	Amount purchased during the reporting period	Amount sold during the reporting period	Cumulative investment income	Amount at the end of the period	Capital Source
Fund	172,445,378.26	-7,997,107.50			180,433,870.33	15,985,599.57	0.00	Temporarily idle own funds
Financial Derivatives	6,589,730.08	-3,918,787.18					2,670,942.90	Temporarily idle own funds
Other (Bank Financial Products)	156,182,449.34	-182,449.34		910,000,000.00	1,075,209,718.28	9,209,718.28	0.00	Temporarily idle own funds
Total	335,217,557.68	-12,098,344.02	0.00	910,000,000.00	1,255,643,588.61	25,195,317.85	2,670,942.90	--

5. Utilization of raised funds

Applicable Not applicable

No use of funds in the reporting period of the Company

VIII. Sales of major assets and equities

1. Major assets sales

Applicable Not applicable

No major assets sales in the reporting period of the Company

2. Major equity sales

Applicable Not applicable

Related party	Equity sold	Date of sale	Price of transaction (RMB 10,000)	Net profit contributed by the equity to the Company from the	Influence of the sale on the Company	The proportion of net profit contributed by the sale of the equity to	Pricing principle for the sale of the equity	Whether it is a related transaction	Relation with related party	Whether all the equity involved has been transferred	Whether the sale is implemented as scheduled. If not, the reasons and	Date of Disclosure	Disclosure Index
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				beginning of this period to the date of sale (RMB 10,000)		the total net profit of the Company					measures taken by the Company shall be explained.		
Zhejiang Songcheng Longquan Mountain Tourism Development Co., Ltd	100%	Monday, April 12, 2021	10,919.93	-511.94	This transaction conforms to the Company's overall development strategy, which helps the Company further focus on the main business and improve the efficiency of operation and management.	16.74%	Fair value	No	N/A	Yes	Yes		

IX. Analysis of Major Subsidiaries and Associates

√ Applicable □ Not applicable

Major subsidiaries and joint-stock companies with a net profit impact of over 10%.

Unit: RMB

Company Name	Company Type	Main businesses	Registered Capital	Total Assets	Net Assets	Operating income	Operating Profit	Net Profit
Hangzhou Songcheng performance Valley technology and Culture Development Co., Ltd	Subsidiary Company	Theme park + Art performance	100,000,000.00	1,060,879,223.68	556,183,600.76	362,855,095.01	82,530,907.96	66,473,712.81
Sanya Romance Tourism Performance Co., Ltd.	Subsidiary Company	Theme park + Art performance	490,000,000.00	986,513,761.52	952,626,178.47	147,957,437.74	70,492,876.68	53,694,735.59
Lijiang Chama Ancient City	Subsidiary Company	Theme park + Art performance	250,000,000.00	642,204,343.18	613,982,827.81	116,241,285.38	40,739,967.46	34,002,128.00

Tourism Development Co., Ltd								
Songcheng Tourism Development Co., Ltd.	Subsidiary Company	Tourism resource development, tourism planning and design, artistic creation, brand and marketing planning of tourist attractions	50,000,000.00	708,187,009.02	478,859,288.88	66,719,905.66	62,789,450.73	62,844,964.00
Songcheng Performance Management Co., Ltd.	Subsidiary Company	Performance, artistic creation and choreography, performance and brokerage business, performance management	50,000,000.00	137,466,779.12	135,311,734.61	97,203,277.00	70,127,657.19	61,350,577.10
Huafang Group Inc. (formerly known as Beijing Huafang Technology Co., Ltd.)	Joint stock company	Internet information service, performance brokerage business, music and entertainment products through information network, game products, competition activities	USD 50,000	2,291,613,943.02	1,912,350,481.63	4,539,988,143.60	416,020,067.18	320,716,642.08

Description of major subsidiaries and associates

1. Huafang Group Inc. (formerly known as Beijing Huafang Technology Co., Ltd.): The original shareholders of Beijing Huafang Technology Co., Ltd. including Songcheng Performance Development Co., Ltd signed the VIE framework agreement. At the same

time, Global Bacchus Limited, a wholly-owned subsidiary of the Company, purchased 37.06% of the equity of Huafang Group Inc. at the price of USD 1,976.4706 (equivalent to RMB 12,836.58). After signing the above agreement, Global Bacchus Limited, a wholly-owned subsidiary of the Company, holds the 37.06% of the equity of Huafang Group Inc. and has all the rights and obligations pertaining to the 37.06% equity of Beijing Huafang Technology Co., Ltd.

2. The report data of Huafang Group Inc. (formerly known as Beijing Huafang Technology Co., Ltd.) is presented on the basis of the fair value of the investee's identifiable assets and liabilities when the investment is obtained.

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

Company Name	Method of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production management and performance
Global Bacchus Limited	New in 2021	
Zhejiang Songcheng Longquan Mountain Tourism Development Co., Ltd	Equity sale in 2021	

X. Structured Entities Controlled by the Company

Applicable Not applicable

XI. Outlook for the Future Development of the Company

(I) Development Strategy Planning of the Company

The Company is dedicated to telling China's stories through the Chinese culture, promoting confidence of the nation, and striving to become the world's top company in cultural performance. In the short term, based on all theme parks, the Company will accelerate the development of the performance park mode to keep a balance between pandemic control and business operation, and to get ready for rebound in growth in the post-pandemic era; in the medium term, the Company will enhance its potential through technological and digital transformation, reduce costs and increase efficiency, and pursue growth driven by internal factors; in the long run, the Company will promote the development of innovative businesses such as performance platforms and high technology to create new growth drivers.

(II) Work Plan in 2022

Facing changes in the global landscape and the COVID-19 pandemic unseen in a century, the Company needs to have vision and the courage to take concrete steps, have an in-depth understanding of the world's development trend, and gain insights into the trend of the industry. In the complex and difficult environment, everyone in the Company shall be united together in doing pioneering and innovative work by adhering to the "Songcheng model". The Company will stay as the pioneer and leader of Chinese theme parks, and inherit and introduce Chinese culture to the rest of world. In 2022, the Company will mainly work on the following aspects:

1. Promote the progress of the performance park mode

The Company will start with Shanghai Romance Park to prioritize the development of programs and content while improving hardware and environment, spatial layout and route planning, and later it will comprehensively upgrade and transform other theme parks around the country, strengthen the unique feature of large theme parks with a large number of performances, so as to improve the capacity and anti-risk ability of each theme park.

The Company will continue to implement new concepts regularly, focus on promoting the improvement of the "Romance Show" series to ensure the long-lasting vitality of the series through small innovative adjustments. The Company will create more diverse

and innovative programs including performances for children, performances with dining experience, outdoor performances, interactive performances, immersive performances, technology-infused and trendy performances. Based on the characteristics of the region, season and time, the Company will carry out various theme festivals to meet the diverse needs of all visitors around the year. Aiming at improving the proportion of outdoor areas of theme parks and extending the length of time spent in outdoor areas, the Company will make persistent efforts to further improve the construction of the outdoor areas in theme parks and providing high-quality services. Through digital transformation, network construction and intelligent technology, the Company will take the initiative to embrace technological transformation, enhance investment in science and technology, and make visits more convenient and comfortable.

2. Give full play to advantages and create a new driver for technological growth

The Company will step up the digital transformation of theme parks, further strengthen the application of scientific and technological approaches in theme parks and live performances, launch more products and scenes integrating art and technology, and promote the integration of technology, art and performances to improve the experience of visitors, so as to enable the Company itself to keep up with the latest trends in science and technology and show strong vitality.

In particular, the Company will give full play to its rich experience in the in-depth integration of culture-based creativity and technology. Through the dual growth drivers of strategic investment and resource integration, more efforts should be made to explore and develop the application of metaverse technology in theme parks and live performances, and accelerate the development of independent products infused with VR, AR, holography, lighting & projection and other emerging technologies. The Company will complete the construction of technology-infused projects and launch these projects, seize the opportunity to rapidly grow into a leading domestic supplier that integrates culture-based creativity and technology in depth, so as to build a new driver for the Company's technological growth.

3. Integrate resources and incubate platforms to create new formats

The Company will build platforms, upgrade formats and promote business model innovation. The Company will integrate the upstream and the downstream based on its advantageous area, build a new value network and a new industry order, open up a second channel for growth, and make plans for the Company's business development through different platforms, so as to revitalize internal resources, tap new market demands, new drivers of consumption and new operation models, thus creating a "new Songcheng model" which integrates the supply chain, industrial chain and scene chain.

Facing the unfavorable external environment, the Company will be fully prepared for the worst situation possible. The Company will adjust the expansion schedule based on business development, strengthen communication and external cooperation with all parties, promote the transfer cooperation and development of projects in Zhuhai and Australia, and explore more diversified modes for project cooperation, development, and operation. Through these adjustments, the Company will enjoy more sound financial management, healthier business, and more flexibility in changing its industry positioning and will be able to deal with the risks posed by the uncertain duration of the pandemic. In terms of light-asset expansion, on the basis of the existing mode of delivering the entire projects, the Company will create more light-asset cooperation modes based on market demands to give better play to the brand's influence and to improve profitability.

4. Employ innovative thinking to complete marketing campaign upgrade

The Company will upgrade the marketing approach by thinking out of the box, and carry out campaigns in terms of extensive channels, innovative contents, insights into target groups, digital intelligence, etc., so as to create an industry-leading marketing system.

The Company will create a matrix of channels in multiple dimensions both online and offline. For offline channels, the Company will reach customers such as source travel companies, travel agencies, wholesalers and individual tourists. For online channels, the Company will develop differentiated marketing strategies based on the attributes of OTA, self-operated e-commerce, we-media

e-commerce and short video e-commerce. Based on creative theme campaigns, the Company will gain traffic both online and offline, identify target groups and reach them accurately. It will attract customers and operates businesses by targeting young people, lovers, friends, parents and children, meeting the needs of business trips and study trips, and seizing market opportunities in neighboring areas, thus aiming for medium-term and long-term development. The Company will build an urban platform for entertainment, leisure and social connection for the people at all ages. The Company will constantly collect data in different dimensions to enrich its base of big data, and employ technical means to help deliver high-quality service and develop an integrated marketing approach.

5. Strengthen management innovation to further reduce costs and increase efficiency

The Company will further optimize the management system and process, speed up the standardization of the management mechanism, adopt both vertical management and flat management modes, and ensure the good decision-making capability of the Company and the good execution capability of the staff. The Company will improve the overall management, and deal with the management cost and management pressure brought by the pandemic and the Company's development through management reconstructing. The Company will manage its projects across the country as a whole, make constant adjustments in employment arrangements across projects, explore external labor sources, adopt a flexible employment mode, and make full use of all resources available in the society to meet its demands for flexible employment.

(III) Possible Risks

1. Risk of public health emergencies

Public health emergencies affect tourism, leisure and cultural and recreational activities to varying degrees, thus having a negative impact on the Company's operating performance and financial situation. Since the end of 2019, the COVID-19 pandemic has evolved into a global public health emergency and has been going on to this day. This has seriously discouraged consumption in the culture and tourism industries and has had a detrimental effect on the Company's operating performance in the past two years.

Countermeasures: the Company will locate its projects nationwide, continuously upgrade and enrich the formats of products, and transform itself into a platform-based enterprise. It will also reduce costs and increase efficiency, make operation planning in a coordinated way, arrange project operations in various regions reasonably and effectively, and maintain flexibility and resilience, so as to minimize the adverse effects of the pandemic.

2. Risks of Macroeconomic Fluctuation

The global pandemic continues to evolve, and the external environment becomes more complex and challenging. The global landscape is changing more rapidly, thus adding uncertainties to China's economic and social development. The complicated and changeable macroeconomic environments may affect the national income and thus people's consumption, thereby affecting the operating performance of the Company.

Countermeasures: The Company will continue to work on its main business areas by developing a content system divided into high, middle and low levels, make full use of new technology as an innovative way of expression, and enhance product attractiveness with powerful content. It will also strengthen marketing efforts and continuously expand target groups and forms of tourism to hedge the risks of economic fluctuations.

3. Risks in competition in the industry

In the performance industry, every entity is developing rapidly and the Company is facing fierce competition. Homogeneous products and low prices have a negative impact on the order of the industry and its long-term development. Live performances are also affected by short videos, movies and dramas, games, variety shows, live streaming, VR, AR and other forms of digital entertainment. A large number of players in the industry have led to a saturated market in all aspects, which has posed great challenges to the Company's operation and management.

Countermeasures: The Company will focus on its main business areas, strengthen the management mode of "Theme park + Cultural

performance", continuously improve its differentiated management capability and innovative capability, and further consolidate its own competitive advantages. The Company will embrace the changes of the times and technological upgrades, and actively carry out operation featured by digital transformation, network construction and intelligent technology.

4. Risks in Safety Accidents

Live performances operated by the Company, consisting of both indoor and outdoor performances, may be occasionally hindered by safety accidents due to the failure of the theater facilities. Safety directly concerns the personal safety of the tourists and the reputation of the Company, which will have a negative impact on the Company's operation and brand.

Countermeasures: the Company should always adhere to the bottom line of safety in its principles and actions, formulate clear and operable rules, regulations, processes and specifications, assign persons in charge to specific positions as well as clarify the reward and punishment measures, and hold safety training sessions and safety drills throughout the year, so as to reduce safety accidents and losses as much as possible.

XII. Registration Form for Reception of Research, Communication, Interviews and Other Activities during the Reporting Period

√ Applicable □ Not applicable

Reception Time	Reception location	Reception Method	Reception target type	Reception objects	Main content of the discussion and the information provided	Index of the basic information of research
Tuesday, January 5, 2021	Company meeting room	Field Investigation	Institution	Brokerage researcher and fund company manager	Operation overview of projects and Q&A	For details, please refer to the "Record of Investor Relations Activities on Tuesday, January 5, 2021" announced by the Company on http://www.cninfo.com.cn on Wednesday, January 6, 2021.
Sunday, January 31, 2021	Company meeting room	Communication over phone	Institution	Brokerage researcher and fund company manager	2020 performance forecast and Q&A	For details, please refer to the "Record of Investor Relations Activities on Sunday, January 31, 2021" announced by the Company on http://www.cninfo.com.cn on Sunday, January 31, 2021.

Thursday, April 29, 2021	Songcheng in Shanghai	Field Investigation	Institution	Brokerage researcher and fund company manager	Investor meetings during the opening period of Songcheng in Shanghai	For details, please refer to the "Record of Investor Relations Activities on Thursday, April 29, 2021" announced by the Company on http://www.cninfo.com.cn on Friday, April 30, 2021.
Friday, May 7, 2021	"Investor relations interactive platform" on www.p5w.net	Others	Others	Online Investors	Company's performance presentation meeting of 2020	For details, please refer to the "Record of Investor Relations Activities on Friday, May 7, 2021" announced by the Company on http://www.cninfo.com.cn on Sunday, May 9, 2021.
Friday, August 27, 2021	Company meeting room	Communication over phone	Institution	Brokerage researcher and fund company manager	Performance overview in the first half of 2021 and Q&A	For details, please refer to the "Record of Investor Relations Activities on Friday, August 27, 2021" announced by the Company on http://www.cninfo.com.cn on Sunday, August 29, 2021.

Section IV Corporate Governance

I. Basic Situation on Corporate Governance

During the reporting period, the Company further improved its corporate governance structure, standardized its operations and enhanced its corporate governance in strict compliance with the requirements of the *Company Law*, the *Securities Law*, the *Code of Corporate Governance of Listed Companies*, the *Listing Rules of Growth Enterprise Market of Shenzhen Stock Exchange* and the relevant laws and regulations and regulatory documents. As at the end of the reporting period, the actual situation of the Company's governance was basically in compliance with the normative documents issued by the CSRC on the governance of listed companies.

1. About Shareholders and Shareholders' Meetings

The Company convenes and holds shareholders' meetings in strict accordance with the provisions and requirements of the *Rules for General Meetings of Listed Companies*, the *Articles of Association* and the *Rules of Procedure for General Meetings*, so as to ensure that all shareholders, in particular the minority shareholders are treated fairly, and fully exercise their rights.

2. About the Company and the Controlling Shareholders

The Company has independent business and operation ability, and is independent of the controlling shareholder in terms of business, personnel, assets, institutions and finance, and the Company's Board of Directors, Board of Supervisors and internal institutions operate independently. The controlling shareholders of the Company can strictly regulate their own conduct and have not interfered directly or indirectly with the decision-making and operation activities of the Company beyond the shareholders' meetings or the Board of Directors of the Company.

3. About the Directors and the Board of Directors

The Company elects directors in strict accordance with the selection and appointment procedures stipulated in the *Articles of Association*; the Board of Directors of the Company has nine directors, including three independent directors, accounting for one-third of all directors, and the number and composition of the Board of Directors are in compliance with laws and regulations and the requirements of the *Articles of Association*. The Company has three female directors, accounting for one third of all directors. The three independent directors are experienced professionals engaged in tourism and financial industry for more than two decades. Other directors have more than two decades of experience in tourism project development, enterprise management and rich experience in capital management, and are able to provide effective suggestions for the healthy development of the enterprise and make decisions on major issues of the Company in all aspects. All directors of the Company shall carry out their work in accordance with the *Rules of Procedure of the Board of Directors* and the *Management System of Independent Directors*, attend the General Meeting of Shareholders timely, actively participate in relevant professional training and familiarize themselves with relevant laws and regulations.

4. About the Supervisors and Board of Supervisors

The Company shall select supervisors in strict accordance with the relevant provisions of the *Company Law* and the *Articles of Association*, etc. The Board of Supervisors of the Company has three supervisors, including one staff supervisor, and the number and composition of the Board of Supervisors are in compliance with the requirements of laws and regulations. The supervisors of the Company are able to perform their duties conscientiously in accordance with the requirements of the Rules of Procedure of the Board of Supervisors, etc., and effectively supervise and express independent opinions on the Company's major matters, connected transactions, financial position, performance of duties of directors and managers.

5. Performance Evaluation & Incentive and Restraint Mechanism

The Company has gradually established a fair and transparent performance evaluation standards and incentive and restraint mechanisms for directors, supervisors and senior management, and the appointment of senior management of the Company is open and transparent and in compliance with the laws and regulations. In addition, in order to further improve corporate governance, the Company fully arouses the initiative and creativity of directors, supervisors and senior management, and create greater benefits for the Company and shareholders. In accordance with the principles of matching responsibilities, rights and benefits, and based on actual situation of the Company and the characteristics of the industry, the remuneration plan for directors, supervisors and senior management has been formulated according to the *Company Law*, the *Articles of Association* and the *Implementation Rules of the Remuneration and Appraisal Committee*, and other regulations.

6. Relevant stakeholders

The Company fully respects and safeguards the legitimate rights and interests of relevant stakeholders and achieves a coordinated balance of the interests of society, shareholders, the Company and employees to jointly promote the sustainable and sound development of the Company.

7. Information Disclosure and Transparency

The Company has designated the Secretary of the Board of Directors as the person in charge of investor relations management of the Company, who is responsible for management of information disclosure and investor relations of the Company and reception of visits and inquiries from shareholders; designated *Securities Times*, *Securities Daily* and *Cninfo* as the newspapers and website for information disclosure of the Company, disclosing information truthfully, accurately and timely in strict accordance with the relevant laws and regulations and ensuring that all shareholders have fair opportunities access to information.

Whether there is any significant difference between actual situation of corporate governance and laws, administrative regulations and the provisions on governance of listed companies issued by CSRC

Yes No

There is no significant difference between the actual situation of corporate governance and laws, administrative regulations, and the provisions on governance of listed companies issued by CSRC.

II. The company's independence from the controlling shareholders and actual controllers in assets, personnel, finance, organization, business, etc.

Since establishment, the Company has been operating in strict accordance with the requirements of the *Company Law*, the *Securities Law* and other relevant laws and regulations and *Articles of Association*, and is independent of each other in terms of business, assets, personnel, organization and finance, and there is no situation in which the Company cannot guarantee its independence and maintain its ability to operate independently from its controlling shareholder in terms of business, personnel, assets, organization and finance.

III Horizontal competition

Applicable Not applicable

IV. Relevant Situation of the Annual General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders Held in the Reporting Period

1. The shareholders' meetings for this reporting period

Conference Session	Conference Type	Percentage of Investors Involved	Date of Conference	Date of Disclosure	Meeting Resolution
Shareholders' General Meeting in 2020	Annual General Meeting	56.89%	Tuesday, May 18, 2021	Tuesday, May 18, 2021	<i>Notice of Resolution of 2020 Annual General Meeting of Shareholders (2021-020)</i> , available at http://www.cninfo.com.cn/
The first extraordinary general meeting of shareholders in 2021	Extraordinary general meeting of shareholders	57.15%	Friday, August 27, 2021	Friday, August 27, 2021	<i>Notice of the First Extraordinary General Meeting of Shareholders in 2021 (2021-035)</i> , available at http://www.cninfo.com.cn/

2. Convening of the interim shareholders' general meetings upon request of the preferred stockholders whose voting rights are restored

Applicable Not applicable

V. The Company Has Arrangements for Differences in Voting Rights

Applicable Not applicable

VI. Governance of Red-Chip Company

Applicable Not applicable

VII. Directors, Supervisors and Senior Management

1 Basic information

Name	Post	Position status	Gender	Age	Starting date of tenure	Termination Date of tenure	Number of shares held at the beginning of the period (share)	Number of shares increased in the period (share)	Number of shares decreased in the period (share)	Other changes (share)	Number of shares held at the end of the period	Reason for change in shares
Huang Qiaoling	Director	Incumbent	Male	64	Sunday, June 6,	Monday, August 8,	309,192,225				309,192,225	

					2010	2022						
Huang Qiaolong	Director	Incumbent	Male	62	Sunday, June 6, 2010	Monday, August 8, 2022	85,836,643					85,836,643
Zhang Xian	Chairman	Incumbent	Female	48	Sunday, June 6, 2010	Monday, August 8, 2022	2,166,642					2,166,642
Shang Lingxia	Director, President	Incumbent	Female	47	Monday, August 12, 2013	Monday, August 8, 2022	823,323					823,323
Zhang Jiankun	Director, Executive President	Incumbent	Male	58	Wednesday, March 20, 2013	Monday, August 8, 2022	1,646,647					1,646,647
Huang Hongming	Director	Incumbent	Male	50	Friday, April 26, 2019	Monday, August 8, 2022						
Lanke	Independent Director	Resigned	Male	72	Friday, August 21, 2015	Tuesday, May 18, 2021						
Yang Yiqing	Independent Director	Incumbent	Male	52	Tuesday, May 18, 2021	Monday, August 8, 2022						
Liu Shuzhe	Independent Director	Incumbent	Male	65	Thursday, August 8, 2019	Monday, August 8, 2022						
Yu Qinyi	Independent Director	Incumbent	Female	42	Friday, March 24, 2017	Monday, August 8, 2022						
Zhu Hualu	Supervisor	Incumbent	Female	67	Sunday, June 6, 2010	Monday, August 8, 2022						
Yu Feng	Staff Supervisor	Incumbent	Female	46	Monday, August 12, 2013	Monday, August 8, 2022						
Xu Jie	Supervisor	Incumbent	Female	54	Tuesday, August 9, 2016	Monday, August 8, 2022	360					360
Zheng Qi	Vice President	Incumbent	Male	45	Friday, October 26, 2018	Monday, August 8, 2022						

Chen Shengmin	Chief Financial Officer	Incumbent	Male	51	Friday, May 21, 2010	Monday, August 8, 2022	433,330				433,330	
Hou Li	Secretary of the Board	Incumbent	Female	39	Thursday, April 22, 2021	Monday, August 8, 2022	65,000				65,000	
Total	--	--	--	--	--	--	400,164,170	0	0		400,164,170	--

Whether there is any resignation of directors, supervisors and senior management during the reporting period

Yes No

- On April 22, 2021, Mr. Chen Shengmin resigned as the Secretary of the Board of Directors due to position adjustment, and after his resignation, Mr. Chen Shengmin still served as the Chief Financial Officer of the Company.
- On May 18, 2021, Mr. Lan Ke resigned as an independent director, chairman of the Nomination Committee and member of the Development Strategy Committee of the 7th Board of Directors when his service period was about to reach six years. After his resignation, Mr. Lan Ke would no longer hold any position in the Company.
- On August 26, 2021, to facilitate the better long-term development of the Company, Mr. Huang Qiaoling applied for resigning as the Chairman, and Ms. Zhang Xian applied for resigning as the President. On the same day, the Company elected Ms. Zhang Xian as the Chairman and employed Ms. Shang Lingxia as the President. After his resignation, Mr. Huang Qiaoling remains as director of the Company, chairman of the Development Strategy Committee, member of the Nomination Committee, and general director and general planner of the Romance Show series and performing arts works of the Company.

Changes in directors, supervisors and senior management

Applicable Not applicable

Name	Position	Type	Date	Reason
Chen Shengmin	Secretary of the Board	Resigned	Thursday, April 22, 2021	
Hou Li	Secretary of the Board	Appointed	Thursday, April 22, 2021	Appointment of Board of Directors
Lanke	Independent Director	Resigned upon expiration of the tenure of service	Tuesday, May 18, 2021	Resigned when the tenure of service is about to expire
Yang Yiqing	Independent Director	Elected	Tuesday, May 18, 2021	Election of the General Meeting of Shareholders
Huang Qiaoling	Chairman	Resigned	Thursday, August 26, 2021	
Zhang Xian	Chairman	Elected	Thursday, August 26, 2021	Election of the Board of Directors
Zhang Xian	President	Resigned	Thursday, August 26, 2021	
Shang Lingxia	President	Appointed	Thursday, August 26, 2021	Appointment of Board of Directors

2. Positions

Professional backgrounds, major work experiences and current main responsibilities in the Company for incumbent directors, supervisors and senior management of the Company

1. Mr. Huang Qiaoling: 64 years old, senior economist, Chinese nationality, without permanent residency abroad. Mr. Huang Qiaoling served as Chairman and President of Songcheng Tourism Development Co., Ltd. from February 1999 to December 2000. Since November 1997, he has served as Chairman of Songcheng Group; From August 2001 to March 2013, he served as Chairman of Hangzhou World Leisure Expo Park Co., Ltd. He served as Chairman of the Company from December 2000 to August 2021. He has served as a director of the Company since December 2000.
2. Mr. Huang Qiaolong: 62 years old, college degree, economist, Chinese nationality, without permanent residency abroad. Mr. Huang Qiaolong served as Vice President and Chairman of Songcheng Holdings from March 2003 to November 2009. He has served as a director of the Company since December 2000.
3. Ms. Zhang Xian: 48 years old, master degree, a famous person in national publicity and cultural system, with the title of "Four Excellency" talent. Chinese nationality, without permanent residency abroad. Ms. Zhang Xian used to be an English teacher in middle school and Deputy Director of Nanhu Revolutionary Memorial Hall. In December 2000, she joined Songcheng Group as Deputy General Manager of Songcheng Holdings; From February 2002 to July 2003, she served as the General Manager of Songcheng Tourism Management Branch; From August 2003 to February 2007, she served as Vice President of Songcheng Holdings; From March 2007 to February 2009, she served as Vice President of the Company; From March 2009 to December 2010, she served as Executive President of the Company; She has served as the President of the Company from December 2010 to August 2021. She has served as a director of the Company since June 2010 and Chairman of the Company since August 2021.
4. Ms. Shang Lingxia: 47 years old, bachelor degree, Chinese nationality, without permanent residency abroad. Ms. Shang Lingxia served as the secretary of Chairman of Songcheng Holdings from March 2001 to July 2003; From August 2003 to September 2005, she served as General Manager of Songcheng Tourism Management Branch; From October 2005 to April 2008, she served as General Manager of Hangzhou World Leisure Expo Park Co., Ltd.; From May 2008 to November 2010, she served as General Manager of First World Hotel; From December 2010 to December 2017, she served as Vice President of the Company; From January 2018 to August 2021, she served as Executive Vice President of the Company. She has served as a director of the Company since August 2013 and the President of the Company since August 2021.
5. Mr. Zhang Jiankun: 58 years old, college degree, Chinese nationality, without permanent residency abroad. From October 1994 to April 1999, Mr. Zhang Jiankun served as the director of Songcheng Real Estate Engineering Department; From May 1999 to February 2002, he served as the Engineering Department Manager of Hangzhou Huamei Science and Technology Education Investment Co., Ltd.; From March 2002 to February 2004, he served as Deputy General Manager of Songcheng Holding Engineering Construction Department; From March 2004 to February 2005, he served as Deputy General Manager of Landscape Real Estate; From March 2005 to February 2006, he served as General Manager of Songcheng Holdings Engineering Department; From March 2006 to February 2009, he served as Vice President of Landscape Real Estate; From March 2009 to February 2012, he served as Vice President of the Company; From March 2012 to December 2013, he served as Executive Vice President of the Company; He has been the Executive President of the Company since January 2013 and the director of the Company since February 2013.
6. Mr. Huang Hongming: 50 years old, bachelor degree, senior economist, Chinese nationality, without permanent residency abroad. Mr. Huang Hongming has been the Deputy General Manager of Songcheng Real Estate Company; Vice Chairman and President of Hong Kong Jinhui International Investment Group; Since September 2013, he has served as Executive President of Songcheng Holdings Company, and has served as a director of the Company since April 2019.
7. Mr. Yang Yiqing: 52 years old, master degree, Chinese nationality, without permanent residency abroad. He is a senior expert in Zhejiang Merchants research and professor of Zhejiang Gongshang University. He used to be the head of a subordinate newspaper of Zhejiang Daily Press Group, assistant to the Chairman and director of strategic development of Songcheng Group, and executive director of Holley Group. Now he is the Deputy Director of Zhejiang Merchants Institute of Zhejiang Gongshang University, Director

of Zhejiang Merchants Museum, Executive Director of Zhejiang Merchants Seminar, Secretary General of Academic Research Center of the General Association of Zhejiang Merchants, member of Organizing Committee of Global Zhejiang Entrepreneur Convention, executive member of Zhejiang Federation of Industry and Commerce, etc. He has served as an independent director of the Company since May 2021.

8. Mr. Liu Shuzhe: 65 years old, master degree, senior economist, Chinese nationality, without permanent residency abroad. Mr. Liu Shuzhe has served as loan officer of Jiande Sub-branch of People's Bank of China, Deputy Head of Xiaoshan Sub-branch of Industrial and Commercial Bank of China, Chief, Deputy Director and Vice President of Hangzhou Branch of Industrial and Commercial Bank of China, and has been an independent director of the Company since August 2019.

9. Ms. Yu Qinyi: 42 years old, master degree, Chinese nationality, without permanent residency abroad. From July 2005 to December 2009, she served as strategic investment consultant of Zhongxin Zhongliang Lianxing Co., Ltd.; Since January 2010, she has been a certified public accountant of Zhejiang Herui Certified Public Accountants Co., Ltd., and has been an independent director of the Company since March 2017.

10. Ms. Zhu Hualu: 67 years old, college degree, Chinese nationality, without permanent residency abroad. From January 1995 to January 2005, Ms. Zhu Hualu served as Art Department Manager, General Manager Assistant and Executive Deputy General Manager of Hangzhou World City Songcheng Real Estate Co., Ltd., and Vice President of Hangzhou Songcheng Group Holdings Co., Ltd.; She has served as Chairman of the Board of Supervisors of the Company since December 2000.

11. Ms. Yu Feng: 46 years old, bachelor degree, Chinese nationality, without permanent residency abroad. Ms. Yu Feng served as Deputy Manager of Xiaoshan International Hotel from October 1995 to June 2003; From August 2003 to July 2004, she served as Deputy Manager of Human Resources Department of Hangzhou Paradise; From August 2004 to November 2006, she served as HR Manager of Hangzhou Landscape Real Estate Co., Ltd. and HR Manager of Hangzhou World Leisure Expo Park Co., Ltd.; From December 2006 to April 2011, she served as Director of Human Resources Department and Deputy General Manager of general manager office of Hangzhou First World Hotel Co., Ltd.; From April 2011 to December 2012, she served as Deputy Director of Human Resources Department of Hangzhou Songcheng Group Holdings Co., Ltd.; From January 2013 to December 2015, she served as Director of Hangzhou First World Hotel Co., Ltd. and Deputy General Manager of the administrative office; From January 2016 to December 2017, she served as General Manager of Hangzhou Songcheng Tourism Development Co., Ltd.; She has served as President Assistant of the Company since January 2018, and has served as supervisor of the Company since August 2013.

12. Ms. Xu Jie, 54 years old, assistant ideological and political worker, Chinese nationality, without permanent residency abroad. From June 1999 to February 2002, Ms. Xu Jie served as Deputy Manager of Real Estate Marketing Department of Hangzhou Xianghu Green Valley Tourism Development Co., Ltd. From March 2002 to June 2002, she served as Deputy Manager of Early Stage Department of Hangzhou Nandu Songcheng Real Estate Co., Ltd.; From July 2002 to May 2006, she served as Property Manager of Hangzhou World Leisure Expo Park Co., Ltd.; From June 2006 to December 2008, she served as Property Manager of Hangzhou Songcheng Landscape Real Estate Co., Ltd.; From February 2009 to December 2010, she served as General Manager Assistant of Hangzhou Songcheng Group Property Services Co., Ltd.; Since January 2010, she has served as Deputy General Manager of Hangzhou World Leisure Expo Park Co., Ltd., and since August 2016, she has served as supervisor of the Company.

13. Mr. Zheng Qi: 45 years old, college degree, Chinese nationality, has served as Sales Manager of the mobile phone business unit of the Market Development Department of China Putian Hangzhou Subsidiary; Manager of Jiangsu and Hubei Regions of Mobile Communications Division of East China Representative Office of Ericsson China Investment Co., Ltd.; General Manager of Energy Division of Aerospace Communications Holding Group Co., Ltd.; Deputy general manager of Zhejiang Aerospace Electronic Information Industry Co., Ltd. Since December 2013, he has served as Executive Director and General Manager of Lijiang Chama Ancient City Tourism Development Co., Ltd, Chairman and General Manager of Aba Zhou Jiuzhai Romance Tourism Development Co., Ltd, Director and General Manager of Guilin Lijiang Romance Performance Development Co., Ltd, Director and General Manager of Jiuzhaigou Tibetan Mystery Culture Co., Ltd and President Assistant of Songcheng Performance Development Co., Ltd, and has served as Vice President of the Company since October 2018.

14. Mr. Chen Shengmin: 51 years old, college degree, accountant, Chinese nationality, without permanent residency abroad. From

March 2002 to March 2004, Mr. Chen Shengmin served as the lead accountant of Finance Department of the Leyuan Tourism; From April 2004 to February 2005, he served as the Finance Manager of the Leyuan Tourism; From March 2005 to July 2007, he served as Finance Manager of Landscape Real Estate; From May 2017 to April 2021, he served as the Secretary of the Board of Directors of the Company. He has served as the Chief Financial Officer of the Company since July 2007.

15. Ms. Hou Li: 39 years old, master degree, Chinese nationality, without permanent residency abroad. She has worked in Songcheng Performance since May, 2008 and served as the head of Securities Department and assistant to the General Manager of Songcheng Performance. She began to serve as the Representative of Securities Affairs of Songcheng Performance from January 2013, and served as Deputy General Manager for securities investment of Songcheng Performance from January 2016. She has served as the Secretary of Board of Directors of the Company since April 2021.

Position held in shareholders entities

Applicable Not applicable

Name	Name of shareholder entity	Position held in shareholders entities	Starting date of tenure	Termination Date of tenure	Remuneration and allowance received from a shareholder entity or not?
Huang Qiaoling	Hangzhou Songcheng Group Holdings Co., Ltd	Executive Director			No
Huang Qiaolong	Hangzhou Songcheng Group Holdings Co., Ltd	Supervisor			No
Huang Hongming	Hangzhou Songcheng Group Holdings Co., Ltd	Executive President			Yes

Position held in other entities

Applicable Not applicable

Name	Name of other entity	Position held in other entities	Starting date of tenure	Termination Date of tenure	Remuneration received from other entity or not
Yu Qinyi	Zhejiang Herui Certified Public Accountants Co., Ltd.	Certified Public Accountant			Yes
Yang Yiqing	Xiangpiaopiao Food and Zhejiang Meili High Technology Co.,Ltd	Independent Director			Yes
Liu Shuzhe	Bank of Hangzhou, CHINT Electrics Co., Ltd., Hangzhou GREENDA Electronic Materials Co., Ltd.	Independent Director			Yes
Xu Jie	Hangzhou World Leisure Expo Park Co., Ltd	Deputy General Manager and Supervisor			Yes

Incumbent or outgoing directors, supervisors and senior management in the reporting period that have been imposed administrative penalties by CSRC in the last three years

□ Applicable √ Not applicable

3. Remuneration of Directors, Supervisors and Senior Management

The following describes the decision-making program, determination basis and actual payment of remuneration for directors, supervisors and senior management.

Procedures for making decisions on the remuneration of directors, supervisors and senior management personnel: remuneration of directors and supervisors is determined by the general meeting of shareholders, while remuneration of senior managers is determined by Board of Directors. Directors, supervisors and senior management personnel who perform their duties in the Company receive remuneration according to specific positions.

Basis for determining the remuneration of directors, supervisors and senior management personnel: The remuneration of directors, supervisors and senior management personnel shall be determined and distributed according to the Working Rules of Remuneration and Appraisal Committee of the Board of Directors of the Company, and based on the Company's operating performance, their own performance, work ability, post responsibilities and other assessments.

Remuneration of directors, supervisors and senior management in the reporting period of the Company

Unit: ten thousand RMB

Name	Post	Gender	Age	Position status	Total remuneration from the Company before tax	Whether to receive remuneration from related parties or not
Huang Qiaoling	Director	Male	64	Incumbent	64.32	No
Huang Qiaolong	Director	Male	62	Incumbent		Yes
Zhang Xian	Directors and Chairman	Female	48	Incumbent	63.12	No
Shang Lingxia	Director, President	Female	47	Incumbent	53.43	No
Zhang Jiankun	Director, Executive President	Male	58	Incumbent	57.12	No
Huang Hongming	Director	Male	50	Incumbent		Yes
Yang Yiqing	Independent Director	Male	52	Incumbent	3.33	No
Liu Shuzhe	Independent Director	Male	65	Incumbent	5	No
Yu Qinyi	Independent Director	Female	42	Incumbent	5	No
Zhu Hualu	Chairman of the Board of Supervisors	Female	67	Incumbent	5	No

Yu Feng	Staff Supervisor	Female	46	Incumbent	35.5	No
Xu Jie	Supervisor	Female	54	Incumbent		Yes
Zheng Qi	Vice President	Male	45	Incumbent	51	No
Chen Shengmin	Chief Financial Officer	Male	51	Incumbent	45.43	No
Hou Li	Secretary of the Board	Female	39	Incumbent	33.82	No
Total	--	--	--	--	422.07	--

VIII. Performance of Directors' Duties during the Reporting Period

1. The Board of Directors during the reporting period

Conference Session	Date of Conference	Date of Disclosure	Meeting Resolution
The 10th meeting of the 7th Board of Directors	Thursday, April 22, 2021	Friday, April 23, 2021	Details are provided in the <i>Notice of Resolution of the 10th Meeting of the 7th Board of Directors (2021-014)</i> , available at http://www.cninfo.com.cn/
The 11th meeting of the 7th Board of Directors	Monday, June 21, 2021	Monday, June 21, 2021	For details, see <i>Notice of Resolution of the 11th Meeting of the 7th Board of Directors (2021-023)</i> , available at http://www.cninfo.com.cn/
The 12th meeting of the 7th Board of Directors	Wednesday, August 11, 2021	Thursday, August 12, 2021	For details, see <i>Notice of Resolution of the 12th Meeting of the 7th Board of Directors (2021-025)</i> , available at http://www.cninfo.com.cn/
The 13th meeting of the 7th Board of Directors	Thursday, August 26, 2021	Thursday, August 26, 2021	For details, see <i>Notice of Resolution of the 13th Meeting of the 7th Board of Directors (2021-031)</i> , available at http://www.cninfo.com.cn/
The 14th meeting of the 7th Board of Directors	Friday, October 22, 2021		Deliberation of Report of the Third Quarter of 2021

2. Attendance of director at the meeting of Board of Directors and general meeting of shareholders

Attendance of director at the meeting of Board of Directors and general meeting of shareholders							
Name of director	Number of board meetings to attend during the reporting period	Number of on-site attendance of board meetings	Number of attendance of board meetings by means of telecommunications	Number of attendance of board meetings by trustees	Number of absence at board meetings	Whether absent from board meetings in person for two consecutive times	Number of attendance of shareholders' general meetings
Huang Qiaoling	5	5	0	0	0	No	2
Huang Qiaolong	5	5	0	0	0	No	2
Zhang Xian	5	5	0	0	0	No	2
Shang Lingxia	5	5	0	0	0	No	2
Zhang Jiankun	5	5	0	0	0	No	2
Huang Hongming	5	5	0	0	0	No	2
Liu Shuzhe	5	5	0	0	0	No	2
Yang Yiqing	4	4	0	0	0	No	1
Yu Qinyi	5	5	0	0	0	No	2
Lanke	1	1	0	0	0	No	1

3. Objections of directors to related issues of the company

Whether directors raise any objection to related issues of the Company

Yes No

During the reporting period, directors did not raise objections to the company's related issues.

4. Other information on directors' performance of duties

Whether proposals made by directors were adopted by the Company

Yes No

Statement on the acceptance or rejection of director's proposals on company issues.

In the report period, all directors of the Company have acted with due diligence and adhered to their duties by carrying out various tasks according to the regulations of China Securities Regulatory Commission and Shenzhen Stock Exchange as well as the *Company Law* and *Securities Law*, and its *Articles of Association*, *Rules of Procedure of Board of Directors* and *Working Rules of Independent Directors*, thus conducting in-depth communication and discussion and reaching consensus on all the proposals submitted to the Board of Directors for review, and resolutely supervising and promoting the implementation of the resolutions of the Board of Directors to ensure scientific, timely and efficient decision-making and secure the legitimate rights and interests of the Company and all shareholders.

XI. Performance of Special Committees under the Board of Directors during the Reporting Period

Name of Committee	Members	Number of meetings held	Date of Conference	Meeting subjects	Important opinions and suggestions proposed	Performance of other duties	Specific objections (if any)
Audit Committee	Liu Shuzhe, Yu Qinyi, Zhang Jiankun	3	Thursday, April 22, 2021	Review and approve: <i>2020 Final Financial Report, 2020 Profit Distribution Plan Proposal, 2020 Audit Report Proposal, 2020 Internal Control Self-Evaluation Report, 2021 Auditor Appointment Proposal, 2020 Annual Report's Full Text and Summary, and 2021 First Quarter Report.</i>	With due diligence, the Audit Committee has carried various tasks according to the <i>Company Law</i> and its <i>Articles of Association</i> and <i>Rules of Procedure of Board of Directors</i> , putting forward kinds of opinions according to the actual position of the Company and passing all proposals unanimously after full communication and discussion.		
			Thursday, August 26, 2021	Review and approve: <i>2021 Semi-Year Report's Full Text</i>			
			Friday, October 22, 2021	Review and approve: <i>2021 Q3 Report's Full Text</i>			
Nomination	Lanke, Huang	1	Thursday, April	Review and	The		

Committee	Qiaoling, Liu Shuzhe		22, 2021	approve: <i>Proposal of Changing the Secretary of Board of Directors and Proposal on Expiration of Independent Directors' Tenure and Election of Substitute Independent Directors</i>	Nomination Committee has reviewed for the eligibility of candidates and unanimously adopted the relevant proposal.		
Nomination Committee	Yang Yiqing, Huang Qiaoling, Liu Shuzhe		Thursday, August 26, 2021	Review and approve: <i>Proposal of Electing the Chairman of the Company and Proposal of Employing the President of the Company.</i>			
Development Strategy Committee	Huang Qiaoling, Zhang Xian, Lanke		Thursday, April 22, 2021	Review and approve: <i>Work Report of the Board of Directors in 2020</i>	The Development Strategy Committee has made in-depth research and analysis on the industry and the challenges it may face in the future, put forward valuable opinions for the Company to formulate mid- and long-term development		

					strategies, and unanimously agreed to relevant proposals.		
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X. Work of the Board of Supervisors

Has Board of Supervisors discovered any risk in the company during the supervision in the reporting period

Yes No

The Board of Supervisors has no objection to the supervision matters during the reporting period.

XI. Personnel of the Company

1. Number, profession composition and educational background of the employees

Number of incumbent employees in the parent company at the end of the reporting period (persons)	99
Number of incumbent employees of major subsidiaries at the end of the reporting period (persons)	1,060
Total number of incumbent employees at the end of the reporting period (persons)	1,159
Number of employees receiving salaries in current period (person)	1,159
Number of retired employees requiring the parent company and major subsidiaries to bear their costs	0
Profession composition	
Type of profession composition	Number of employees for profession composition (person)
Production personnel	317
Salesperson	75
Technical personnel	196
Financial personnel	75
Administrative personnel	65
Executive personnel	190
Service personnel	241
Total	1,159
Educational background	
Type of educational background	Number of employees (person)
Junior high school and below	61

High school/technical secondary school	258
Junior college	438
Bachelor	382
Master and above	20
Total	1,159

2. Remuneration policies

The Company has set up the big "H" broadband remuneration system, which not only provides a promotion channel and platform for management, but also encourages employees to get higher remuneration by improving their skills and professional levels. The Company has established a national professional title and professional qualification reward system, and monthly and one-time rewards have been granted for certain professional titles and professional qualification certificates. A key employee reward system has been established for employees with excellent business skills, and these rewards are granted monthly. Promotion and downgrading decisions are made through quarterly assessment to fully promote the fairness and competitiveness within the Company. We evaluate and adjust employees' salaries based on the Company's operating performance, employees' appraisal results, work performance, social and economic developments, price level and regional differences, and advocate a salary confidentiality system.

Salary is composed of post salary, various subsidies, benefits and bonuses. The salary of management personnel consists of basic salary, post salary, performance salary and allowance; the salary of employee-level positions consists of basic salary, performance salary and allowance. Among them, the basic salary and performance salary are verified according to the management level and performance appraisal scheme. The performance salary of employees is closely associated with business operation in the Company's slack season and busy season and respective workload, on the basis of the principle of "more pay for more work". The post salaries for the management personnel at supervisor level or above are determined according to their management level.

3. Training plan

(1) The Company is committed to building a comprehensive talent training system and a scientific talent promotion mechanism to help the Company achieve its strategic goals and continuously improve the all-round ability of its employees. The cultivation and promotion of talents are the main components of the annual KPI for each manager of the Company and also an important part in assessing the responsibility system of annual business objectives of the company. The Company attaches great importance to the cultivation of talents, and gives notices of praise and material rewards to subsidiaries that have made outstanding contributions to the cultivation of talents.

(2) The Company has established a sound staff training system and internal trainer training system, and has formulated targeted training programs such as "Induction Training", "Job Skills Training", "General Skills Training", "Professional Skills Upgrading Training", "Professional Skills Upgrading Training", "Management Skills Training", "Internal Trainer Training (TTT)", "Songcheng Star Training Class", "Artistic Performance and Management", and intensive training classes within each vertical management system. The Company has established a vertical management center of the scenic spots, held vertical management meetings regularly, and carried out various forms of training every year to improve the business and management skills of their employees within the system. The vertical management center of the scenic spots regularly visits each subordinate company for work inspection every year. In addition to such inspections, the excellent work experience and cases of each company are also shared within the system.

(3) The Company helps the growth of talents through a combination of internal and external trainings. We have cooperated with many external professional training institutions to constantly update and strengthen the professional knowledge and practical skills

of our talents in administration, human resources, finance and taxation, marketing, planning, business and management. The Company has established "Songcheng Group Online School" to create good study atmosphere for employees in the Company to participate in online training anytime and anywhere. In addition, the Company has held a mini-lecture contest to encourage employees to participate in the recording of mini-lectures and the production of courses. The Company has uploaded excellent courses to the Online School for all employees to learn.

(4) The subsidiaries of the Company have held a variety of themed activities, such as Quarterly Business Skills Competition, Outdoor Training for Employees, Four Seasons Themed Event for Employees and Internal Trainers Salon. Subject to local COVID-19 policies, the Company advocates healthy exercise approaches and enriches the development of training and other activities.

(5) The Company registered an official corporate culture publicity account named "Songcheng people" on WeChat, so as to display various corporate culture activities organized by the Company to employees, and strengthen the publicity of award-winning employees such as "the Most Beautiful Songcheng people", "Star Employees" and "Excellent Interns", thus creating an excellent corporate culture atmosphere. Employees can also leave messages on WeChat, and any suggestions and opinions about the Company can be sent to the chairman's mailbox. In addition, the Company shall strengthen the interaction and communication between its management and the employees, and implement excellent and feasible suggestions put forward by employees.

4. Labor outsourcing

Applicable Not applicable

Total hours of labor outsourcing (hours)	1,425,076
Total remuneration paid for labor outsourcing (RMB)	28,501,534.53

XII. Profit Distribution and Conversion of Capital Reserves into Share Capital

Formulation, execution or adjustment of profit distribution policy, especially the cash dividend during the Reporting Period

Applicable Not applicable

The Company held the 10th meeting of the 7th Board of Directors and 8th meeting of the 7th Board of Supervisors on April 22, 2021 and the 2020 Annual General Meeting of Shareholders on May 18, 2021, reviewing and approving the 2020 *Annual Profit Distribution Plan*, under which the Company would, on the basis of the total capital of 2,614,694,040 shares, distribute a cash dividend of RMB 0.50 (including tax) for every 10 shares to all shareholders at the end of 2020. Total cash dividend of RMB 130,734,702 was distributed. During the reporting period, the Company has completed the equity distribution. The equity registration date: Tuesday, June 1, 2021 and the date of exclude right (XR) and exclude dividend (DR): Wednesday, June 2, 2021.

Special notes on cash dividend policies	
Whether they comply with the requirements of the Company's articles of incorporation or the resolutions of the General Meeting of Shareholders:	Yes
Whether the dividend standards and proportions are distinct and clear:	Yes
Whether the relevant decision-making procedures and mechanisms are complete:	Yes
Whether the independent directors performed their duties and played their due role:	Yes

Whether the minority shareholders have the opportunity to fully express their opinions and appeals, and whether their legitimate rights and interests have been fully protected:	Yes
Whether relevant conditions and procedures are compliant and transparent when the cash dividend policies are being adjusted or changed:	Not applicable.

The plan for profit distribution and capitalization of capital reserves during the reporting period is consistent with relevant provisions in the articles of association and dividend management measures of the Company

Yes No Not applicable

The plan for profit distribution and capitalization of capital reserves during the reporting period is in compliance with relevant provisions in the articles of association of the Company.

Profit distribution and capitalization of capital reserves in the current year

Number of bonus shares per 10 shares (shares)	0
Number of dividend payout per 10 shares (RMB) (tax included)	0.50
Number of capitalized shares per 10 shares (shares)	0
Equity base in the distribution preplan (shares)	2,614,694,040
The amount of cash dividends (yuan) (including tax)	130,734,702.00
The amount of cash dividends (yuan) in other ways (such as share repurchase)	0.00
The total amount of cash dividends (including in other ways) (yuan)	130,734,702.00
Distributable profits (RMB)	3,131,881,024.60
The ratio of the total amount of cash dividends (including in other ways) to the total amount of profit distribution	100.00%

Latest cash dividend

If the Company's development stage is not easy to define but there are significant capital expenditure arrangements, when the profits are being distributed, the proportion of the cash dividends in this profit distribution should be at least 20%

Details of the preplans on profit distribution or capitalization of capital reserves

Audited by BDO China Shu Lun Pan CPAs (special general partnership), the net profit attributable to the shareholders of the listed company in 2021 was RMB 315,130,800. Based on the total share capital of 2,614,694,040 shares as at Friday, December 31, 2021, the Company distributed RMB 0.50 (tax included) of dividend for every 10 shares to all the shareholders, with a total cash dividend of RMB 130,734,702.

The profits of the Company in the Reporting Period and the parent company's profits distributable to shareholders are positive, but the Company did not put forward a proposed plan for cash dividend distribution.

Applicable Not applicable

XIII. Implementation of the Company's Equity Incentive Plan, Employee Stock Ownership Plan or Other Employee Incentive Measures

Applicable Not applicable

During the reporting period, the Company has no equity incentive plan, employee stock ownership plan or other employee incentive measures and their implementation.

XIV. Establishment and implementation of the Company's Internal Control System During the Reporting Period

1. Establishment and implementation of internal controls

In the report period, the Company has updated and improved its internal control system timely in accordance with the *Basic Norms of Internal Control of Enterprises* and its guidelines. It has established a simple, suitable and effective one with scientific design. The Audit Committee and the internal audit department have jointly formed the organization for risk management and internal control to supervise and evaluate the internal control of the Company. Through the operation, analysis and assessment related to the internal control system, the Company has effectively prevented risks in operation and management, thus promoting the achievement of internal control objectives.

2. Details of material weakness in internal control found during the reporting period

Yes No

XV. Management and controls of subsidiaries during the Reporting Period

Company Name	Integration plan	Integration progress	Problems arising from the integration	Actions taken	Solving progress	Follow-up plan
N/A	N/A	N/A	N/A	N/A	N/A	N/A

XVI. Self-assessment Report on Internal Control or Audit Report on Internal Control

1. Internal control self-evaluation report

Date of full-text disclosure for internal control assessment report	Friday, April 22, 2022
Full-text disclosure index for internal control assessment report	For details, see <i>2021 Annual Internal Control Self-Evaluation Report</i> published by the company on http://www.cninfo.com.cn on Friday, April 22, 2022
Percentage of total asset from units included in the assessment out of the total asset from the company's consolidated financial statements	77.48%
The proportion of operating income of	89.81%

parties included in the assessment to total operating income from the Company's consolidated financial statements		
Defect identification criteria		
Category	Financial Report	Non-financial reports
Qualitative standards	<p>A material deficiency in internal control over financial reporting is considered to exist if:</p> <p>(1) The Company's control environment is ineffective;</p> <p>(2) Fraud by any of the directors, supervisors and senior management;</p> <p>(3) The Certified Public Accountant finds that there is a material misstatement in the current financial report, however, the Company's internal control fails to detect such misstatement in the course of operation;</p> <p>(4) Ineffective supervision of internal control by the Company's Audit Committee and internal audit department.</p> <p>Significant deficiency: A deficiency that, alone or in combination with other deficiencies, is less serious than a material deficiency but may still cause the Company to deviate from its control objectives.</p> <p>General deficiency: Other internal control deficiencies that do not constitute a material deficiency or a significant deficiency.</p>	<p>The Company is deemed to have a material deficiency in internal control not related to financial reporting if the following circumstances occur:</p> <p>(1) The Company's operating activities seriously violate national laws and regulations;</p> <p>(2) Unscientific decision-making procedures, resulting in major mistake in decision-making, which causes significant property losses to the Company;</p> <p>(3) Significant loss of key management personnel or technical personnel;</p> <p>(4) Frequent occurrence of negative news or reports, which aroused great concern of regulatory authorities and cannot be eliminated in a long period of time.</p> <p>Significant deficiency: A deficiency that, alone or in combination with other deficiencies, is less serious than a material deficiency but may still cause the Company to deviate from its control objectives.</p> <p>General deficiency: Other internal control deficiencies that do not constitute a material deficiency or a significant deficiency.</p>
Quantitative standards	<p>Potential misstatement of total profits, material deficiency: misstatement \geq 5% of total profits; significant deficiency: 2% of total profits \leq misstatement $<$ 5% of total profits; general deficiency: misstatement $<$ 2% of total profits</p>	<p>Property losses caused by deficiencies, material deficiency: property losses caused by deficiencies \geq 5% of total profits; significant deficiency: 2% of total profits \leq property losses caused by deficiencies $<$ 5% of total profits; general deficiency: property losses caused by</p>

		deficiencies < 2% of total profits
Number of material weakness in financial reports		0
Number of material weakness in non-financial reports		0
Number of significant deficiency in financial reports		0
Number of significant deficiency in non-financial report		0

2. Internal Control Audit Report or Assurance Report

Internal Control Assurance Report

Deliberations Paragraph in the Internal Control Assurance Report	
In our opinion, Songcheng Performance has maintained effective internal control of financial reporting in all major aspects in accordance with the relevant provisions of the <i>Basic Norms of Internal Control of Enterprises</i> as of December 31, 2021.	
Disclosure in the Internal Control Assurance Report	Disclosure
Date of full-text disclosure for the internal control assurance report	Friday, April 22, 2022
Full-text disclosure index for the internal control assurance report	For details, please refer to the <i>Internal Control Assurance Report of Songcheng Performance Development Co., Ltd</i> published by the company on http://www.cninfo.com.cn on Friday, April 22, 2022
Opinion type in the internal control assurance report	Standard unqualified opinion
Whether there are material deficiencies in the non-financial reports	No

Whether the accounting firm has issued an internal control assurance report with modified opinions

Yes No

Whether the opinions in the internal control assurance report issued by the accounting firm are consistent with those in the self-evaluation report issued by the board of directors

Yes No

XVII. Rectification of Problems Identified through Self-examination as Part of the Special Campaign to Improve the Governance of Listed Companies

Not applicable.

Section V Environment and Social Responsibility

I. Major Environmental Issues

Whether the listed company and its subsidiaries belong to the key pollutant discharging units announced by the environmental protection department

Yes No

Administrative penalties received for environmental issues during the reporting period

Name of the Company or subsidiary	Reason for penalties	Description of violation	Result of penalties	Impact on the production and operation of the Company	Rectifying measures of the Company
N/A	N/A	N/A	N/A	N/A	N/A

Refer to other environmental information disclosed by key emitters

N/A

Measures taken to reduce carbon emissions during the reporting period and their effects

Applicable Not applicable

Reason for the failure to disclose other environmental information

Not applicable.

II. Social Responsibilities

For details, see *2021 Annual Social Responsibility Report* issued by the Company at <http://www.cninfo.com.cn/>.

III. Consolidate and Carry Forward the Achievements of Poverty Alleviation and Rural Revitalization

Not applicable.

Section VI Significant Events

I. Performance of commitments

1. Commitments made by the Company's controlling shareholders, shareholders, related parties, purchasers and purchasing companies and have been fulfilled during the reporting period and those that have not been fulfilled by the end of the reporting period

√ Applicable □ Not applicable

Source of commitment	Commitment party	Type of commitment	Content of commitment	Commitment time	Commitment period	Performance of commitments
Commitments made in the report of acquisition or in the report of equity changes						
Commitments made during asset restructuring						
Commitments made at the time of IPO or re-financing	Songcheng Group, Nan'ao Investment, Huang Qiaoling, Dai Yinqin, Sun Fangfang, Huang Qiaolong, Huang Qiaoyan and Liu Ping	Restricted IPO sale commitment	(I) Commitments to avoidance of competitive business and related-party transactions Songcheng Holdings as the controlling shareholder and Huang Qiaoling as the actual controller of the Company (collective referred to as "Commitment Parties") have made the following commitments: The Commitment Parties and their controlled companies do not, and will not in the future, directly or indirectly, in any way, engage in or cooperate with others to engage in business that is the same as or similar to, or in any way competes with that of Song Cheng Shares and its	Thursday, December 9, 2010		In the report period, the parties above have fulfilled their commitments.

		<p>subsidiaries; shall make every effort to prevent the immediate family members and affiliates of the Commitment Parties from engaging themselves in business that is the same as or similar to, or in any way competes with that of Song Cheng Shares and its subsidiaries; do not, and will not, invest in any company, enterprise or other institution or organization which is engaged in business that is the same as or similar to, or in any way competes with that of Song Cheng Shares and its subsidiaries; do not, and will not, provide proprietary technology or trade secrets (such as sales channels and customer information) to any company, enterprise or other institution, organization or individual which has other business that is the same as or similar to, or in any way competes with that of Song Cheng Shares and its subsidiaries; will not use the word "Songcheng" in the name of any enterprise which is controlled, jointly controlled or significantly influenced by the Commitment Parties in any way including but not limited to equity purchase, capital increase or new establishment, except for Songcheng Shares or the enterprises controlled by Songcheng Shares, and will not use tourism-related expressions in the enterprise's name, business license and articles of association; and will no longer use the "Songcheng" trade name</p>			
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		<p>during the development and publicity of any business newly developed, operated or jointly operated or participated in by the Commitment Parties and other enterprises that they control, jointly control or significantly influence, including but not limited to real estate, stores and hotels, excluding issuer's business, except for Songcheng Shares or the enterprises controlled by Songcheng Shares. (II)</p> <p>Commitments to lock-up shares</p> <p>Huang Qiaoling as the actual controller of the Company and her natural-person affiliates Dai Yinqin, Sun Fangfang, Huang Qiaolong, Huang Qiaoyan and Liu Ping, and Songcheng Holdings as the controlling shareholder and Nan'ao Real Estate as a shareholder commit that they will not, within 36 months after the public offering date of Songcheng Shares, transfer, or entrust others to manage the shares issued before the public offering of Songcheng Shares directly or indirectly held by them, nor will Songcheng Share buy back the shares issued before the public offering of Songcheng Shares. Huang Qiaoling as the Board Chairman and shareholder of the Company and her natural-person affiliates Dai Yinqin, Sun Fangfang, Huang Qiaolong, Huang Qiaoyan and Liu Ping commit that they will not, as long as Huang Qiaoling and Huang Qiaolong are serving as directors, supervisors or senior</p>			
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		<p>managers of the Company, transfer shares in a year exceeding 25% of the total shares they respectively held, directly or indirectly, in the Company, and that they will not, within half a year after Huang Qiaoling leaves the Company, transfer any share of the Company directly or indirectly held by them. Zhang Huipin as the director directly holding the shares of the Company and Ji Dingtian as the director indirectly holding the shares of the Company commit that they will not, as long as they are serving as directors, supervisors or senior managers of the Company, transfer shares either of them directly or indirectly held in the Company, and that they will not, within half a year after leaving the Company, transfer any share of the Company directly or indirectly held by themselves. (III)</p> <p>Commitment to share transfer</p> <p>Huang Qiaoling as the Board Chairman, President and shareholder of the Company and her natural-person affiliates Dai Yinqin, Sun Fangfang, Huang Qiaolong, Huang Qiaoyan and Liu Ping commit that they will not, as long as Huang Qiaoling is serving as a director, supervisor or senior manager of the Company, transfer shares in a year exceeding 25% of the total shares they respectively held, directly or indirectly, in the Company, and that they will not, within half a year after Huang Qiaoling leaves the Company, transfer any share</p>			
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		<p>of the Company directly or indirectly held by themselves. In the report period, there is no violation of the commitments.</p> <p>(IV) Provisions for and commitments on regulated operation Huang Qiaoling as the actual controller and Songcheng Holdings as the controlling shareholder of the Company commit that the enterprises they control or significantly influence will strictly comply with the Company Law, Securities Law, Notice Concerning Some Issues on Regulating the Funds between Listed Companies and Associated Parties and Listed Companies' Provision of Guaranty to Other Parties (ZJF [2003] No. 56), Notice on Issues Related to Providing Guarantee for Others by Listed Companies (ZJGSZ [2000] No. 61) and other laws and regulations to ensure that the Company and the enterprises controlled by the Company will no longer occupy Songcheng Shares' funds or accept any guarantee from Songcheng Shares, so as to prevent the recurrence of violations. If any violation of this commitment damages the benefits of Songcheng Shares or causes losses to Songcheng Shares, the commitment party/the Company will take full liability for the damages or losses. The commitment party/the Company will not change or withdraw from this commitment after Songcheng Shares' IPO. (V)</p> <p>Commitment on asset</p>			
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			consolidation between Songcheng Shares and other enterprises associated to the controlling shareholder and actual controller Songcheng Holdings as the actual controller and controlling shareholder of the Company commits that Songcheng Shares is the only company actually controlled by the commitment party/the Company that carries out theme parks and tourism culture performing arts business. If Songcheng Shares completes its IPO and its shares are listed on Growth Enterprise Market Board, as long as its shares are listed on Growth Enterprise Market Board, the commitment party/the Company will not contribute the assets and business that are not related to the operation of Songcheng Shares, such as hotel and catering and real estate property, which are actually controlled by the Company, into Songcheng Shares directly or indirectly by any means, such as asset restructuring or joint venture.			
Equity incentives commitment						
Other commitments made by the Company to small and medium shareholders						
Whether the commitments are fulfilled on	Yes					

schedule	
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2. If there is a profit forecast for the Company's assets or projects, and the reporting period is still within the profit forecast period, the Company shall make an explanation on the fulfillment and its reasons

Applicable Not applicable

II. Occupation of the Capital of the Listed Company by Controlling Shareholders and Their Related Parties for Non-Operational Purposes

Applicable Not applicable

During the reporting period, there is no non-operational capital occupation over the list Company by controlling shareholders and their related parties.

III. Illegal Guarantees

Applicable Not applicable

In the report period, there is no illegal guarantee provided by the Company.

IV. Explanations Made by the Board of Directors on the Latest "Non-standard Audit Report"

Applicable Not applicable

V. Explanations Made by the Board of Directors, the Board of Supervisors and Independent Directors (If Any) on the "Non-standard Audit Report" from the Accounting Firm during the Reporting Period

Applicable Not applicable

VI. Explanations Made by the Board of Directors on the Changes to the Accounting Polices and Accounting Estimates or the Corrections of Significant Accounting Error during the Reporting Period

Applicable Not applicable

VII. Changes in the Scope of Consolidated Financial Statements Compared with the Financial Report of Previous Year

Applicable Not applicable

There are 1 newly merged units in this period, the reasons are:

New Merged Units This Year	Investment Ratio	Notes
Global Bacchus Limited	100.00%	New in 2021

In the current period, the number of merged units was reduced by 1 due to:

Reduced Merged Units This Year	Investment Ratio	Notes
Zhejiang Songcheng Longquan Mountain Tourism Development Co., Ltd	100.00%	Equity sale in 2021

VIII. Appointment and Dismissal of Accounting Firms

Currently appointed accounting firms

Names of domestic accounting firms	BDO China Shu Lun Pan CPAs (special general partnership)
Remuneration to domestic accounting firms (Unit: ten thousand yuan)	138
Years of continuous audit service of domestic accounting firms	21 years
Names of Certified Public Accountants from domestic accounting firms	Ni Yilin, Wang Bin
The continuous period of audit service for certified public accountants in domestic accounting firms	3 years and 1 year

Whether to employ another accounting firm

Yes No

Appointment of accounting firms, financial advisers or sponsors for internal control auditing

Applicable Not applicable

IX. Delisting after Disclosure of Annual Report

Applicable Not applicable

X. Bankruptcy and Restructuring

Applicable Not applicable

No such case as bankruptcy and reorganization related event during the reporting period.

XI. Major Lawsuits and Arbitrations

Applicable Not applicable

There is no major lawsuit or arbitration in this year.

XII. Penalties and Rectification

Applicable Not applicable

No such case as penalty and rectification during the reporting period.

XIII. Integrity of the Company, Its Controlling Shareholder and Actual Controller

Applicable Not applicable

The Company, its controlling shareholder and actual controller are in good standing during the reporting period.

XIV. Significant Affiliated Transactions

1. Related transactions relevant to daily operations

Applicable Not applicable

Related transaction	Relation with related party	Type of related transaction	Content of the related - party transaction	Principle for pricing of related transaction	Price of related transaction	Amount of related transaction (RMB Ten Thousand)	Proportion in the amount of similar transactions	Approved transaction limit (RMB Ten Thousand)	Whether the approved limit is exceeded	Settlement of related transaction	Available market price for similar transactions	Date of Disclosure	Disclosure Index
Hangzhou First World Hotel Co., Ltd.	Affiliated legal person	Recurring related transactions	On-line procurement of hotel products	Refer to the market price	440.48	440.48	1.48%	38,223.85	No	Cash and Bank Balances	440.48	Friday, April 23, 2021	http://www.cninfo.com.cn
Hangzhou Songcheng Industry Co., Ltd	Affiliated legal person	Recurring related transactions	On-line procurement of hotel products	Refer to the market price	804.87	804.87	2.70%	38,223.85	No	Cash and Bank Balances	804.87	Friday, April 23, 2021	http://www.cninfo.com.cn
Beijing Beite Shengdi Technology Development Co., Ltd.	Affiliate	Contingent related transactions	Delegation of the scenic spot-related projects	Refer to the market price	1,563.12	1,563.12	1.95%	1,563.12	No	Cash and Bank Balances	1,563.12		
Hangzhou First World Hotel Co., Ltd.	Affiliated legal person	Recurring related transactions	Ticket sales	Refer to the market price	240.68	240.68	0.65%	38,223.85	No	Cash and Bank Balances	240.68	Friday, April 23, 2021	http://www.cninfo.com.cn
Hangzhou Songcheng Industry Co., Ltd	Affiliated legal person	Recurring related transactions	Ticket sales	Refer to the market price	318.34	318.34	0.86%	38,223.85	No	Cash and Bank Balances	318.34	Friday, April 23, 2021	http://www.cninfo.com.cn
Hangzhou Songcheng Industry Co., Ltd	Affiliated legal person	Recurring related transactions	Leasing of the office space	Refer to the market price	402.59	402.59	8.27%	402.59	No	Cash and Bank Balances	402.59	Friday, January 17, 2020	http://www.cninfo.com.cn
Hangzhou	Affiliated	Recurring	Leasing of the	Refer to the	996.01	996.01	20.46%	996.01	No	Cash and Bank	996.01	Friday, January	http://www.cn

Songcheng Industry Co., Ltd	legal person	related transactions	parking lot	market price						Balances		17, 2020	info.com.cn
Hangzhou Songcheng Industry Co., Ltd	Affiliated legal person	Recurring related transactions	Leasing of the operating room in the scenic spot	Refer to the market price	239.18	239.18	4.91%	239.18	No	Cash and Bank Balances	239.18	Thursday, March 28, 2019	http://www.cn info.com.cn
Hangzhou Songcheng Industry Co., Ltd	Affiliated legal person	Recurring related transactions	Leasing of the dormitory	Refer to the market price	256.10	256.1	5.26%	256.1	No	Cash and Bank Balances	256.10	Thursday, March 28, 2019	http://www.cn info.com.cn
Hangzhou Songcheng Industry Co., Ltd	Affiliated legal person	Recurring related transactions	Leasing of the parking lot	Refer to the market price	474.66	474.66	9.75%	474.66	No	Cash and Bank Balances	474.66	Thursday, March 28, 2019	http://www.cn info.com.cn
Hangzhou Songcheng Industry Co., Ltd	Affiliated legal person	Recurring related transactions	Leasing of the operating room in the scenic spot	Refer to the market price	278.28	278.28	5.72%	278.28	No	Cash and Bank Balances	278.28	Thursday, March 28, 2019	http://www.cn info.com.cn
Hangzhou First World Hotel Co., Ltd.	Affiliated legal person	Recurring related transactions	Leasing of the operating room in the scenic spot	Refer to the market price	216.00	216	4.44%	216	No	Cash and Bank Balances	216.00	Friday, April 23, 2021	http://www.cn info.com.cn
Hangzhou World Leisure Expo Park Co., Ltd	Affiliated legal person	Recurring related transactions	Leasing of the parking lot	Refer to the market price	690.91	690.91	14.19%	690.91	No	Cash and Bank Balances	690.91	Thursday, March 28, 2019	http://www.cn info.com.cn
Hangzhou World Leisure Expo Park Co., Ltd	Affiliated legal person	Recurring related transactions	Leasing of the dormitory	Refer to the market price	108.36	108.36	2.23%	108.36	No	Cash and Bank Balances	108.36	Thursday, March 28, 2019	http://www.cn info.com.cn
Total				--	--	7,029.58	--	158,120.61	--	--	--	--	--
Details of major sales returned				N/A									
Actual performance during the reporting period where the total amount of daily related party transactions in the current period is estimated by category (if any)				N/A									
Reasons for the big difference between the transaction price and the reference market price, if applicable				Not applicable.									

2. Related transactions in acquisition or sale of assets or equities

Applicable Not applicable

No such case as related-party transactions arising from the acquisition or sale of assets or equity.

3. Significant related-party transactions arising from joint investments on external parties

Applicable Not applicable

Co-investor	Relation with related party	Name of the invested enterprise	Main business of the invested enterprise	Registered capital of the invested enterprise	Total assets of the invested enterprise (RMB Ten Thousand)	Net asset of the invested enterprise (RMB Ten Thousand)	Net profit of the invested enterprise (RMB Ten Thousand)
Ningbo Songcheng Qixian Investment Management Co., Ltd.	Affiliate	Ningno Songcheng Performance Live Entertainment Investment Partnership (limited partnership)	Equity investment, project investment, investment management, enterprise management and investment consultation	RMB 183 million	13,330.49	13,330.42	380.13
Hangzhou Songcheng Group Holdings Co., Ltd, Ningbo Qixian Internet Investment Management Co., Ltd.	Controlling shareholder, affiliate	Ningno Songcheng Internet Entertainment Investment Partnership (limited partnership)	Project investment, investment management, enterprise management consultation, investment consultation and equity investment	RMB 100 million	1,065.49	1,056.49	30,049.41
Shenzhen CGS Fund Management Co., Ltd., Qixian Equity Investment Management Co., Ltd.	Affiliated legal person, affiliate	Ningno Meishan Bonded Port Area Qixian Innovation Entertainment Investment Partnership (limited partnership)	Entertainment project investment, industrial investment, project investment, investment management, enterprise	RMB 155 million	7,332.82	7,285.82	-45.81

			management consultation and investment consultation				
Progress of major projects under construction of the invested enterprise, if any		N/A					

4. Related-party creditor's rights and debts

Applicable Not applicable

No such case as related credits and debts during the reporting period.

5. Business with affiliated financial company

Applicable Not applicable

There was no deposit, loan, credit granting or other financial business between the Company and the affiliated financial company and its related parties.

6. Business between the affiliated parties and the financial company controlled by the Company

Applicable Not applicable

There was no deposit, loan, credit granting or other financial business between the affiliated parties and the financial company controlled by the Company

7. Other major related transactions

Applicable Not applicable

No other significant affiliated transactions occurred during the reporting period.

XV. Significant Contracts and Their Executions

1. Matters on trusteeship, contracting, and leasehold

(1) Matters on trusteeship

Applicable Not applicable

No such case as custody during the reporting period.

(2) Contracting

Applicable Not applicable

No such case as contracting during the reporting period.

(3) Leasing

Applicable Not applicable

No significant leasing occurred during the reporting period.

2. Significant guarantees

Applicable Not applicable

No significant guarantee occurred during the reporting period.

3. Entrusting Others to Manage Cash Assets

(1) Entrusted Financing

Applicable Not applicable

No such case as entrusted financing during the reporting period.

(2) Entrusted Loans

Applicable Not applicable

No such case as entrusted loan during the reporting period.

4. Other Significant Contracts

Applicable Not applicable

No such case as other significant contract during the reporting period.

XVI. Explanations of Other Significant Matters

Applicable Not applicable

There were no other significant matters for explanation during the reporting period.

XVII. Significant Matters Occurred to Subsidiaries of the Company

Applicable Not applicable

Section VII Changes in Shares and Information about Shareholders

I. Changes in Shares

1. Changes in shares

Unit: share

	Before the change		Increase or decrease in the change (+, -)					After the change	
	Number	Percentage	Shares newly issued	Bonus shares	Shares converted from capital reserves	Others	Subtotal	Number	Percentage
I. Shares with limited sales condition	405,984,860	15.53%	0	0	0	-78,977,686	-78,977,686	327,007,174	12.51%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state-owned legal persons	0	0.00%	0	0	0	0	0	0	0.00%
3. Other domestic shares	405,984,860	15.53%	0	0	0	-78,977,686	-78,977,686	327,007,174	12.51%
Including: Shares held by domestic legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic natural persons	405,984,860	15.53%	0	0	0	-78,977,686	-78,977,686	327,007,174	12.51%
4. Foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
Including: Shares held by overseas legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by foreign natural persons	0	0.00%	0	0	0	0	0	0	0.00%

II. Shares without restrictions	2,208,709,180	84.47%	0	0	0	78,977,686	78,977,686	2,287,686,866	87.49%
1. RMB ordinary shares	2,208,709,180	84.47%	0	0	0	78,977,686	78,977,686	2,287,686,866	87.49%
2. Foreign shares list in China	0	0.00%	0	0	0	0	0	0	0.00%
3. Foreign shares listed in overseas	0	0.00%	0	0	0	0	0	0	0.00%
4. Other	0	0.00%	0	0	0	0	0	0	0.00%
III. Total	2,614,694,040	100.00%	0	0	0	0	0	2,614,694,040	100.00%

Reasons for changes in shares

Applicable Not applicable

The changes in restricted shares arise from the changes in the lock-up shares held by senior management.

Approval for changes in shares

Applicable Not applicable

Transfer for changes in shares

Applicable Not applicable

Effects of changes in shares on the basic earnings per share ("EPS"), diluted EPS, net assets per share, attributable to common shareholders of the Company, and other financial indexes over the last year and last period

Applicable Not applicable

Other contents that the Company considers necessary or are required by the securities regulatory authorities to disclose

Applicable Not applicable

2. Changes in restricted stocks

Applicable Not applicable

Unit: share

Name of Shareholder	Number Of Shares With Limited Sales Condition At The Beginning Of The Period	Number of increased shares with limited sales condition in current period	Number of unlocked shares with limited sales condition in current period	Number of shares with limited sales condition at the end of the period	Reasons for limited sales	Proposed date of lifting sales restriction
Huang Qiaoling	295,044,169	0	63,150,000	231,894,169	Shares locked by executives	In respect of the shares locked by executives, 75% of the total shares will be locked at

						the beginning of each year
Huang Qiaolong	74,127,481	0	9,749,999	64,377,482	Shares locked by executives	Ibid
Liu Ping	33,010,756	0	6,077,688	26,933,068	Shares locked by executives	Ibid
Zhang Xian	1,624,981	0	0	1,624,981	Shares locked by executives	Ibid
Zhang Jiankun	1,234,985	0	0	1,234,985	Shares locked by executives	Ibid
Shang Lingxia	617,491	1	0	617,492	Shares locked by executives	Ibid
Chen Shengmin	324,997	0	0	324,997	Shares locked by executives	Ibid
Total	405,984,860	1	78,977,687	327,007,174	--	--

II. Issuance and listing of securities

1. Securities (excluding preferred share) issued in reporting period

Applicable Not applicable

2. Explanation on changes in total number of the Company's shares & the structure of shareholders and the structure of assets and liabilities

Applicable Not applicable

3. Existing shares held by internal staff of the Company

Applicable Not applicable

III. Particulars about the shareholders and actual controller

1. Total number of shareholders and their shareholdings

Unit: share

Total Number Of Common Shareholders At The End Of The	73,532	Total number of common shareholders at the end of previous month before the disclosure date of the annual report	72,173	Total number of preferred shareholders (if any) (refer to Note 9) whose voting rights have been	0	Total number of preferred shareholders (if any) (refer to Note 9) with resumed	0	Total number of shareholders holding special voting shares (if any)	0
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Reporting Period			recovered at the end of the reporting period		voting rights at the end of previous month before the disclosure date of the annual report			
Shareholding list of shareholders with over 5% shares or top ten shareholders								
Name of Shareholder	Nature Of Shareholder	Shareholding Percentage	Number of shares held at the end of the reporting period	Changes in the reporting period	Number of shares held with limited sales conditions	Number of shares held without limited sales condition	Pledge, mark or freeze status	
							State Of Shares	Number
Hangzhou Songcheng Group Holdings Co., Ltd	Domestic Non-state-owned Legal Person	29.48%	770,835,254	0	0	770,835,254	Pledge	99,000,000
Huang Qiaoling	Domestic Natural Person	11.83%	309,192,225	0	231,894,169	77,298,056		
Hong Kong Securities Clearing Company Ltd.	Overseas Legal Person	7.29%	190,578,590	92,729,120	0	190,578,590		
Huang Qiaolong	Domestic Natural Person	3.28%	85,836,643	0	64,377,482	21,459,161		
Puxin Investment Company - Customer Fund	Overseas Legal Person	2.18%	57,094,076	26,677,827	0	57,094,076		
Liu Ping	Domestic Natural Person	1.37%	35,910,758	0	26,933,068	8,977,690		
China Construction Bank Corporation — Zhong Ou China New Blue Chip Alloc Hyb A	Others	1.17%	30,569,925	30,569,925	0	30,569,925		
Liu Yan	Domestic Natural Person	1.03%	26,915,305	-17,637,984	0	26,915,305		

Industrial Bank Co., Ltd. — Zhong Ou China New Trend Stock Fund (LOF)	Others	0.93%	24,188,978	24,188,978	0	24,188,978		
China Construction Bank Corporation - Zhong Ou Pension Industry Hybrid Fund	Others	0.83%	21,794,653	21,794,653	0	21,794,653		
Strategic investors or general legal entities who become the top 10 shareholders as a result of the placement of new shares (if any) (see Note 4)	Not applicable.							
Description of the association relationship or concerted action of above-mentioned shareholders	Hangzhou Songcheng Group Holdings Co., Ltd and Huang Qiaoling are the controlling shareholder and actual controller of the Company, respectively; Huang Qiaolong and Liu Ping are the related natural persons of the actual controller Mr. Huang Qiaoling.							
Explanation on entrustment/acceptance and waiver of voting rights by the aforesaid shareholders	Not applicable.							
Special notes on the existing special account of securities repurchasing in the top 10 shareholders (if any) (see Note 10)	Not applicable.							
Shareholding list of top ten shareholders without limited sales condition								
Name of Shareholder	Number of shares held without limited sales condition at the end of the reporting period	Type of shares						
		Type of shares	Number					
Hangzhou Songcheng Group Holdings Co., Ltd	770,835,254	RMB common stock	770,835,254					
Hong Kong Securities Clearing Company Ltd.	190,578,590	RMB	190,578,590					

		common stock	
Huang Qiaoling	77,298,056	RMB common stock	77,298,056
Puxin Investment Company - Customer Fund	57,094,076	RMB common stock	57,094,076
China Construction Bank Corporation — Zhong Ou China New Blue Chip Alloc Hyb A	30,569,925	RMB common stock	30,569,925
Liu Yan	26,915,305	RMB common stock	26,915,305
Industrial Bank Co., Ltd. — Zhong Ou China New Trend Stock Fund (LOF)	24,188,978	RMB common stock	24,188,978
China Construction Bank Corporation - Zhong Ou Pension Industry Hybrid Fund	21,794,653	RMB common stock	21,794,653
Huang Qiaolong	21,459,161	RMB common stock	21,459,161
China Construction Bank Corporation — Zhong Ou Growth Enterprise Market 2 Year Regular Open Mixed Fund	18,998,214	RMB common stock	18,998,214
Explanation on associated relationship or persons acting in concert among top ten shareholders without limited shares, and between top ten shareholders without limited shares and top ten shareholders	Hangzhou Songcheng Group Holdings Co., Ltd and Huang Qiaoling are the controlling shareholder and the actual controller of the Company, respectively; Huang Qiaolong and Liu Ping are the related natural persons of the actual controller Mr. Huang Qiaoling.		
Explanation on shareholders' participation in the financing and loan business of securities trades (if any) (see Note 5)	Not applicable.		

Whether the Company has differential arrangement of voting power

Applicable Not applicable

Whether the Company's top ten common shareholders or top ten common shareholders without limited shares agree on any repurchase transaction in the reporting period

Yes No

None of the Company's top ten common shareholders or top ten common shareholders without limited shares agreed on

repurchase in the reporting period.

2. Particulars about the controlling shareholder

Nature of the controlling shareholder: Natural person-owned

Type of the controlling shareholder: legal person

Name of the controlling shareholder	Legal representative/unit head	Date of establishment	Organization Code	Main businesses
Hangzhou Songcheng Group Holdings Co., Ltd	Wang Pengyu	Friday, November 21, 1997	91330109255712632Y	Industrial investment

Change of the controlling shareholders in the reporting period

Applicable Not applicable

No change has happened to the controlling shareholder in the reporting period of the Company

3. The actual controller of the Company and persons acting in concert

Nature of the actual controller: Domestic natural person

Type of the actual controller: Natural person

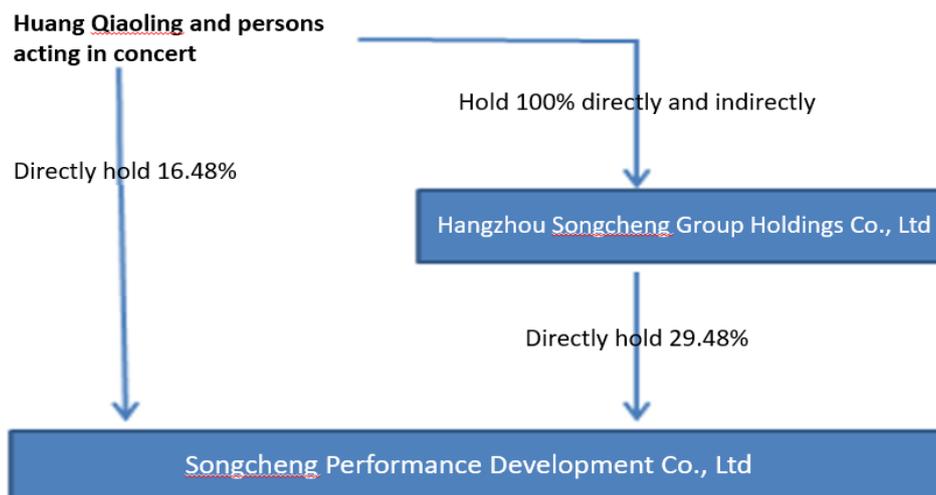
Name of the actual controller	Relationship with the actual controller	Nationality	Whether he/she has obtained the right of residence in another country or region
Huang Qiaoling	Himself	China	No
Main occupation and title	Mr. Huang Qiaoling served as the chairman and president of Songcheng Tourism Development Co., Ltd from February 1999 to December 2000. He served as the chairman of Hangzhou Songcheng Group Holdings Co., Ltd since November 1997. He served as the chairman of Hangzhou World Leisure Expo Park Co., Ltd from August 2001 to March 2013. He served as the chairman of the Company from December 2000 to August 2021. He has served as a director of the Company since December 2000.		
Information about other listed companies at home and abroad controlled in the last ten years	N/A		

Change of the actual controller in the reporting period

Applicable Not applicable

No change has happened to the actual controller in the reporting period

Block Diagram for Property Right and Control Relationship between the Company and Actual Controllers



The actual controller controls the Company via trust or other ways of asset management

Applicable Not applicable

4. All the pledged shares account for 80% of the total shares held by the controlling shareholder or largest shareholder of the Company and their persons acting in concert

Applicable Not applicable

5. Particulars about other corporate shareholders with shareholding proportion over 10%

Applicable Not applicable

6. Particulars on share reduction restricted for controlling shareholders, actual controller, restructuring party or other commitment entities

Applicable Not applicable

IV. Implementation of Share Repurchase in the Reporting Period

The progress on share repurchases

Applicable Not applicable

The progress on reduction of re-purchase shares by means of centralized competitive bidding

Applicable Not applicable

Section VIII Information of Preferred Shares

Applicable Not applicable

There are no preferred shares in the reporting period.

Section IX Information of Bonds

Applicable Not applicable

Section X Financial Report

I. Audit Reports

Audit opinion type	Standard Unqualified Opinion
Signature Date of audit report	Friday, April 22, 2022
Name of audit institution	BDO China Shu Lun Pan CPAs (special general partnership)
Name of Certified Public Accountant	Ni Yilin, Wang Bin

Audit Report Text

Xin Kuai Shi Bao Zi [2022] No. ZA11425

To the shareholders of Songcheng Performance Development Co., Ltd:

I. Audit Opinions

We have audited the financial statements of Songcheng Performance Development Co., Ltd. (hereinafter referred to as "Songcheng Performance"), including the consolidated and parent company's balance sheet as of Friday, December 31, 2021, consolidated and parent company's income statement, consolidated and parent company's cash flow statement, consolidated and parent company's statement of shareholder's equity changes, and notes to relevant financial statements in 2021.

In our opinion, the attached financial statements are prepared in accordance with "Accounting Standards for Business Enterprises" in all major aspects, and fairly reflect the financial situation of the merger and the parent company of Songcheng Performance as of Friday, December 31, 2021, as well as the operating situation and cash flow of Songcheng Performance and its parent company in 2021.

II. Basis of Opinions

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants in China. Our responsibilities under those standards are further explained in the part of "Auditor's Responsibility for the Financial Statements" of the audit report. In accordance with "Code of Professional Ethics for Certified Public Accountants in China", we are independent of Songcheng Performance and have fulfilled other responsibilities of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of 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 provide a separate opinion on these matters.

The key audit matters identified during the audit are summarized as follows:

Key Audit Matters	How the matter was addressed in the audit
(I) Recognition of revenue	
The Accounting Standards for Business Enterprises No. 14 - Revenue (hereinafter referred to as "New Revenue	The main audit procedures we performed for revenue recognition include:

<p>Standards") is implemented by the Company. The Operating Income of Songcheng Performance is mainly from cultural and artistic live performances.</p> <p>According to Note 5 (27) of the financial report, the specific principles for recognition of revenue from cultural and artistic live performances are as follows: The company provides scenic spots and live performance services. Different ticket prices are set according to the types of tourists. Tourists have right to watch live performances at the scenic spot after purchasing tickets and entering the scenic spots. When the ticket amount has been collected or the right to receive payment has been obtained, the revenue should be generated.</p> <p>In 2021, the revenue of cultural and artistic live performances was RMB 960,863,700, accounting for 81.09% of the consolidated total revenue. Since revenue is one of key performance indicators of the company, there may be inherent risks of the management manipulating revenue recognition in order to achieve specific goals or targets. For this reason, we take revenue recognition as a key issue for audit.</p>	<ol style="list-style-type: none"> 1. Understand and evaluate the design and operation effectiveness of internal control related to revenue recognition of the company; 2. Check the contracts of the company, identify the contract terms and conditions related to the recognition of Operating Revenue, and evaluate if revenue recognition of the company meets the requirements of the new revenue standards; 3. Perform letter verification procedures to verify the Account Receivable balance and Sales Revenue amount for authenticity and completeness; 4. Verify the company revenue for accuracy and completeness by checking the records of the business system or order records from third-party platform; 5. Perform analysis on Operating Revenue, and ensure logical rationality of revenue recognition based on the amount of Operating Revenue, cash flow, and taxes. Analyze reasons for abnormal changes by comparing revenue over the same period. 6. Check the supporting documents related to revenue confirmation by sampling, including: system orders, admission orders, receipts, gate records, ticketing records and other documents to evaluate the occurrence, authenticity and deadline of Operating Revenue.
<p>(II) Long-term equity investment impairment test of Huafang Group Inc. (originally known as Beijing Huafang Technology Co., Ltd.)</p>	
<p>As listed in Note 7 (8) of the consolidated financial statements, as of December 31, 2021, the Company's long-term equity investment in Huafang Group Inc. (originally known as Beijing Huafang Technology Co., Ltd.) was originally valued at RMB 3,505,666,700, and provision for long-term equity investment impairment accrued in the current period was RMB 1,861,297,300 , with book value of RMB 1,644,369,400.</p> <p>In our opinion, the amount of Long-term Equity Investments Impairment has a significant impact on the financial statements. The management is required to make significant judgments based on evaluation and testing. Therefore, we recognize the impairment assessment of this asset as a key issue for audit.</p>	<p>Our audit procedures for testing of Long-term Equity Investments Impairment mainly include:</p> <ol style="list-style-type: none"> 1. Understand and evaluate the effectiveness of the company internal control design and implementation related to Long-term Equity Investments Impairment; 2. Understand and evaluate the operating result and financial position of the invested company, discuss with the management to understand and evaluate the methods used in the testing of Long-term Equity Investments Impairment, including the reasonableness of the assumptions such as future revenue forecast and cash flow discount rate , judgment and evaluation of profitability of the components; 3. Understand and evaluate the assessment specialists, hired by the management, for their competence, professionalism and objectivity; 4. We hired external assessment specialists to assist us to review impairment testing. We have considered their competence, professionalism and objectivity; 5. We evaluated whether the evaluation method of Long-term Equity Investments Impairment test was reasonable; 6. We evaluated whether the key assumptions of Long-term Equity Investments Impairment test were appropriate; 7. We evaluated whether the calculation process of forecasting future

	net cash flow and the selection of discount rate calculation model were reasonable during Long-term Equity Investment Impairment test.
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IV. Other Information

The management of Songcheng Performance (hereinafter referred to as "the management") is responsible for other information. Other information includes the information covered in annual report of Songcheng Performance of Year 2021, but the financial statements and our audit report are excluded.

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

In combination 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 a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Management is responsible for preparing the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises to achieve a fair presentation, and for designing, implementing and maintaining necessary internal control to ensure that the financial statements are free from material misstatements, whether due to frauds or errors.

In preparing the financial statements, the management is responsible for evaluating the ability of going concern of Songcheng Performance, disclosing the matters related to going concern (if applicable), and applying the going concern assumptions, unless there is a plan for liquidation, operations are terminated or there is no other realistic option .

The management is responsible for monitoring the financial reporting process of Songcheng Performance

VI. Certified Public Accounts' 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 audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit standards 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 made on the basis of these financial statements.

As part of an audit in accordance with the audit standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- (4) Conclude on the appropriateness of using the going concern assumption by the Management. At the same time, based on the obtained audit evidence, a conclusion can be drawn on whether there are material uncertainties in matters or circumstances that may cause significant doubt on going concern ability of Songcheng Performance. If we conclude that a material uncertainty exists,

we are required to draw attention in our audit 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 information available up to the date of our audit report. However, future events or circumstances may cause Songcheng Performance unable to continue its operations.

(5) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements fairly reflect the relevant transactions and events.

(6) Obtain sufficient and appropriate audit evidence on financial information of entities or business activities of Songcheng Performance, and issue an audit opinion on consolidated financial statements. We are responsible for guiding, supervising and implementing the group audit, and remain solely responsible for our audit opinion.

We have communicated with those charged with governance on such matters as the scope of audit as planned, the schedule and material audit findings, including the defects in the internal control that are worth paying attention to found in this audit.

We have also provided those charged with governance with a statement on observing the professional ethics related to independence, and communicated with those charged with governance on all the relationships and other matters that might be reasonably deemed to affect our independence, and relevant preventative measures.

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 of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about 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.

BDO China Shu Lun Pan CPAs
(Special general partnership)

Certified Public Accountant:
(Project partner)

Certified Public Accountant:

Shanghai, China

April 22, 2022

II. Financial Statements

Units of financial reports in the notes: yuan

1. Consolidated Balance Sheet

Prepared by: Songcheng Performance Development Co., Ltd.

Friday, December 31, 2021

Unit: RMB

Item	Friday, December 31, 2021	Thursday, December 31, 2020
Current Assets:		
Cash and Bank Balances	1,858,747,864.04	1,337,776,253.98
Deposit Reservation for Balance		
Loans to Banks and Other Financial Institutions		
Trading Financial Assets	2,670,942.90	335,217,557.68
Derivative Financial Assets		
Notes receivable		
Accounts receivable	2,197,594.37	5,887,012.36
Receivables Financing		
Prepayments	9,506,216.23	21,934,226.54
Premium Receivable		
Reinsurance Accounts Receivable		
Reinsurance Contract Reserves Receivable		
Other Receivables	10,195,239.84	50,524,990.69
Including: interest receivable		
Dividends Receivable		
Buying Back the Sale of Financial Assets		
Inventory	12,521,655.81	13,424,146.50
Contract Assets		
Holding for-sale assets		
Non-current Assets Due within 1 Year		
Other Current Assets	111,950,551.71	148,641,404.47
Subtotal of Current Assets	2,007,790,064.90	1,913,405,592.22

Non-current Assets:		
Granting of loans and advances		
Investment in Creditor's Rights		
Investment in Other Creditor's Rights		
Long-term Receivables		
Long-term Equity Investment	1,677,553,347.68	1,534,539,625.11
Investment in Other Equity Instruments	86,485,836.59	224,266,596.74
Other Non-current Financial Assets		
Investment Property		
Fixed Assets	2,697,045,965.17	2,508,754,929.16
Projects under Construction	404,739,821.09	771,871,563.73
Productive Biological Assets		
Oil and gas assets		
Right-of-use Assets	493,815,583.40	
Intangible Assets	1,712,824,232.77	1,880,031,922.56
Development Expenditure		
Goodwill	1,573,240.33	11,655,794.87
Long-term unamortized expenses	695,021,549.39	323,741,176.89
Deferred Income Tax Assets	25,543,377.29	18,485,803.52
Other Non-current Assets	24,115,011.23	8,589,826.26
Subtotal of Non-current Assets	7,818,717,964.94	7,281,937,238.84
Total Assets	9,826,508,029.84	9,195,342,831.06
Current Liabilities:		
Short-term loan		
Borrowings from the Central Bank		
Borrowings from Banks and Other Financial Institutions		
Transactional financial liabilities		
Derivative Financial Liabilities		
Notes Payable		
Accounts Payable	481,951,280.14	372,476,464.69
Received Prepayments	8,142,991.55	12,888,689.05

Contract liabilities	87,754,309.11	188,550,237.52
Financial Assets Sold for Repurchase		
Deposit Taking and Interbank Deposit		
Receiving from Vicariously Traded Securities		
Receiving from Vicariously Sold Securities		
Payroll payable	19,891,490.90	18,817,804.74
Tax Payable	36,997,211.67	19,869,808.49
Other Payables	72,869,650.41	65,149,971.79
Including: interest payable		
Dividends Payable		
Service Charge and Commission Payable		
Reinsurance Accounts Payable		
Holding for-sale liabilities		
Non-current Liabilities Due within 1 Year	36,850,710.07	12,426,708.33
Other Current Liabilities	3,419,057.32	3,513,902.08
Subtotal of Current Liabilities	747,876,701.17	693,693,586.69
Non-current Liabilities:		
Insurance Contract Reserves		
Long-term loan	270,000,000.00	282,000,000.00
Bonds Payable		
Including: Preferred Stocks		
Perpetual Bonds		
Lease Liabilities	371,772,172.05	
Long-term Payables		
Long-term payroll payable		
Expected Liabilities		
Deferred Income	387,930,902.67	387,619,860.41
Deferred Income Tax Liabilities	93,718,053.81	96,769,220.18
Other Non-current Liabilities		
Subtotal of Non-current Liabilities	1,123,421,128.53	766,389,080.59

Total Liabilities	1,871,297,829.70	1,460,082,667.28
Shareholders' Equity:		
Share Capital	2,614,694,040.00	2,614,694,040.00
Other Equity Instruments		
Including: Preferred Stocks		
Perpetual Bonds		
Capital Reserves	1,250,036,126.65	1,211,364,214.86
Less: Treasury Share		
Other Comprehensive Incomes	-151,297,569.26	-63,325,115.75
Special Reserves		
Surplus Reserves	533,723,796.82	517,673,268.35
General Risk Reserves		
Undistributed Profits	3,397,614,428.15	3,131,881,024.60
Total Shareholders' Equity Attributable to the Parent Company	7,644,770,822.36	7,412,287,432.06
Minority Shareholders' Equity	310,439,377.78	322,972,731.72
Total Shareholders' Equity	7,955,210,200.14	7,735,260,163.78
Total Liabilities and Shareholders' Equity	9,826,508,029.84	9,195,342,831.06

Legal representative: Shang Lingxia Person in charge of accounting: Chen Shengming Head of the accounting institution: Zhu Shana

2. Balance Sheet of the Parent Company

Unit: RMB

Item	Friday, December 31, 2021	Thursday, December 31, 2020
Current Assets:		
Cash and Bank Balances	1,124,535,195.06	788,724,841.16
Trading Financial Assets		
Derivative Financial Assets		
Notes receivable		
Accounts receivable	116,333.48	38,224.90
Receivables Financing		
Prepayments	1,174,847.64	2,031,894.01
Other Receivables	1,195,669,385.02	1,046,160,763.74
Including: interest receivable		

Dividends Receivable		
Inventory	1,381,826.46	651,042.56
Contract Assets		
Holding for-sale assets		
Non-current Assets Due within 1 Year		
Other Current Assets	361,780.06	1,240,658.07
Subtotal of Current Assets	2,323,239,367.72	1,838,847,424.44
Non-current Assets:		
Investment in Creditor's Rights		
Investment in Other Creditor's Rights		
Long-term Receivables		
Long-term Equity Investment	6,667,904,199.20	6,433,238,270.32
Investment in Other Equity Instruments	77,459,800.00	214,975,166.42
Other Non-current Financial Assets		
Investment Property		
Fixed Assets	1,641,823.70	1,912,986.88
Projects under Construction		
Productive Biological Assets		
Oil and gas assets		
Right-of-use Assets		
Intangible Assets	2,844,445.19	3,418,590.95
Development Expenditure		
Goodwill		
Long-term unamortized expenses	2,384,333.56	2,600,000.20
Deferred Income Tax Assets	20,238,676.24	15,581,293.31
Other Non-current Assets	150,965.42	
Subtotal of Non-current Assets	6,772,624,243.31	6,671,726,308.08
Total Assets	9,095,863,611.03	8,510,573,732.52
Current Liabilities:		
Short-term loan		
Transactional financial liabilities		

Derivative Financial Liabilities		
Notes Payable		
Accounts Payable	14,631,289.28	1,154,036.06
Received Prepayments		
Contract liabilities		
Payroll payable	8,252,921.44	7,873,282.52
Tax Payable	13,127,496.89	1,394,799.62
Other Payables	2,630,657,144.08	2,056,738,130.14
Including: interest payable		
Dividends Payable		
Holding for-sale liabilities		
Non-current Liabilities Due within 1 Year	12,409,291.67	12,426,708.33
Other Current Liabilities		
Subtotal of Current Liabilities	2,679,078,143.36	2,079,586,956.67
Non-current Liabilities:		
Long-term loan	270,000,000.00	282,000,000.00
Bonds Payable		
Including: Preferred Stocks		
Perpetual Bonds		
Lease Liabilities		
Long-term Payables		
Long-term payroll payable		
Expected Liabilities		
Deferred Income		
Deferred Income Tax Liabilities		
Other Non-current Liabilities		
Subtotal of Non-current Liabilities	270,000,000.00	282,000,000.00
Total Liabilities	2,949,078,143.36	2,361,586,956.67
Shareholders' Equity:		
Share Capital	2,614,694,040.00	2,614,694,040.00
Other Equity Instruments		
Including: Preferred Stocks		
Perpetual Bonds		

Capital Reserves	1,261,742,739.46	1,248,861,998.85
Less: Treasury Share		
Other Comprehensive Incomes	-83,024,621.90	-38,171,990.42
Special Reserves		
Surplus Reserves	533,723,796.82	517,673,268.35
Undistributed Profits	1,819,649,513.29	1,805,929,459.07
Total Shareholders' Equity	6,146,785,467.67	6,148,986,775.85
Total Liabilities and Shareholders' Equity	9,095,863,611.03	8,510,573,732.52

3. Consolidated Income Statement

Unit: RMB

Item	2021	2020
I. Total Operating Revenue	1,184,864,639.25	902,586,125.63
Including: Operating Revenue	1,184,864,639.25	902,586,125.63
Interest Income		
Earned Premiums		
Service Charge and Commission Income		
II. Total Operating Cost	964,551,921.05	740,982,414.36
Including: Operating Cost	579,587,211.67	352,670,473.42
Interest Expenditures		
Service Charge and Commission Expenses		
Surrender Value		
Net Claims Paid		
Net Amount of Withdrawn Reserve for Insurance Liability Contract		
Policyholder Dividend Expense		
Reinsurance Cost		
Taxes and Surcharges	22,374,280.26	11,933,497.05
Sales Expenses	66,184,828.78	63,649,750.30
Administration expenses	256,185,046.43	288,084,167.74
Research and development	41,175,131.35	37,487,964.00

expense		
Financial Expenses	-954,577.44	-12,843,438.15
Including: interest expenses	32,789,597.06	7,822,986.14
Interest Income	27,293,268.17	32,572,127.48
Add: Other income	4,560,501.94	34,572,160.23
Investment Income (Mark "-" for Loss)	181,840,347.56	14,014,892.30
Including: Investment Income from Affiliates and Joint Ventures	103,892,278.09	-5,356,968.22
Profits from recognition Termination of Financial Assets at Amortized Cost		
Exchange Gains (Mark "-" for Losses)		
Profit of Net Exposure Hedging (Mark "-" for Loss)		
Incomes from changes in fair value (losses marked with "-")	-12,098,344.02	247,726.31
Credit Impairment Losses (Mark "-" for Loss)	-16,581,681.70	-32,739,976.91
Asset Impairment Losses (Mark "-" for Loss)	-10,082,554.54	-1,877,720,155.72
Asset Disposal Income (Mark "-" for Loss)	4,512,572.52	676,435.92
III. Operating Profit (Mark "-" for Loss)	372,463,559.96	-1,699,345,206.60
Add: Non-operating Revenues	6,091,127.99	3,242,377.14
Less: Non-operating Expenses	34,713,244.90	41,007,879.43
IV. Total Profit (Mark "-" for Total Loss)	343,841,443.05	-1,737,110,708.89
Less: Income Tax Expense	41,247,481.65	29,835,169.11
V. Net Profit (Mark "-" for Net Loss)	302,593,961.40	-1,766,945,878.00
i. Classified by operation continuity		
1. Net Profit as a Going Concern (Mark "-" for Net Loss)	302,593,961.40	-1,766,945,878.00
2. Net Profit of Discontinued Operation (Mark "-" for Net Loss)		
ii. Classified by the attribution of		

ownership		
1. Net Profit Attributable to Shareholders of Parent Company	315,130,771.75	-1,752,398,009.60
2. Minority Shareholders' Profit and Loss	-12,536,810.35	-14,547,868.40
VI. Net Amount of Other Comprehensive Incomes after Tax	9,418,865.17	-54,643,377.96
Net Amount of Other Comprehensive Incomes after Tax Attributable to the Parent Company's Owner	9,415,408.76	-54,643,964.16
(1) Other comprehensive income that cannot be reclassified as P/L	52,367,717.43	-65,726,184.59
1. Re-measure the variation of the defined benefit plan		
2. Other comprehensive income that cannot be transferred to P/L under the equity method	453,614.40	1,356,586.59
3. Changes in the fair value of investment in other equity instruments	51,914,103.03	-67,082,771.18
4. Changes in the fair value of the credit risk of the enterprise		
5. Others		
(2) Other comprehensive income that will be reclassified as P/L	-42,952,308.67	11,082,220.43
1. Other comprehensive income that can be transferred to P/L under the equity method	-16,918.29	
2. Changes in the fair value of investment in other creditor's rights		
3. Financial assets reclassified into other comprehensive income		
4. Provisions for the credit impairment of investment in other creditor's rights		
5. Cash flow hedge reserves		
6. Currency translation difference	-42,935,390.38	11,082,220.43

7. Others		
Net Amount of Other Comprehensive Incomes After Tax Attributable to Minority Shareholders	3,456.41	586.20
VII. Total Comprehensive Income	312,012,826.57	-1,821,589,255.96
Total Comprehensive Income Attributable to the Parent Company's Owner	324,546,180.51	-1,807,041,973.76
Total Comprehensive Income Attributable to Minority Shareholders	-12,533,353.94	-14,547,282.20
VIII. Earnings per Share:		
(I) Basic Earnings per Share	0.1205	-0.6702
(II) Diluted Earnings per Share	0.1205	-0.6702

In case of business combination under the same control during this period, the net profit realized by the consolidated party before consolidation is: RMB 0.00, and the net profit realized by consolidated party in the previous period: RMB 0.00.

Legal representative: Shang Lingxia Person in charge of accounting: Chen Shengming Head of the accounting institution: Zhu Shana

4. Income Statement of the Parent Company

Unit: RMB

Item	2021	2020
I. Operating Revenue	8,863,687.70	22,892,751.38
Less: Operating Cost	8,462,698.28	19,532,790.64
Taxes and Surcharges	161,851.02	1,295,426.42
Sales Expenses	6,052,705.94	7,343,898.62
Administration expenses	32,871,622.20	37,997,214.49
Research and development expense		4,741,111.89
Financial Expenses	-5,506,808.93	-13,459,704.23
Including: interest expenses	13,918,687.47	7,822,986.14
Interest Income	19,517,413.61	21,565,816.00
Add: Other income	257,146.68	15,285,586.12
Investment Income (Mark "-" for Loss)	110,089,710.11	424,960,373.38
Including: Investment Income from Affiliates and Joint Ventures	113,303,617.66	-2,931,524.95

Profits from Derecognition of Financial Assets at Amortized Cost (Mark "-" for Loss)		
Profit of Net Exposure Hedging (Mark "-" for Loss)		
Incomes from changes in fair value (losses marked with "-")		-1,492,520.54
Credit Impairment Losses (Mark "-" for Loss)	-18,629,531.71	-32,526,876.92
Asset Impairment Losses (Mark "-" for Loss)		-1,814,682,876.81
Asset Disposal Income (Mark "-" for Loss)		17,156.67
II. Operating Profit (Mark "-" for Loss)	58,538,944.27	-1,442,997,144.55
Add: Non-operating Revenues	40,844.33	1,103,676.45
Less: Non-operating Expenses	42,644.01	2,213,333.49
III. Total Profit (Mark "-" for Total Loss)	58,537,144.59	-1,444,106,801.59
Less: Income Tax Expense	-4,580,277.83	3,112,861.27
IV. Net Profit (Mark "-" for Net Loss)	63,117,422.42	-1,447,219,662.86
(I) Net Profit as a Going Concern (Mark "-" for Net Loss)	63,117,422.42	-1,447,219,662.86
(II) Net Profit of Discontinued Operation (Mark "-" for Net Loss)		
V. Net Amount of Other Comprehensive Incomes After Tax	52,535,230.79	-70,042,042.21
(1) Other comprehensive income that cannot be reclassified as P/L	52,633,111.16	-70,042,042.21
1. Re-measure the variation of the defined benefit plan		
2. Other comprehensive income that cannot be transferred to P/L under the equity method	453,614.40	37,670.53
3. Changes in the fair value of investment in other equity instruments	52,179,496.76	-70,079,712.74
4. Changes in the fair value of the credit risk of the enterprise		
5. Others		

(2) Other comprehensive income that will be reclassified as P/L	-97,880.37	
1. Other comprehensive income that can be transferred to P/L under the equity method	-97,880.37	
2. Changes in the fair value of investment in other creditor's rights		
3. Financial assets reclassified into other comprehensive income		
4. Provisions for the credit impairment of investment in other creditor's rights		
5. Cash flow hedge reserves		
6. Currency translation difference		
7. Others		
VI. Total Comprehensive Income	115,652,653.21	-1,517,261,705.07
VII. Earnings per Share:		
(I) Basic Earnings per Share		
(II) Diluted Earnings per Share		

5. Consolidated Cash Flow Statement

Unit: RMB

Item	2021	2020
I. Cash Flow Generated by Operational Activities:		
Cash from Sales of Merchandise and Provision of Services	1,132,863,699.62	807,841,498.50
Net Increase in Customer's Bank Deposits and Interbank Deposits		
Net Increase in Borrowings from the Central Bank		
Net Increase in Borrowings from Other Financial Institutions		
Cash Arising from Receiving Premiums for the Original Insurance		

Contract		
Net Amount Arising from Reinsurance Business		
Net Increase in Deposits and Investments from Policyholders		
Cash Arising from Interests, Service Charges and Commissions		
Net Increase in Borrowings from Banks and Other Financial Institutions		
Net Increase in Repurchase Business Funds		
Net Amount of Cash Received from the Vicariously Traded Securities		
Tax Refund	34,424,077.40	32,176,543.78
Other Received Cashes Related to Operational Activities	227,856,516.25	103,772,075.60
Subtotal of cash inflow from operational activities	1,395,144,293.27	943,790,117.88
Cash Paid for Merchandise and Services	185,062,181.02	144,882,412.49
Net Increase in Loans and Advances to Customers		
Net Increase in Deposits with Central Bank and Other Financial Institutions		
Cash Paid for Original Insurance Contract Claims		
Net increase of funds lent		
Cash Paid for Interests, Service Charges and Commissions		
Cash Paid for Policy Dividends		
Cash Paid to and for Employees	225,146,675.82	183,145,317.90
Cash Paid for Taxes and Surcharges	92,366,813.62	64,685,320.62
Other Paid Cashes Related to Operational Activities	142,094,813.02	157,135,166.93
Subtotal of cash outflow from operational activities	644,670,483.48	549,848,217.94
Net cash flow generated by operating	750,473,809.79	393,941,899.94

activities		
II. Cash Flow from Investment Activities:		
Cash Arising from Disposal of Investments	1,449,388,462.73	1,349,803,239.12
Cash Arising from Investment Incomes		
Net Cash Arising from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets	8,831,753.57	2,136,278.15
Net Cash Arising from Disposal of Subsidiaries and Other Business Units	109,080,923.08	
Other Received Cashes Related to Investment Activities		
Subtotal of cash inflow from investment activities	1,567,301,139.38	1,351,939,517.27
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets	693,848,630.82	1,017,897,394.85
Cash Paid for Investments	910,012,836.58	897,276,184.30
Net Increase in Pledge Loans		
Net Cash Paid for Acquisition of Subsidiaries and Other Business Units		377,767,506.95
Other Paid Cashes Related to Investment Activities		
Subtotal of Cash Outflow from Investment Activities	1,603,861,467.40	2,292,941,086.10
Net amount of cash flow generated by investment activities	-36,560,328.02	-941,001,568.83
III. Cash Flow from Financing Activities:		
Cash Arising from Absorbing Investments		120,000,000.00
Including: Cash Arising from Subsidiaries Absorbing Investments by Minority Shareholders		120,000,000.00
Cash Arising from Borrowings		300,000,000.00
Other Received Cashes Related to Financing Activities		

Subtotal of cash inflow from financing activities		420,000,000.00
Cash Paid for Debts Repayment	12,000,000.00	6,000,000.00
Cash Paid for Distribution of Dividends and Profits or Payment of Interests	144,670,806.13	300,917,837.81
Including: Dividends and Profits Paid to Minority Shareholders by Subsidiaries		3,000,000.00
Other Paid Cashes Related to Financing Activities	39,531,231.21	
Subtotal of cash outflow from financing activities	196,202,037.34	306,917,837.81
Net cash flow generated by financing activities	-196,202,037.34	113,082,162.19
IV. Impact of Fluctuation in Exchange Rate on Cash and Cash Equivalents	3,260,165.63	-9,956,266.67
V. Net Increase in Cash and Cash Equivalents	520,971,610.06	-443,933,773.37
Add: Cash and Cash Equivalents at the Commencement of the Period	1,337,776,253.98	1,781,710,027.35
VI. Cash and Cash Equivalents at the End of the Period	1,858,747,864.04	1,337,776,253.98

6. Cash Flow Statement of the Parent Company

Unit: RMB

Item	2021	2020
I. Cash Flow Generated by Operational Activities:		
Cash from Sales of Merchandise and Provision of Services	10,096,780.48	21,146,321.04
Tax Refund		
Other Received Cashes Related to Operational Activities	926,762,376.15	796,910,713.36
Subtotal of cash inflow from operational activities	936,859,156.63	818,057,034.40
Cash Paid for Merchandise and Services	6,494,745.46	4,428,163.75

Cash Paid to and for Employees	24,429,606.98	29,084,333.46
Cash Paid for Taxes and Surcharges	1,451,392.44	16,523,204.31
Other Paid Cashes Related to Operational Activities	502,445,235.90	655,676,151.74
Subtotal of cash outflow from operational activities	534,820,980.78	705,711,853.26
Net cash flow generated by operating activities	402,038,175.85	112,345,181.14
II. Cash Flow from Investment Activities:		
Cash Arising from Disposal of Investments	1,169,476,307.76	702,850,832.94
Cash Arising from Investment Incomes		432,000,000.00
Net Cash Arising from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets		36,281.55
Net Cash Arising from Disposal of Subsidiaries and Other Business Units		
Other Received Cashes Related to Investment Activities		
Subtotal of cash inflow from investment activities	1,169,476,307.76	1,134,887,114.49
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets	907,487.00	29,624,583.50
Cash Paid for Investments	1,078,125,836.58	692,500,000.00
Net Cash Paid for Acquisition of Subsidiaries and Other Business Units		378,000,000.00
Other Paid Cashes Related to Investment Activities		
Subtotal of Cash Outflow from Investment Activities	1,079,033,323.58	1,100,124,583.50
Net amount of cash flow generated by investment activities	90,442,984.18	34,762,530.99
III. Cash Flow from Financing Activities:		
Cash Arising from Absorbing Investments		

Cash Arising from Borrowings		300,000,000.00
Other Received Cashes Related to Financing Activities		
Subtotal of cash inflow from financing activities		300,000,000.00
Cash Paid for Debts Repayment	12,000,000.00	6,000,000.00
Cash Paid for Distribution of Dividends and Profits or Payment of Interests	144,670,806.13	297,917,837.81
Other Paid Cashes Related to Financing Activities		
Subtotal of cash outflow from financing activities	156,670,806.13	303,917,837.81
Net cash flow generated by financing activities	-156,670,806.13	-3,917,837.81
IV. Impact of Fluctuation in Exchange Rate on Cash and Cash Equivalents		
V. Net Increase in Cash and Cash Equivalents	335,810,353.90	143,189,874.32
Add: Cash and Cash Equivalents at the Commencement of the Period	788,724,841.16	645,534,966.84
VI. Cash and Cash Equivalents at the End of the Period	1,124,535,195.06	788,724,841.16

7. Consolidated Statement of Changes in Owners' Equity

Amount of this period

Unit: RMB

Item	2021														Minority Shareholders' Equity	Total Shareholders' Equity
	Shareholders' Equity Attributable to the Parent Company's Owner															
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Share	Other Comprehensive Incomes	Special Reserves	Surplus Reserves	General Risk Reserves	Undistributed Profits	Others	Subtotal			
		Preferred Stocks	Perpetual Bonds	Others												
I. Balance at the End of Last Year	2,614,694,040.00			1,211,364,214.86		-63,325,115.75		517,673,268.35		3,131,881,024.60		7,412,287,432.06	322,972,731.72	7,735,260,163.78		
Add: Changes in																

Accounting Policies														
Correction of Errors in the Previous Period														
Consolidated under the Same Control														
Others														
II. Balance at the Start of This Year	2,614,694.04			1,211,364,214.86		-63,325,115.75	517,673,268.35	3,131,881,024.60	7,412,287,432.06	322,972,731.72	7,735,260,163.78			
III. Increases or Decreases in This Period (Mark "-" for Decreases)				38,671,911.79		-87,972,453.51	16,050,528.47	265,733,403.55	232,483,390.30	-12,533,353.94	219,950,036.36			
(I) Total Comprehensive Income						9,415,408.76		315,130,771.75	324,546,180.51	-12,533,353.94	312,012,826.57			
(II) Shareholders' Contribution and Reduction in Capital				38,671,911.79					38,671,911.79		38,671,911.79			
1. Common stock invested by the owner														
2. Capital Invested by Holders of Other Equity Instruments														
3. Amount of Share-based Payments Recorded into Shareholders' Equity														
4. Others				38,671,911.79					38,671,911.79		38,671,911.79			
(III) Profit Distribution							6,311,742.24	-137,046,444.24	-130,734,702.00		-130,734,702.00			

1. Appropriation of Surplus Reserves								6,311,742.24		-6,311,742.24			
2. Appropriation of General Risk Reserves													
3. Distribution to Owners (or Shareholders)										-130,734,702.00		-130,734,702.00	-130,734,702.00
4. Others													
(IV) Internal Carry-forward of Shareholders' Equity						-97,387,862.27		9,738,786.23		87,649,076.04			
1. Capital Reserves Transferred into Capital (or Share Capital)													
2. Surplus Reserves Transferred into Capital (or Share Capital)													
3. Surplus Reserves Covering Losses													
4. Carry-forward retained earnings of the variation of the defined benefit plan													
5. Other Carry-forward Retained Earnings of the Comprehensive Income						-97,387,862.27		9,738,786.23		87,649,076.04			
6. Others													
(V) Special Reserves													

1. Withdrawal in this period																
2. Used in This Period																
(VI) Others																
IV. Balance at the End of This Period	2,614,694.04				1,250,036,126.65		-151,297,569.26		533,723,796.82		3,397,614,428.15		7,644,770,822.36	310,439,377.78	7,955,210,200.14	

Amount of Previous Period

Unit: RMB

Item	2020														Minority Shareholders' Equity	Total Shareholders' Equity
	Shareholders' Equity Attributable to the Parent Company's Owner															
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Share	Other Comprehensive Incomes	Special Reserves	Surplus Reserves	General Risk Reserves	Undistributed Profits	Others	Subtotal			
		Preferred Stocks	Perpetual Bonds	Others												
I. Balance at the End of Last Year	1,452,607,800.00			2,476,312,069.09		-8,681,151.59		517,673,268.35		5,176,157,180.79		9,614,069,166.64	268,322,155.87	9,882,391,322.51		
Add: Changes in Accounting Policies																
Correction of Errors in the Previous Period																
Consolidated under the Same Control																
Others																
II. Balance at the Start of This Year	1,452,607,800.00			2,476,312,069.09		-8,681,151.59		517,673,268.35		5,176,157,180.79		9,614,069,166.64	268,322,155.87	9,882,391,322.51		
III. Increases or Decreases in This Period (Mark "+" for Increases)	1,162,086,240.00			-1,264,947,854.23		-54,643,964.16				-2,044,276,156.19		-2,201,781,734.58	54,650,575.85	-2,147,131,158.73		
(I) Total Comprehensive Income						-56,000,550.75				-1,752,398,009.60		-1,808,398,560.35	-14,547,282.20	-1,822,945,842.55		
(II) Shareholders' Contribution and				-35,459,327.38								-35,459,327.38	72,197,858.05	36,738,530.67		

Decreases)												
(I) Total Comprehensive Income						52,535,230.79			63,117,422.42			115,652,653.21
(II) Shareholders' Contribution and Reduction in Capital				12,880,740.61								12,880,740.61
1. Common stock invested by the owner												
2. Capital Invested by Holders of Other Equity Instruments												
3. Amount of Share-based Payments Recorded into Shareholders' Equity												
4. Others				12,880,740.61								12,880,740.61
(III) Profit Distribution								6,311,742.24	-137,046,444.24			-130,734,702.00
1. Appropriation of Surplus Reserves								6,311,742.24	-6,311,742.24			
2. Distribution to Owners (or Shareholders)									-130,734,702.00			-130,734,702.00
3. Others												
(IV) Internal Carry-forward of Shareholders' Equity						-97,387,862.27		9,738,786.23	87,649,076.04			
1. Capital Reserves Transferred into Capital (or Share Capital)												
2. Surplus Reserves Transferred into Capital (or Share Capital)												
3. Surplus Reserves Covering Losses												
4. Carry-forward retained earnings of the variation of the defined benefit plan												
5. Other Carry-forward Retained Earnings of the Comprehensive Income						-97,387,862.27		9,738,786.23	87,649,076.04			
6. Others												

(V) Special Reserves												
1. Withdrawal in this period												
2. Used in This Period												
(VI) Others												
IV. Balance at the End of This Period	2,614,694,040.00				1,261,742,739.46		-83,024,621.90		533,723,796.82	1,819,649,513.29		6,146,785,467.67

Amount of Previous Period

Unit: RMB

Item	2020											Total Shareholders' Equity
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Share	Other Comprehensive Incomes	Special Reserves	Surplus Reserves	Undistributed Profits	Others	
		Preferred Stocks	Perpetual Bonds	Others								
I. Balance at the End of Last Year	1,452,607,800.00				2,478,350,525.70		31,870,051.79		517,673,268.35	3,543,708,352.46		8,024,209,998.30
Add: Changes in Accounting Policies												
Correction of Errors in the Previous Period												
Others												
II. Balance at the Start of This Year	1,452,607,800.00				2,478,350,525.70		31,870,051.79		517,673,268.35	3,543,708,352.46		8,024,209,998.30
III. Increases or Decreases in This Period (Mark "-" for Decreases)	1,162,086,240.00				-1,229,488,526.85		-70,042,042.21			-1,737,778,893.39		-1,875,223,222.45
(I) Total Comprehensive Income							-70,079,712.74			-1,447,219,662.86		-1,517,299,375.60
(II) Shareholders' Contribution and Reduction in Capital												
1. Common stock invested by the owner												
2. Capital Invested by Holders of Other Equity Instruments												
3. Amount of Share-based Payments Recorded into Shareholders' Equity												

4. Others												
(III) Profit Distribution										-290,521,560.00		-290,521,560.00
1. Appropriation of Surplus Reserves												
2. Distribution to Owners (or Shareholders)										-290,521,560.00		-290,521,560.00
3. Others												
(IV) Internal Carry-forward of Shareholders' Equity	1,162,086,240.00				-1,162,086,240.00		37,670.53				-37,670.53	
1. Capital Reserves Transferred into Capital (or Share Capital)	1,162,086,240.00				-1,162,086,240.00							
2. Surplus Reserves Transferred into Capital (or Share Capital)												
3. Surplus Reserves Covering Losses												
4. Carry-forward retained earnings of the variation of the defined benefit plan												
5. Other Carry-forward Retained Earnings of the Comprehensive Income							37,670.53				-37,670.53	
6. Others												
(V) Special Reserves												
1. Withdrawal in this period												
2. Used in This Period												
(VI) Others					-67,402,286.85							-67,402,286.85
IV. Balance at the End of This Period	2,614,694,040.00				1,248,861,998.85		-38,171,990.42		517,673,268.35	1,805,929,459.07		6,148,986,775.85

III. Basic Information about the Company

Songcheng Performance Development Co., Ltd. (previously named Hangzhou Songcheng Tourism Development Co., Ltd., hereinafter referred to as the "Company"). On December 27, 2000, its predecessor Hangzhou Songcheng Group Co., Ltd. (formerly named Hangzhou Worldland-Songcheng Real Estate Co., Ltd) contributed its net assets audited on November 30, 2000 converted into

shares at the ratio of 1:1 to alter itself and establish Hangzhou Songcheng Tourism Development Co., Ltd. (changing its name to Songcheng Performance Development Co., Ltd on April 18, 2014), according to the approval document of Zhejiang [2000] No. 69 "Official Reply on the Approval for Alteration and Establishment of Hangzhou Song Cheng Tourism Development Co., Ltd." issued by Leading Group for Enterprise Listing of Zhejiang Provincial People's Government . The Company obtained the Business License of Enterprise Legal Person issued by Hangzhou Administration for Industry and Commerce on December 28, 2000, with the registration number of 3301002004635. The legal representative of the Company is Huang Qiaoling.

Upon approval of the document [2010] No. 1632 "Official Reply on Approval of Hangzhou Songcheng Tourism Development Co., Ltd. Initial Public Offering and Listing on the Growth Enterprise Market" issued by China Securities Regulatory Commission (CSRC), the Company's A shares were listed on Shenzhen Stock Exchange on December 9, 2010 with stock code 300144.

As of December 31, 2021, the Company issued a total of 2,614,694,040 shares, and the registered capital was RMB 2,614,694,040. Unified social credit code for Business License of Enterprise Legal Person: 91330000143102311G, Registered address: 148 Zhijiang Road, Hangzhou. The business scope includes: singing and dancing performance, acrobatics performance, opera performance, music performance, comprehensive artistic performance (operated within the scope of "Business Performance License"), performance and brokerage business (operated within the scope of "Business Performance License"), catering service (See "Catering Service License" for details), and parking service. Tourism services, theme park development and management, planning and organization of cultural activities, cultural communication planning, animation design, exhibition organization, investment in and development of leisure industry, industrial investment, tourism e-business, design, production, agency, and release of various domestic advertisements, film and television projects Investment and management, tourism products and arts & crafts (excluding gold jewelry), general merchandise, native products (excluding food) sales, publication wholesale and retail (operating with a license); the business scope of subsidiaries included. (For items subject to approval according to law, business activities can only be carried out after approval by relevant departments)

The Company has eight theme parks in different regions at present: Hangzhou Songcheng Tourism Area (Hangzhou Songcheng), Hangzhou Crazy Apple Land and Hangzhou Wonderland; Sanya Romance Park; Lijiang Romance Park; Jiuzhai Romance Park and Tibetan Mystery Theater; Guilin Romance Park; Zhangjiajie Romance Park; Xi'an Romance Park; and Shanghai Romance Park. The current business of the Company also extends to the planning and design of parks as well as Internet and video related industries.

The basic organizational structure of the company: the highest authority of the company is the General Meeting of Shareholders, with implementation of the president responsibility system under the leadership of the Board of Directors. To satisfy the needs of business development, the Company has set up the President's Office, Human Resources Department, Securities Investment Department, Financial Management Department, Design Department, Marketing Planning Department, Engineering Management Department, Audit Department, Arts Troupe Department, Business Development and Management Department, Innovation Department and other functional departments.

The parent company of the company is Hangzhou Songcheng Group Holdings Co., Ltd, and the actual controller of the company is Huang Qiaoling.

These financial statements were approved by the Board of Directors of the Company on April 22, 2022.

As of December 31, 2021, the subsidiaries listed in the consolidated financial statements of the Company are as follows:

Name of Subsidiaries
Hangzhou Paradise Co., Ltd.
Sanya Romance Tourism Performance Co., Ltd.
Lijiang Chama Ancient City Tourism Development Co., Ltd
Aba Zhou Jiuzhai Romance Tourism Development Co., Ltd
Hangzhou Songcheng Tourism Development Co., Ltd
Hangzhou Songcheng Dumuqiao Travel Services Co., Ltd

Jiuzhaigou Tibetan Mystery Culture Co., Ltd

Hangzhou Songcheng Technology Development Co., Ltd.

Songcheng Performance International Development Co., Ltd.

Songcheng (Australia) Holdings Pty Ltd

Songcheng (Australia) Entertainment Pty Ltd.

Shanghai Songcheng World Expo Performance Development Co., Ltd

Songcheng Performance Development (Shanghai) Co., Ltd.

Guilin Lijiang Romance Performance Development Co., Ltd

Ningxiang Songcheng Tourism Development Co., Ltd.

Zhangjiajie Romance Performance Development Co., Ltd

Songcheng Technology Development Co.,Ltd.

Songcheng Tourism Development Co., Ltd.

Songcheng Performance Management Co., Ltd.

Songcheng Dumuqiao Network Co., Ltd.

Xi'an Romance Performance Development Co., Ltd

Zhejiang Songcheng Xitang Performance Valley Performance Development Co., Ltd

Foshan South Sea Qiao Mountain Cultural Tourism Development Co., Ltd

Hangzhou Songguo Cultural Creative Co., Ltd.

Hangzhou Songcheng performance Valley technology and Culture Development Co., Ltd

Songcheng Holdings (Thailand) Co., Ltd.

Songcheng (Pattaya) International Culture Co., Ltd.

Zhuhai Songcheng Performance Kingdom Co., Ltd

Zhuhai Southern Film and Television Cultural Industry Co., Ltd.

Zhuhai Huayin Landscaping Co., Ltd.

Songcheng Brand Management Co., Ltd.

Romance Show Management Co., Ltd.

Global Bacchus Limited

See "IX. Interests In Other Entities" in the notes for relevant information of the subsidiaries of the Company.

See "VIII. Changes in the Scope of Consolidation" in the notes for changes in the scope of consolidation during the reporting period.

IV. Basis for Preparing the Financial Statement

1. Basis for the preparation

The financial statements are prepared in accordance with the "Accounting Standards for Business Enterprises-Basic Standards" and related specific accounting standards issued by the Ministry of Finance, Guidelines for Application of Accounting Standards for Business Enterprises", "Interpretation of Accounting Standards for Business Enterprises and other relevant provisions" (hereinafter collectively referred to as the "Accounting Standards for Business Enterprises"), and "No. 15 of the Rules on Information Disclosure and Reporting of the Companies Issuing Securities Publicly" issued by CSRC.

2. Going concern

There is no events or conditions that may cast significant doubt on the Company's ability to continue as a going concern for 12 months after the end of the current reporting period.

V. Significant Accounting Policies and Accounting Estimates

1. Statement on compliance with Accounting Standards for Business Enterprises

This financial statement is in compliance with the requirements in the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance and presents truly and completely the financial position of the merged companies and the parent company as at Friday, December 31, 2021 and the operating results and cash flows of the merger and the parent company in 2021.

2. Accounting period

An accounting year commences on January 1 and ends on December 31 of the Gregorian calendar.

3. Operating cycle

The Company's operating cycle is 12 months.

4. Functional currency

The company uses RMB as the standard currency for bookkeeping.

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

The assets and liabilities acquired by the combining party from the business combination (including the goodwill generated by the ultimate controlling party's acquisition of the combined party) shall be measured on the basis of the book value of the assets and liabilities of the combined party in the consolidated financial statements of ultimate controlling party on the combination date. The difference between the book value of the net assets obtained and the book value of the consideration paid for the combination (or total nominal value of the issued shares) is adjusted to capital premium in capital reserve. Adjustments shall be made to retained earnings in the event that the share premiums in the capital reserves are not sufficient for write-down.

Business combination under different control: The cost of combination is the fair value of the assets, liabilities incurred or assumed, and equity securities issued by the acquiring party to obtain the control right of the acquired party on the acquisition date. Where the cost of combination is higher than the fair value of the identifiable net assets acquired from the merging party in business combination, such difference shall be recognized as goodwill; where the cost of combination is less than the fair value of the identifiable net assets acquired from the merging party in business combination, such difference shall be charged to the profit or loss for the period. The identifiable assets, liabilities and contingent liabilities obtained by the acquiring party that meet the recognition conditions should be measured at fair value of the acquisition date.

The fees which are directly related to the business combination shall be recognized as the profit or loss in the period when the costs are incurred; the transaction expenses of issuing equity securities or debt securities for business merger shall be initially capitalized for equity securities or debt securities.

6. Preparation method of consolidated financial statements

(1) Scope of Consolidation

The scope of consolidation of the consolidated financial statements is determined on the basis of control, and includes the Company and all its subsidiaries. Control means that the Company has the rights over the investee, enjoys variable returns through participating in relevant activities of the investee, and has the ability to influence the amount of returns by exercising its rights over the investee.

(2) Procedures of Consolidation

The Company regards the whole group as an accounting entity and prepares consolidated financial statements in accordance with unified accounting policies, in order to reflect the overall financial position, operating results and cash flow of the group. The influence of internal transactions between the Company and the Subsidiaries and between the Subsidiaries shall be offset. Where internal transaction indicates the occurrence of impairment loss to relevant assets, such loss shall be recognized in full. In preparing the consolidated financial statements, where the accounting policies and the accounting periods are inconsistent between the Company and subsidiaries, the financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company.

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

1) Increase of subsidiaries or business

For acquisition of subsidiaries or business due to business combination involving entities under common control during the reporting period, the operating results and cash flows of such subsidiaries or business from the beginning to the end of the reporting period when the acquisition occurs shall be included in the consolidated financial statements. Adjustments shall be made to the opening balance of the consolidated financial statements and the related items in the comparative statements simultaneously as if the consolidated reporting entity has been in existence since the beginning of the control by the ultimate controlling party.

For acquisition of subsidiaries or business due to business combination involving entities not under common control during the reporting period, the identifiable assets, liabilities and contingent liabilities shall be included in the consolidated financial statements based on the fair value determined on the date of the acquisition.

2) Disposal of subsidiaries

① General treatment methods

When losing control of the investee due to partial disposal of the equity investment, or any other reasons, the remaining equity investment is remeasured at fair value at the date in which control is lost. The sum of consideration received from disposal of equity investment and the fair value of the remaining equity investment, net of the difference between the sum of the Company's previous share of the subsidiary's net assets recorded from the acquisition date or combination date and the sum of goodwill, is recognized in investment income in the period in which control is lost. Other comprehensive income related to the equity investment of the original subsidiary that can be reclassified into future profit or loss, and other changes of owners' equity accounted for under equity method shall be recognized in investment income in the period in which control is lost.

② Disposal of subsidiaries step by step

If the equity investment in the subsidiary is disposed of step by step through multiple transactions until the control right is lost, the terms, conditions and economic impact of each transaction on the equity investment in the subsidiary meet one or more of the following conditions, which usually indicates that the multiple transactions should fall within a "package deal":

- i . These transactions are achieved at the same time or the mutual effects on each other are considered;

ii. A complete set of commercial results can be achieved with reference to the series of transactions as a whole;

iii. Achieving a transaction depends on at least achieving of one of the other transaction;

iv. One transaction recognized separately is not economical, but it is economical when considered together with other transactions. If the transactions are recognized as a "package deal", these transactions shall be subject to accounting treatment as one transaction in which the subsidiaries are disposed and the control is lost; the difference between the price for each disposal before the control is lost and share of such subsidiaries' net assets as a result of disposal of investment, shall be recognized in other comprehensive income in the consolidated financial statements, and be included in profit or loss for the period when the control is lost.

If the transactions are not recognized as a "package deal", before the loss of control rights, the accounting treatment is conducted according to the partial disposal of equity investment in subsidiaries without loss of control rights; in case of loss of control rights, the accounting treatment is conducted according to the general treatment method for disposal of subsidiaries.

3) Purchase of minority shares of subsidiaries

If there is a difference between the new long-term equity investment acquired as a result of the purchase of minority shares and the share of net assets that the Company is entitled to continuously calculated from the date of purchase or merger of the Subsidiary based on the new shareholding ratio, the equity premium in the capital reserves in the consolidated balance sheet is adjusted. Where the equity premium in the capital reserve is insufficient to offset, retained earnings are adjusted.

4) Partial disposal of equity investment in subsidiaries without losing control

If there is a difference between the disposal price and the share of net assets continuously calculated by the subsidiary from the date of purchase or merger corresponding to the disposal of the long-term equity investment, the equity premium in the capital reserves in the consolidated balance sheet is adjusted. Where the equity premium in the capital reserve is insufficient to offset, retained earnings are adjusted.

7. Classification of joint venture arrangements and the accounting treatment method of joint operation

Joint arrangement can be divided into joint operation and joint venture.

Joint venture refers to the joint venture arrangement in which the joint venture partners enjoy the assets relating to the arrangement and undertake the liabilities relating to the arrangement.

The Company recognizes the following items related to the shares or interests in the joint venture:

- (1) Recognize the assets held separately by the Company and the assets jointly held in accordance with the share of the Company;
- (2) Recognize the liabilities assumed separately by the Company and the liabilities jointly assumed in accordance with the share of the Company;
- (3) Recognize the income generated through the sale of the Company's share of the output of the joint operation;
- (4) Recognize the income generated through the sale of the output of the joint operation in accordance with the share of the Company.
- (5) Recognize the expenses incurred separately, and the expenses incurred in joint operation in accordance with the share of the Company .

8. Recognition criteria of cash and cash equivalents

Cash refers to the cash on hand and deposits that are available for payment at any time of the Company. Cash equivalents refer to investments held by the Company featuring short duration, strong liquidity, easy conversion into cash of known amount and low risk of changes in value.

9. Conversion of transactions and financial statements denominated in foreign currencies

(1) Foreign currency transactions

Foreign currency transactions shall be translated into RMB at the spot exchange rate on the day when the transactions occurred. Balance sheet date foreign currency monetary items shall be translated using the spot exchange rate at the balance sheet date. The resulting exchange differences are recognized in profit or loss for the current period, except for those differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency for acquisitions, construction or production of the qualified assets, which should be capitalized as cost of the assets.

2. Translation of foreign currency financial statements

All assets and liabilities items in balance sheet are translated based on spot exchange rate on the balance sheet date; owners' equity items other than "undistributed profit" are translated at a spot exchange rate when accrued. The revenue and expense items in the income statement are converted using the weighted average exchange rate which is determined on the date of the transaction by using systematic and reasonable method.

For disposal of overseas operation, the translation difference as stated in the foreign currency financial statements relating to overseas operation, is accounted for in the profit and loss account in the current period from owners' equity items.

10. Financial instruments

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

(1) Classification of the financial instruments

According to the company's business model for managing financial assets and the contractual cash flow features of financial assets, financial assets at initial recognition are classified into: financial assets measured at amortized cost, financial assets measured at fair value with changes recognized in other comprehensive income and financial assets measured at fair value with changes recognized in profits and losses of the current period.

For financial assets that meet the following conditions and are not designated to be measured at fair value through the current profit or loss, the Company classifies them as financial assets at amortized cost:

- The business model is aimed at collecting contract cash flow;
- Contract cash flow is the payment of principal and interest based on the outstanding principal amount.

For financial assets that meet the following conditions and are not designated to be measured at fair value through current profit or loss, the Company classifies them as financial assets at fair value through other comprehensive income (debt instruments).

- The business model is aimed at both collecting contract cash flows and selling financial asset;
- Contract cash flow is the payment of principal and interest based on the outstanding principal amount.

The Company will, at the time of initial recognition, irrevocably designate non-trading investments in equity instruments as financial assets measured at fair value and the change shall be included in other comprehensive income (equity instrument). The designation is made on the basis of independent investment, and the related investments fit the definition of an equity instrument from an issuer's perspective.

In addition to the aforementioned financial assets at amortized cost and at fair value through other comprehensive income, the Company classifies all other financial assets as financial assets at fair value through current profit or loss.

The financial liabilities, when initially recognized, are classified as: financial liabilities at fair value through profit or loss and financial liabilities at amortized cost.

(2) Recognition and measurement of financial instruments

1) Financial assets measured at amortized cost

Financial assets at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables and creditors investment, which shall be initially measured at fair value, and the relevant transaction expenses should be initially capitalized; The accounts receivable that do not contain material financing compositions and those for which the Company decides to not take into account the financing compositions of no more than one year shall be initially measured at the contract transaction price.

The interest calculated by effective interest method during the holding period is recorded into the current profit and loss.

At the time of recovery or disposal, the difference between the price obtained and the book value shall be included in the current profit or loss.

2) Financial assets (debt instruments) measured at fair value and whose changes included in other comprehensive income

Financial assets measured at fair value and its changes are included in other comprehensive income (debt instruments) include receivables financing and investments in other creditor's rights. They are initially measured at fair value, and the relevant transaction expenses should be initially capitalized. These financial assets are subsequently measured at fair value, and the change in fair value, other than the interest, the impairment loss or profit and the profit or loss on foreign exchange, shall be included in other comprehensive income.

Upon derecognition, the cumulative profits or losses previously included in other comprehensive income shall be removed from other comprehensive income and included in the profit or loss for the period.

3) Financial assets (equity instruments) measured at fair and whose changes included in other comprehensive income

Financial assets at fair value through other comprehensive income (equity instruments) include investment in other equity instruments. They are initially measured at fair value, and the transaction expenses shall be initially capitalized. These financial assets are subsequently measured at fair value, and the change in fair value shall be included in other comprehensive income. The dividends obtained shall be included in the profit or loss for the period.

Upon derecognition, the cumulative profits or losses previously included in other comprehensive income shall be removed from other comprehensive income and included in the carry-forward retained earnings.

4) Financial assets measured at fair value and whose changes included in profit and loss of the current period

Financial assets at fair value through profit or loss include trading financial assets, derivative financial assets and other non-current financial assets. They are initially measured at fair value, and the transaction expenses related to them are included in the profit or loss for the period. These financial assets are subsequently measured at fair value, and the change in fair value shall be included in the profit or loss for the period.

5) Financial liabilities measured at fair value and whose changes included in profit and loss of the current period

Financial liabilities at fair value through profit or loss include trading financial liabilities and derivative financial liabilities. They are initially measured at fair value, and the transaction expenses related to them are included in the profit or loss for the period. These financial liabilities are subsequently measured at fair value, and the change in fair value shall be included in the profit or loss for the period.

Upon derecognition, the difference between their book value and the consideration paid is included in the profit or loss for the period.

6) Financial liabilities measured at amortized cost

Financial liabilities at amortized cost include short-term loans, notes payable, accounts payable, other payables, long-term loans, bonds payable, and long-term payables. They are initially measured at fair value, and the transaction expenses shall be initially capitalized.

The interest calculated by effective interest method during the holding period is recorded into the current profit and loss.

Upon derecognition the difference between the consideration paid and the book value of these financial liabilities is included in the current profit or loss.

(3) Derecognition and transfer of financial assets

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

The contractual right to receive cash flows of the financial assets has been terminated;

The financial asset has been transferred and virtually all the risks and rewards related to the ownership of the financial asset have been transferred to the transferee;

The financial assets have been transferred, and while the Company has neither transferred nor retained virtually all of the risks and rewards related to the ownership of the financial assets, it has not retained control of the financial assets.

At the time of the transfer of financial assets, the recognition of the financial assets shall not be terminated if the Company has retained virtually all the risks and rewards related to the ownership of the financial assets.

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

The transfer of financial assets can be classified into entire transfer and partial transfer. If the transfer of an entire financial asset satisfies the conditions for termination of recognition, the difference between the two amounts below shall be recorded into profit or loss for the period:

1) Book value of transferred financial assets;

2) The consideration received as a result of the transfer, and the sum of cumulative amount of fair value changes that originally included in owner equity (the financial assets involved in the transfer are the financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income).

If the partial transfer of financial assets satisfies the conditions for termination of recognition, the overall book value of the transferred financial asset shall be apportioned according to their respective relative fair value between the recognition terminated part and the remaining part, and the difference between the two amounts below shall be recorded into profit or loss for the current period:

1) Book value of the derecognized part;

2) The consideration for derecognized part, and the sum of the cumulative amount of the derecognized part in fair value changes that originally recorded in owner's equity (the financial assets (debt instruments) involved in the transfer are measured at fair value and whose changes are included in other comprehensive income).

Financial assets will still be recognized if they fail to satisfy the conditions for termination of recognition, with the consideration received recognized as a financial liability.

(4) Recognition for termination of financial liabilities

When the current obligation under a financial liability is completely or partially discharged, the recognition of the whole or relevant portion of the liability is terminated; an agreement is entered between the Company and a creditor to replace the original financial liabilities with new financial liabilities with substantially different terms, terminate the recognition of the original financial liabilities as well as recognize the new financial liabilities.

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

When recognition of financial liabilities is terminated in full or in part, the difference between the book value of the financial liabilities terminated and the consideration paid (including transferred non-cash assets or new financial liability) is recognized in profit or loss for the current period.

Where the Company repurchases part of its financial liabilities, the book value of such financial liabilities will be allocated according to the relative fair value between the continued recognized part and terminated part on the repurchase date. The difference between the book value of the financial liabilities terminated and the consideration paid (including transferred non-cash assets or

new financial liability) is recognized in profit or loss for the current period.

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

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. The Company uses the valuation technique when it is applicable under current conditions and there are enough available data and other information to support and the technique should maximize the use of relevant observable. It chooses the inputs which are consistent with the asset or liability's characteristics considered by market participants in the transaction of the relevant asset or liability and makes the maximum use of relevant observable inputs. Unobservable inputs are used under the circumstance that the relevant observable inputs cannot be obtained or not feasible.

(6) Test method and accounting treatment for impairment of financial assets

The Company assesses the expected credit losses of financial assets measured at amortized cost, financial assets (debt instruments) measured at fair value and whose changes included in other comprehensive income and financial guarantee contracts by item or by group.

The Company calculates the probability-weighted amount of the current value of the difference between the cash flows receivable under the Contract and the cash flows expected to receive, and recognizes the expected credit loss, by taking into account all the reasonable and well-founded information, including past events, current condition and forward-looking economic situation, and weighting the risk of default.

If the credit risk of this financial instrument has been significantly increased upon initial recognition, the Company measures its loss provision in accordance with the amount equivalent to the expected credit loss of the financial instrument throughout the duration; if the credit risk of this financial instrument is not significantly increased upon initial recognition, the Company will measure the loss provision of this financial instrument by the amount of its expected credit loss in the 12 months to come. The increased or reversed amount of the loss provision resulting therefrom is included in the current profit or loss as the impairment loss or profit.

The Company recognizes the relative changes in the risk of default within the expected duration of financial instruments, and assesses whether the credit risk of financial instruments has significantly increased since the initial recognition by comparing the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date. If the financial instrument becomes overdue for more than 30 days, the Company believes that the credit risk of this financial instrument has been significantly increased, unless there are concrete evidences that the credit risk of this financial instrument has not been significantly increased upon initial recognition.

If the financial instrument carries low credit risk at the balance sheet date, the Company believes that the credit risk of this financial instrument is not significantly increased upon initial recognition.

If there are objective evidences showing that a certain financial asset has been subject to credit impairment, the Company will accrue impairment provision for this financial asset on the individual asset basis.

The Company will always measure the loss provision for the accounts receivable and contract assets generated by transactions regulated by Accounting Standards for Enterprises No. 14 - Revenue (2017), whether they contain material financing compositions or not, by the amount of the expected credit loss throughout the duration.

The Company will always measure the loss provision for the lease receivable by the amount of the expected credit loss throughout the duration.

The Company shall write down the book balance of a financial asset directly if it no longer reasonably expects that the contract cash flow of the financial asset can be recovered in whole or in part.

Classify the accounts receivable, and the expected credit loss ratio for each portfolio is as follows:

Portfolio Name	Basis to Determine the Portfolio	Accrued method
Portfolio one	Consolidation scope and accounts receivable	If there is objective evidence showing that it has been

	from related parties	impaired, the impairment loss should be determined based on the difference between the present value of the future cash flow and its book value. Provision for bad debts shall be made. If no impairment is found after testing, no provision for bad debts shall be made.
Portfolio two	The accounts receivable other than portfolio one: portfolio based on credit risk features by aging	Accrued based on the comparison table of the expected credit loss rate over the duration

The bad debt provision method of portfolio two is adopted

Credit period	Expected credit loss ratio (%)
Not overdue within the credit period	3
Overdue to less than 1 year	15
Overdue to 1-2 years	25
Overdue to 2-3 years	45
Overdue to 3-4 years	60
Overdue to 4-5 years	80
Overdue for more than 5 years	100

11. Inventory

(1) Classification and cost of inventory

Inventory is classified into: inventory goods, turnover materials, etc.

(2) Determination of cost

The weighted average method is applied when the inventory is issued.

(3) Basis for the determination of net realizable value and different type of inventories

On the balance sheet date, inventory should be measured at cost or net realizable value (whichever is lower). When the cost of inventory is higher than its net realizable value, the Company shall make provision for inventory depreciation. Net realizable value referred to the estimated selling price of inventory less the estimated cost to be incurred upon completion, the estimated selling expense and related taxes.

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

The inventory falling price reserves withdrawn shall be reversed within the amount withdrawn, and the reversed amount shall be included in current profit or loss, if the net realizable value of an inventory is higher than its book value after the withdrawal due to the disappearance of the factors that influence the writing-down of its value.

(4) Inventory system

The perpetual inventory system is adopted.

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

One-time write-off method is used for low-value consumables.

12. Contract assets

(1) Recognition methods and standards of contract assets

The Company shall show the contract assets or contract liabilities in the balance sheet in accordance with the relationship between the performance of the contract obligations and the Customer payment. The Company shall list its right to receive consideration due to the transfer of goods or services to the Customer (and such rights are subject to factors other than the passage of time) as contractual assets. Contract assets and contract liabilities under the same contract shall be shown on a net basis. The Company's unconditional right (depending solely on the passage of time) to collect consideration from the Customer shall be shown separately as a receivable.

(2) Determination method and accounting treatment for the expected credit loss of contract assets

For details of the method for determining the expected credit loss of contract assets and the accounting treatment, please refer to Note V (10) 6. "Testing method and accounting treatment method of financial asset impairment".

13. Contract cost

Contract costs include contract performance costs and contract acquisition costs.

The Company recognizes the costs incurred for performing the contract and that not fall within the scope of inventories, fixed assets or intangible assets as stipulated by related standards as an asset when the following conditions are met:

- The cost is directly related to a current or anticipated contract.
- The cost increases the Company's future resources to perform obligations.
- The cost is expected to be recovered.

The Company regards the incremental cost incurred to acquire the contract and that are expected to be recovered as contract acquisition costs, and recognizes them as an asset.

Assets related to contract costs shall be amortized using the same basis as income recognition of goods or services related to the asset. However, the Company shall include the amount in current profit or loss if the amortization period of the contract acquisition cost is less than one year.

The Company shall draw an impairment provision for the excess part when the book value of an asset related to the contract cost is higher than the difference between the following two items, and recognize it as an impairment loss of the asset:

1. The remaining consideration expected to be obtained due to the transfer of goods or services related to the asset;
2. The costs expected to be incurred for the transfer of the relevant goods or services.

The Company shall reverse the impairment provision withdrawn and include it in current profit or loss if the impairment factors of the previous period change and cause the aforementioned difference higher than the book value of the asset. However, the book value of the asset after reverse shall not exceed the book value of the asset on the reverse date under the assumption that no provision for the impairment is withdrawn.

14. Holding of the assets for sale

An asset whose book value is recovered mainly through the sale (including the exchange of non-monetary assets of a commercial nature) rather than through the continuous use of a non-current asset or disposal group is classified as holding-for-sale.

A non-current asset or disposed group is classified by the Company as holding for sale if it meets the following criteria at the same time:

- 1) Assets that are ready for immediate sale under the current circumstance in accordance with the practice of selling such assets or disposal groups in similar transactions;

2) Assets that are most likely to be sold, i.e. the Company has decided on a sale plan and has a firm commitment to purchase, and the sale is expected to be completed within one year. If required by relevant provisions that selling shall only be made after approved by the relevant competent authority or supervision department of the Company, such approval should have been obtained.

For those classified as non-current assets holding for sale (excluding financial assets and deferred income tax assets) or disposal assets, if book value is higher than the net amount after deducting sales expenses from fair value, the book value should be revised and written down to net amount after deducting sales expenses from fair value. The amount written down shall be recognized as assets impairment loss and included in current profit or loss. The impairment provision of assets holding for sale should be made.

15. Long-term equity investment

(1) Joint control or significant influence criterion

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

Significant influence refers to the right to participate in the financial and business decisions of the invested entity, but the inability to control or jointly control the formulation of policies. Where the Company can exercise significant influence over the investee, the investee is an associate of the Company.

(2) Determination of initial investment cost

1) Long-term equity investment formed by business combination

For long-term equity investment in a subsidiary generated due to business combinations involving entities under common control, the share of the book value in the consolidated financial statements of the ultimate controlling party on the date of combinations shall be taken as the initial investment cost of the long-term equity investments. For difference between the initial cost of long-term equity investment and the book value of the consideration paid, adjustments shall be made to the equity premiums in the capital reserve. When the equity premiums in the capital reserve are not sufficient for write-down, the retained earnings shall be adjusted. For long-term equity investment in a subsidiary generated due to business combinations involving entities not under common control, the cost of the combination recognized on the date of combination shall be taken as the initial investment cost of the long-term equity investments.

2) Long-term equity investment made by means other than business combination

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

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

(3) Subsequent measurement and recognition of profit or loss

1) Long-term equity investment calculated by cost method

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

2) Long-term equity investment calculated by equity method

Long-term equity investments of associates and jointly controlled entities are calculated using equity method. Where the initial investment cost exceeds the investment, the difference between the share of the fair value of the investee's identifiable net assets shall be enjoyed and no adjustment shall be made to the initial investment cost of long-term equity investment; where the initial investment cost is less than the investment, the difference between the share of the fair value of the investee's identifiable net

assets shall be enjoyed and be included in current profit or loss, and adjustments shall be made to the initial investment cost of long-term equity investment.

The Company recognizes the investment income and other comprehensive income according to the shares of net profit or loss and other comprehensive income realized by the investee which it shall be entitled or shared respectively, and simultaneously makes adjustment to the book value of long-term equity investments; The book value of long-term equity investment shall be reduced by attributable share of the profit or cash dividends for distribution declared by the investee. In relation to other changes of owner's equity except for net profits and losses, other comprehensive income and profit distributions of the investee, the book value of long-term equity investments shall be adjusted and included in owner's equity.

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

The Company shall be liable for net loss incurred by the Company to the joint venture or associate, and shall write it down to zero with the book value of the long-term equity investment and other long-term equity which substantially constitute net investment in the joint venture or associate. Where a joint venture or associate later realizes net profits, the Company shall resume recognition of its share of income after the share of income has made up for the unrecognized share of loss.

3) Disposal of long-term equity investments

For disposal of long-term equity investments, the difference between its book value and the actual proceeds is included in the current profits and losses.

Where a part of long-term equity investment that is measured under the equity method is disposed of, if the remaining part is still measured under the equity method, the original other comprehensive income recognized under the equity method should be recognized in proportion on the same basis as the investee directly disposes of relevant assets or liabilities, and the changes in other comprehensive income should be transferred to the current profit or loss in proportion.

If the common control or significant impact on the investee is lost due to the disposal of equity investments, the original other comprehensive income recognized by calculating equity investment under the equity method on the same basis as the investee's direct disposal of related assets or liabilities when the equity method is not adopted. Other changes of the owner's equity are all transferred to the current profit and loss when the equity method is not adopted.

If the Company loses control over an investee due to the disposal of part of its equity investment and the remaining equity can be used to exercise joint control or significant influence over the investee when some individual financial statements are prepared, the equity method shall be used for accounting instead and the remaining equity shall be deemed to be accounted and adjusted by using the equity method when it is acquired. The other comprehensive income recognized before the control over the investee is acquired should be transferred in proportion on the same basis as the investee directly disposes of relevant assets or liabilities. The changes in other comprehensive income under the equity method for measurement should be transferred the current profit or loss in proportion. If the remaining equity cannot constitute joint control over or substantial influence on the investee, such remaining equity shall be recognized as financial assets. The difference between the fair value on the day when the control is lost and the carrying value should be recorded in the current profit or loss. The changes in other comprehensive income and owner's equity recognized before the control over the investee is acquired should be transferred in full.

The equity investment in the subsidiary is disposed of step by step by the Company through multiple transactions until the control right is lost. If the foregoing transactions belong to a "package deal", the Group conducts accounting treatment by taking each transaction as a transaction for disposal of subsidiaries and loss of control rights. The difference between the price of each disposal before the control is lost and the carrying value of long-term equity investment related to the disposed equity is recognized in other comprehensive income, and then transferred to the profit or loss of the current period when the control is lost. If it does not constitute a "package deal", the Company should consider each of the transactions separately.

16. Investment property

Measurement Mode of Investment Property

Measured by cost method

Depreciation or amortization methods

Investment property refers to the real estate held to generate rental income or capital appreciation, or both, including leased land use rights, land use rights held for transfer after appreciation, and leased buildings (including buildings that are leased after completion of self-construction or development activities and buildings in construction or development that are used for rental in the future).

Subsequent expenditures related to fixed assets shall be included in the cost of fixed assets when the relevant economic benefits are likely to flow in and the cost can be measured reliably. The book value of the replaced part is derecognized. Other subsequent expenditures shall be included in current profit or loss at the time of occurrence.

The Company adopts the cost mode to measure the existing investment property. Investment property measured at cost - buildings held for leasing shall adopt the same depreciation policy for fixed assets of the company, land use rights held for leasing shall adopt the same amortization policy for the intangible assets.

17. Fixed assets

(1) Conditions for recognition of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and have a service life of more than one accounting year. Fixed assets shall be recognized when the following conditions are met at the same time:

- 1) The economic benefits related to the fixed asset are likely to flow into the company;
- 2) The cost of the fixed asset can be reliably measured.

Fixed assets are initially measured at cost (with the influence of expected disposal costs taken into consideration).

Subsequent expenditures related to fixed assets shall be included in the cost of fixed assets when the relevant economic benefits are likely to flow in and the cost can be measured reliably. The book value of the replaced part is derecognized. Other subsequent expenditures shall be included in current profit or loss at the time of occurrence.

(2) Methods for depreciation

Category	Depreciation method	Useful lives of depreciation	Residual Ratio	Annual depreciation rate
Housing and building	Straight-line method	5-35	2.8-5	19.44-2.71
General Equipment	Straight-line method	3-10	2.8-10	32.40-9
Special Equipment	Straight-line method	5-10	2.8-5	19.44-9.5
Machinery and equipment	Straight-line method	3-10	2.8-5	32.40-9.5
Transportation Equipment	Straight-line method	5-10	2.8-10	19.44-9
Others	Straight-line method	5-10	2.8-5	19.44-9.5

Fixed assets are depreciated by categories using the straight-line method, and the annual depreciation rates are determined by categories based upon their estimated useful lives and their estimated residual values. For fixed assets with provision for

impairment, the amount of depreciation shall be determined in future periods according to the book value after deducting the provision for impairment and based on the usable life. Where the parts of a fixed asset have different useful lives or cause economic benefits for the enterprise in different ways, different depreciation rates or depreciation methods shall apply, and each part is depreciated separately.

(3) Disposal of fixed assets

Fixed assets being disposed of or not expected to generate economic benefits through use or disposal shall be derecognized. The amount of income from the disposal, transfer, scrapping or damage of fixed assets after deducting its book value and related taxes shall be included in the current profit and loss.

18. Construction in progress

Construction in progress is measured at the actual costs incurred. The actual cost includes construction costs, installation costs, borrowing costs that meet the capitalization conditions, and other necessary expenditures incurred before the construction in progress reaches its intended use status. When the construction in progress reaches its intended use status, it shall be transferred to fixed assets according to budget, cost or actual contract cost of the construction project, and the depreciation of the fixed assets shall be accrued according to fixed assets depreciation policy of the company. When the final account of completed project is issued, the estimated cost shall be adjusted according to the actual cost.

19. Borrowing costs

(1) Criteria for recognition of capitalized borrowing costs

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

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

(2) Capitalization period of borrowing costs

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

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

- 1) Asset expenditures have been incurred, which include the expenditures in the form of cash payment, transfer of non-cash assets, or assumption of interest-bearing debts for construction or production of assets eligible for capitalization;
- 2) Borrowing costs have been incurred;
- 3) The purchase and construction or production activities which are necessary to prepare the asset for its intended use or sale have started.

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

(3) Suspension of capitalization period

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

the capitalization of borrowing costs commences.

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

Specific borrowings for the acquisition, construction or production of assets qualified for capitalization, borrowing costs of the specific borrowings actually incurred in the current period minus the interest income earned on the unused borrowing loans as a deposit in the bank or as investment income earned from temporary investment will be used to determine the amount of borrowing costs for capitalization.

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

During the period of capitalization, the exchange balance on the principals and interests of special foreign currency borrowings shall be capitalized and shall be included in the cost of assets eligible for capitalization. The exchange balance on the principals and interests of foreign currency borrowings other than the special foreign currency borrowings shall be included in current profit or loss.

20. Intangible assets

(1) Valuation method, service life, impairment test

1) Method for valuation of intangible assets

1) It shall be initially measured at cost when the company obtains intangible assets;

The cost of purchased intangible assets, covering the purchase price, relevant taxes and fees, and other expenses directly attributable to the intended use of the assets.

2) Subsequent measurement

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

Intangible assets with a limited service life are amortized within the term of economic benefits for the enterprise. If it is impossible to foresee the term, it shall be regarded as an intangible asset with uncertain service life and shall not be amortized.

2) Estimated service life of intangible assets with limited service life

Item	Estimated useful lives	Basis
Land use rights	30-50 years	The number of years is indicated on the land certificate
Computer Software	3-10 years	Benefit period
Vehicle license plate	10 years	Estimated service life

At the end of each year, the service life and amortization method of the intangible assets with a limited service life are reviewed.

3) Judgment basis for intangible assets with uncertain service life and procedures for reviewing their service life

According to relevant regulations of Australia, there is no stipulated term of use for the land use right after purchase, and it can be used permanently. Therefore, the company recognizes the land without a specified use term as an intangible asset with uncertain service life, for which no amortization is allowed.

At the end of each year, the service life of intangible assets with uncertain service life will be reviewed.

(2) Accounting policy for internal R&D expenditure

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

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

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

Specific condition for capitalizing expenditure during the development phase:

Expenses in the research phase are recorded into the profits and losses for the current period when they occur. Expenditure during the development phase that simultaneously satisfies the following conditions shall be recognized as intangible assets. Otherwise shall be included in current profit or loss:

- 1) It is technically feasible to complete the intangible asset so that it can be used or sold;
- 2) There is intention to complete the intangible asset for use or sale;
- 3) The means by which intangible asset generates economic benefits, including the ability to prove that there is a market for the products produced with the intangible asset or the existence of a market for the intangible asset itself. Where the intangible asset is to be used internally, its usefulness can be proved;
- 4) The company has sufficient technical, financial and other resources to support the development of such intangible assets, and has the ability to use or sell such intangible assets;
- 5) The expenditure attributed to the development stage of the intangible asset can be reliably measured.

The R&D expenditures incurred shall be included in current profit or loss if it is impossible to distinguish expenditure during the research phase and expenditure during the development phase.

21. Long-term asset impairment

Long-term assets, such as long-term equity investment, investment properties, fixed assets, construction in progress and right-of-use assets that measured at cost, and intangible assets with limited service life, are tested for impairment if there is any indication that an asset may be impaired on the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its book value, a provision for impairment and an impairment loss are recognized for the amount by which the asset's book value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs to is determined. A group of assets is the smallest group of assets that is able to generate cash inflows independently.

Goodwill formed due to business combination, intangible assets with uncertain service life and intangible assets that have not yet reached serviceable conditions, shall be tested for impairment at least at the end of each year, regardless of whether there is any indication of impairment.

When the Company carry out impairment test to goodwill, the Company shall, as of the purchasing day, allocate on a reasonable basis the book value of the goodwill formed by merger of enterprises to the relevant asset groups, or if there is a difficulty in allocation, to allocate it to the sets of asset groups. The relevant asset group or combination of asset groups is the asset group or combination of asset groups that can benefit from the synergies of business combination.

For the purpose of impairment test on the relevant asset groups or the sets of asset groups containing goodwill, if any evidence shows that the impairment of asset groups or sets of asset groups related to goodwill is possible, an impairment test will be made first on the asset groups or sets of asset groups not containing goodwill, thus calculating the recoverable amount and comparing it

with the relevant book value so as to recognize the corresponding impairment loss. Asset group or combination of group assets containing goodwill are tested for impairment and the book value and recoverable amount shall be compared. If the recoverable amount is less than the book value, the amount of impairment loss shall be deducted and apportioned to the book value of goodwill in asset group or combination of asset groups, before deducting to the book value of all other assets proportionally based on the proportion of the book value of all assets other than goodwill in the asset group or combination of asset groups. Once the above asset impairment loss is recognized, it will not be reversed in the subsequent accounting periods.

22. Long-term prepaid expenses

Long-term prepaid expenses are expenses which have occurred but will benefit over 1 year and shall be amortized over the current period and subsequent periods. The long-term prepaid expenses of the company include scenic animals and plants, scenic road signs, creation of costumes and props, expenditures for improvement of leased fixed assets, house decoration fees and long-term rental fees.

(1) Amortization method

Long-term prepaid expenses are amortized evenly over the estimated benefit period

(3) Amortization period

Item	Estimated useful lives	Basis
Scenic animals and plants	5 years	Benefit period
Scenic road signs	5 years	Benefit period
Creation Costume Prop	5 years	Benefit period
Expenditures for improvement of leased fixed assets	3-20 years	Benefit period
House decoration fee	5-10 years	Benefit period

23. Contract liabilities

The Company shall show the contract assets or contract liabilities in the balance sheet in accordance with the relationship between the performance of the contract obligations and the Customer payment. The Company's obligation to transfer goods or provide services to customers for which consideration has been received or receivable are presented as contractual liabilities. Contract assets and contract liabilities under the same contract shall be shown on a net basis.

24. Employee remuneration

(1) Accountant arrangement method of short-term remuneration

During the accounting period when the staff provides service, the Company will recognize the short-term remuneration actually incurred as liabilities, and the liabilities would be charged into current profits and loss or costs of assets.

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

The expenses on employee benefit incurred by the Company shall be included in the current profit or loss or related asset cost based on the actual amount when actually incurred, and the non-monetary benefit shall be measured at its fair value.

(2) Accountant arrangement method of retirement benefit plan

1) Defined contribution plan (DCP)

The Company will pay basic pension insurance and unemployment insurance in accordance with the relevant provisions of the local

government for the staff. During the accounting period when the staff provides service, the Company will calculate the amount payable in accordance with the local stipulated basis and proportions which will be recognized as liabilities, and the liabilities would be charged into current profits and loss or costs of assets. In addition, the Company joins in corporation annuity plan/supplementary pension insurance fund approved by related state departments. The Company conducts payment to annuity plan/ local social insurance institution according to certain proportion of employees' wages and corresponding expenditures are included in the current profit or loss or relevant asset costs.

2) Defined benefit plan

The welfare responsibilities generated from defined benefit scheme based on the formula determined by projected unit credit method would be vested to the service period of the staff and charged into current profits and loss or costs of assets.

The deficit or surplus resulting from the present value of the defined benefit plan obligations minus the fair value of the defined benefit plan assets is recognized as the net liability or net asset of the defined benefit plan. If there is a surplus in the defined benefit plan, the company shall use the lower of the defined benefit plan surplus and the asset ceiling to measure the net assets of the defined benefit plan.

All defined benefit plan obligations, including obligations expected to be paid within twelve months after the end of the annual reporting period in which employees provide services, are based on market yield of treasury bond or high-quality corporate bond in an active market that matches the date of the balance sheet, the period of defined benefit plan obligation and currency applied.

The service cost, net interest on net liabilities and net assets of the defined benefit plan are recorded in the current profit and loss or related asset cost. The changes resulting from the re-measurement of net liabilities or net assets of the defined benefit plan are recorded in other comprehensive income and shall not be rolled back to profit and loss in subsequent accounting periods. When the original defined benefit plan is terminated, all the part originally recorded in other comprehensive income should be carried forward to undistributed profit.

In the settlement of the defined benefit plan, the settlement gain or loss shall be recognized according to the difference between the present value of the defined benefit plan obligation and the settlement price determined on the settlement date.

(3) Accountant arrangement method of termination benefits

Where the Company pays termination benefit to employees, the liabilities of employee remuneration generated by termination benefit shall be recognized at the earlier of the following date and included in the current profit or loss: when the company cannot unilaterally withdraw termination benefit provided by labor relationship termination plan or layoff proposal; when the Company recognizes costs or expenses related to a restructuring of the payment of termination benefits.

25. Estimated liabilities

The Company shall recognize the obligations related to contingencies as estimated liabilities provided that they satisfy the following conditions:

- 1) The obligation is the current obligation of the company;
- 2) The fulfillment of this obligation is likely to result in the outflow of economic benefits from the Company;
- 3) The amount of the obligation can be reliably measured.

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

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

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

On the balance sheet date, the Company shall review the book value of the estimated liabilities, and shall adjust the book value on the basis of the current best estimate if there is conclusive evidence showing the book value cannot reflect the current best estimate.

26. Share-based payment

The Company's share-based payment refers to a transaction in which an enterprise determines the liabilities on the basis of equity instruments granting or bearing for the acquisition of service from its employees or other parties. The company's share based payment is divided into the share payment settled in equity and the share based payment settled in cash.

(1) The share payment settled in equity and equity instruments

As to an equity-settled share-based payment in return for services of employees, calculation will be based on the fair value of the equity instrument granted to the employees. Equity instruments vested immediately after the date of grant will be included in the relevant cost or expense based on its fair value on the date of grant, and the capital reserve will be increased accordingly. For equity instruments to be vested after completing the service during the waiting period after the date of grant or meeting regulated performance conditions, the Company shall include the services obtained in the current period in relevant costs or expenses and increase capital reserves accordingly on each balance sheet date during the waiting period on the basis of the best estimate of the number of viable equity instruments to be vested and the fair value on the grant date.

If the equity instrument is cancelled during the waiting period after the date of grant, the Company will treat the cancellation of the equity instrument as accelerated vest, include the amount to be recognized in the remaining waiting period in the current profit or loss, and recognize the capital reserves simultaneously. However, if new equity instruments are vested and they are verified at the vesting date of new equity instrument as alternatives vested to canceled equity instruments, the treatment on the new equity instrument is in conformity with the modified treatment on disposal of equity instrument.

27. Revenue

Accounting policies for revenue recognition and measurement

(1) Accounting policies for revenue recognition and measurement

The Company has fulfilled its contractual obligation to recognize income when the Customer obtains control over the relevant goods or services. Obtaining control over related goods or services means to be able to dominate the use of the goods or services and obtain virtually all economic benefits from it.

Where the Contract contains the performance of two or more obligations, the Company shall, on the commencement date of the Contract, apportion the transaction price to each individual performance obligation on the basis of the relative proportion of the individual selling price of the goods or service committed by each individual performance obligation. The Company shall measure its income on the basis of the transaction price apportioned to each individual performance obligation.

The transaction price refers to the amount of consideration the Company is expected to be entitled to receive for the transfer of goods or services to the Customer, excluding payments received on behalf of third parties and the amounts expected to be refunded to the Customer. The Company determines the transaction price in accordance with Contract terms and by taking into consideration its past practices. In determining the transaction price, it takes into consideration the impact of variable consideration, material financing elements in the Contract, non-cash consideration, consideration payable to customers and other factors. The Company determines the transaction price that includes the variable consideration at an amount not exceeding the amount of accumulated recognized income which is not likely to be materially reversed when the relevant uncertainty is eliminated. Where there are material financing components in the Contract, the Company shall determine the transaction price on the basis of the amount payable based on the assumption that the Customer pays in cash upon obtaining control over the goods or services, and shall amortize the difference between the transaction price and the Contract consideration by effective interest method during the

Contract period. It shall be deemed as fulfilling performance obligation within a certain period of time if one of the following conditions is satisfied. Otherwise, it shall be deemed as fulfilling performance obligation at a certain point in time:

- The Customer obtains and consumes the economic benefits arising from the Company's performance of obligations at the same time of that the Company perform its obligations.
- The Customer can control the goods under construction during the process that the Company perform its obligations.
- The product produced by the Company during the performance of its obligations is irreplaceable in use, and the Company shall be entitled to receive payment for the accumulated part of the performance completed so far during the whole Contract period.

For obligations performed within a certain period of time, the Company shall recognize income on the basis of the performance progress during that period, except when the performance progress cannot be reasonably determined. The Company will adopt output method or input method to determine the performance progress by taking the nature of the goods or services into consideration. Where the performance progress cannot be reasonably determined and the costs incurred are expected to be compensated, the Company shall recognize income on the basis of the costs incurred until the performance progress can be reasonably determined.

For obligations performed at a certain point of time, the Company recognizes income at the point when the Customer obtain control over relevant goods or services. The Company takes the following indications into consideration when determining whether the Customer has obtained control over relevant goods or services:

- The Company is entitled to collect payment in respect of the goods or services immediately, i.e. the Customer is obliged to make payment in respect of the goods or services immediately.
- The Company has transferred legal ownership of the goods to the Customer, i.e. the Customer has legal ownership of the goods.
- The Company has physically transferred the goods to the Customer, i.e. the Customer has physically possessed the goods.
- The Company has transferred the principal risks and rewards in the ownership of the goods to the Customer, i.e. the Customer has obtained the principal risks and rewards in the ownership of the goods.
- The Customer has received the goods or services, etc.

(2) The specific accounting policies related to the company's main activities that generate revenue are described as follows:

1) The principle for confirmation of ticket sales revenue

The tourists, after buying the ticket and checking in through the gate, shall have the right to visit the scenic spot and watch the live performance. When the ticket amount has been collected or the right to receive payment has been obtained, the revenue should be generated.

2) The principle for confirmation of e-commerce sales revenue

The economic benefits from the tickets, based on the ratio of profits sharing agreed by and between the company and each of scenic spots, hotels or travel agencies, are expected to have flowed into the parties concerned upon the orders are generated and the tourists have entered the park or checked in. When the ticket amount has been collected or the right to receive payment has been obtained, the revenue should be generated.

3) Principle for confirmation of the revenue from design planning fee

Design and planning are to provide a package of services for other scenic spots and performance projects, including scenic spot design and planning, theater design and planning, performance directing, plan for opening, marketing, follow-up quality improvement and other designs and services agreed in the agreement. The revenue shall be recognized, when the company completes the phased design, planning and upgrading according to the requirements of the project progress, and submits the phased results to the client and obtains its confirmation indicating that the company has completed the service of the stage.

Follow-up business management: After the relevant services have been provided, the service revenue shall be collected according to the results as agreed in the contract. The income shall be recognized in the current period of service provided.

28. Government grants

(1) Type

Government grants refer to the monetary or non-monetary assets obtained free of charge by the company from the government. They are divided into government grants related to assets and government grants related to revenue.

Government grants related to assets refer to government grants acquired by the Company for the purpose of purchasing or constructing or otherwise forming long-term assets. Government grants related to revenue refer to the government grants other than those related to assets.

(2) Confirmation of time point and accounting treatment

The specific standards for government grants related to assets are: The construction of the assets granted to enterprises.

Time for confirming the government grants related to assets: the relevant assets reach the intended use state

Accounting treatment of the government grants related to assets: They shall be recognized as deferred income when obtained. After the relevant assets reach the intended use state, they shall be recognized as current profits and losses in installments according to the method of average amortization of asset service life. For those assets related to daily activities of the company, they shall be included in other income. For those assets that are not related, they shall be included in non-operating income;

The specific standards for government grants related to revenue are: The expenses or losses of the compensated enterprise

Where the government documents fail to specify the recipient of grants, the company shall classify the government grants as assets related or income related in accordance with the basis below: The government grants as a whole shall be classified as government grants related to revenue.

The time of the confirmation of government grants related to revenue: Related expenses or losses occur.

Accounting treatment of government grants related to revenue: Those used to compensate relevant costs or losses of the company in subsequent periods, shall be recognized as deferred income when obtained. They shall be included in the current profit and loss when related costs or losses are confirmed. For those assets related to daily activities of the company, they shall be included in other income. For those assets that are not related, they shall be included in non-operating income; For those assets used to compensate related costs or losses incurred of the company, they shall be directly included in the current profit and loss when obtained. For those assets related to daily activities of the company, they shall be included in other income. For those assets not related, they shall be included in non-operating income.

29. Deferred income tax assets/liabilities

Income tax includes current income tax and deferred income tax. The Company will include current income tax and deferred income tax in the current profit or loss, except for income tax arising from business combination and transaction or event directly included in the owners' equity (including other comprehensive income).

Deferred income tax assets and deferred income tax liabilities shall be calculated and recognized on the basis of the difference (temporary difference) between the tax basis of the assets and liabilities and their book value.

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

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

Special circumstances in which deferred income tax assets or deferred income tax liabilities are not recognized include:

- Initial recognition of goodwill;
- Transaction or event that is not a business combination and would not affect accounting profit and taxable income (or deductible loss) at the time of occurrence.

For taxable temporary differences related to investments in subsidiaries, associates and joint ventures, deferred income tax liability is recognized, unless the Company can control the timing of reversal of such temporary differences and such temporary differences are not likely to be reversed in the foreseeable future. For deductible temporary differences related to the investments of subsidiaries, associates and joint ventures, deferred tax asset is recognized when the temporary differences are likely to be reversed in the foreseeable future and the taxable income amount used to offset the deductible temporary differences is likely to be obtained in the future.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities shall be, as stipulated by tax law, measured by the applicable tax rate of the period of expected recovery of the relevant assets or settlement of the relevant liabilities.

On the balance sheet date, the Company reviews the book value of the deferred income tax assets. The book value of the deferred income tax asset will be written down if sufficient taxable income is not likely to be obtained to offset the benefit of the deferred income tax asset in the future period. The write-down amount will be reversed when sufficient taxable income is likely to be obtained.

After granted the legal rights of net settlement and with the intention to use net settlement or obtain assets and repay debt at the same time, the net amount after offsetting its current income tax assets and current income tax liabilities shall be recorded.

On the balance sheet date, the deferred income tax assets and deferred income tax liabilities are presented in net amount after set-off when both of the following conditions are satisfied:

- The taxpayer has the legal right to settle the current income tax assets and current income tax liabilities on a net basis;
- Deferred income tax assets and deferred tax liabilities are related to the income tax to be paid by the same entity liable to pay tax to the same tax collection and management authority or related to different entities liable to pay tax. The relevant entity liable to pay tax is intended to apply net settlement of current income tax assets and liabilities or, at the same time, obtain assets and repay debt in every future period that deferred income tax assets and liabilities with importance would be reversed.

30. Lease

Accounting policies as of Friday, January 1, 2021

Lease refers to a contract under which a lessor assigns the right to use an asset to a lessee for consideration, for a defined period. At the commencement date of the contract, the Company assesses whether the contract is a lease or contains a lease. A contract is a lease or contains a lease if one party to the contract conveys the right to control the use of one or more identified assets for a specified period of time in exchange for consideration.

If a contract contains multiple separate leases, the Company splits the contract and accounts for each separate lease independently. If a contract contains both lease and non-lease components, the lessor and the lessee should split the lease and non-lease components.

If any of rent reduction, deferred payment and other rent concessions directly triggered by the COVID-19 under the existing leases satisfies all following conditions, the Company should apply a simplified approach to all leases by neither assessing whether there is a license change nor assessing the lease classification:

- The lease consideration after concession is reduced or basically unchanged compared with that before concession, whereby the undiscounted lease consideration may apply or the lease consideration may be discounted at the rate before concession;
- The concession only applies to the payable lease payment before June 30, 2022, whereby any increase in the payable lease payment after June 30, 2022 will not affect the satisfaction of this condition, and any decrease in the payable lease payment after June 30, 2022 will be excluded by this condition; and
- No major change occurs in other terms and conditions of the leases after considering all qualitative and quantitative factors.

(1) The Company as lessee

1) Right-of-use assets

Except for short-term leases and leases of low value assets, the Company recognizes right-of-use assets at the commencement date of the lease. The right-of-use assets shall be initially measured at cost. The cost includes:

- Initially measured amounts of lease liabilities;
- Any lease payments made at or before the lease commencement date, less the relative amount of any lease incentives enjoyed if there are lease incentives;
- Any initial direct costs incurred by the Company;
- An estimate of costs to be incurred by the Company in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms of the lease, excluding the costs attributable to the production of inventory.

The Company will subsequently accrue the depreciation of right-of-use assets under the straight-line method. Where it is reasonably determined that the ownership of the leased assets will be acquired at the end of the lease term, the depreciation is calculated within the remaining useful life of the leased assets; otherwise, where it is impossible to reasonably determine the ownership of the leased asset at the expiration of the lease term, the depreciation is calculated within the shorter period of the lease term and the remaining useful life of the leased asset.

The Company determines whether right-of-use assets are impaired and performs accounting treatment for recognized impairment loss according to “V (21) Impairment of Long-term Assets” in the notes.

2) Leasing liabilities

Except for short-term leases and leases of low value assets, the Company recognizes lease liabilities at the commencement date of the lease. The Company initially measures the lease liability at the present value of lease payments that are unpaid. Lease payment includes:

- The fixed amount (including substantial fixed amount) less the relative amount of any lease incentives enjoyed if there are lease incentives;
- The index- or ratio-based variable lease payment amount;
- The estimated amount to be paid according to the residual value of guarantee provided by the Company;
- The exercise price of the call option, provided that the Company reasonably determines to exercise the option;
- The payment made by the lessee for exercising the option to terminate the lease, provided that it is reflected in the lease period that the Company will exercise the option to terminate the lease.

The Company uses the interest rate implicit in the lease as discount rate, and adopts the incremental borrowing rate of the Company if the interest rate implicit in the lease is not readily determinable.

The Company calculates the interest expense of lease liabilities for each period of the lease term at a fixed periodic interest rate and includes it in current profits and losses or related asset costs.

Variable lease payments not included in the measurement of lease liabilities shall be included in the current profits and losses or related asset costs when they are actually incurred.

The Company should re-measure the lease liability and adjust the right-of-use asset, if any of the following events occur after the lease commencement date. If the lease liability is required to be further written down after the carrying value of the right-of-use asset is written down to zero, the difference should be recorded in the current profit or loss.

- In the case of any change to the Company’s result of evaluation on the option of purchase, renewal, or termination, or in the case that the actual exercise of the aforementioned options is inconsistent with the original evaluation result, the lease liability shall be re-measured by the Company according to the changed lease payment and the present value calculated based on the modified discount rate;
- In the case of any change to substantial fixed payments, estimated amount to be paid according to the residual value of guarantee or the index or rate for calculating the lease payment, the Company will re-measure the lease liability according to the changed lease payment and the present value calculated as per the original discounting rate. However, if a change lease payment amount derives from a change in a floating interest rate, the present value should be calculated as per the modified discount rate.

3) Short-term leases and leases for low-value assets

The Company chooses not to recognize right-of-use assets and lease liabilities of short-term leases and leases for low-value assets, and includes the relevant lease payments in the relevant asset costs or the current loss and profit under the straight-line method in all periods of the lease term. The short-term lease refers to the lease that does not contain the call option and has a lease period of no more than 12 months from the lease commencement date. The lease for low-value assets refers to the lease under which a brand-new individual lease asset has a low value. If the Company sublets or is expected to sublet a lease asset, the original lease is not construed as a lease for low-value assets.

4) Change of lease

When a lease changes and the following conditions are satisfied, the Company will treat such change as an independent lease:

- The change expands the lease scope by adding the right to use one or more additional leased assets;
- The increased consideration is in line with the price of the expanded lease scope part as adjusted for the contract change.

If a lease change is not treated as an independent lease, at the effective date of the lease change, the Company will re-apportion the changed contract price, re-determine the lease term, and re-measure the lease liability according to the changed lease payment and the present value calculated as per the original discounting rate.

If the lease change narrows the lease scope or shortens the lease term, the Company will reduce the carrying value of the right-of-use assets accordingly, and include the gain or loss from the terminated or partially terminated lease in the profit or loss of the current period. If any other lease change triggers the re-measurement of the lease liability, the Company will adjust the carrying value of the right-of-use assets accordingly.

5) Rent concessions arising from the COVID-19

Where a simplified approach is used for rent concessions arising from the COVID-19, the Company will not assess whether there is any lease change, but continue to calculate the interest expenses on lease liabilities at the discount rate consistent with that before concessions and record them in the current profit or loss and accrue depreciation of the right-of-use assets under the same method as before concessions. Upon occurrence of a rent concession, the Company will take the reduced rent as the variable lease payment. When the Company reaches a concession agreement or otherwise is discharged from the original rent payment obligation, the relevant asset costs or expenses should be written down by the undiscounted amount or the amount discounted at the discounted rate before concessions. If the payment of rent is deferred, the Company should write down the lease liabilities previously recognized at the time of actual payment.

For short-term leases and leases for low-value assets, the Company shall continue to calculate the original contract rents under the same method adopted before concessions and record them in the relevant asset costs or expenses. In case of a rent concession, the Company should treat the reduced amount as variable lease payment, and the asset cost or expense should be written down during the concession period. If the payment of rent is deferred, the Company should recognize the rent payable during the original payment period as the account payable, and the account payable recognized previously should be written down at the time of actual payment.

(2) The Company as lessor

The Company should classify a lease into finance lease or operating lease on the lease commencement date. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a lease asset, regardless of whether the ownership is ultimately transferred or not. Operating leases refer to leases other than finance leases. Where the Company is a sub-lessor, the Company should, based on the right-of-use asset arising from the original lease, classify the sub-lease.

1) Accounting treatment for operating lease

During each period of the lease term, the Company should recognize the lease receipts arising from operating lease in rental income by the straight-line method. The initial direct expenses related to an operating lease incurred by the Company are capitalized, apportioned during the lease term on the same recognition basis as rental income, and included into the current profit and loss. Variable lease payments not included in the measurement of lease collections shall be included in the current profits and losses at the time of actual occurrence. If an operating lease changes, the Company will, from the effective date of the change, considers the

change as a new lease, and the lease payment received in advance or receivable related to the lease before the change as new lease payments.

2) Accounting treatment of financial lease

At the commencement date of the term of the finance lease, the Company recognizes finance lease receivables and derecognizes finance lease assets. When the Company makes initial measurement of finance lease receivables, the net investment in the lease is measured as the carrying value of the finance lease receivables. The net lease investment is the sum of the unsecured residual value and the present value of the lease payment receivable at the lease commencement date discounted by the interest rate implicit in the lease.

The Company measures and recognizes the interest income of each period within the lease term according to the fixed periodic interest rate. The de-recognition and impairment of finance lease receivables should be treated according to “V (10) Financial Instruments” in the notes.

Variable lease payments not included in the measurement of lease net investment shall be included in the current profits and losses at the time of actual occurrence.

When a financial lease changes and the following conditions are satisfied, the Company will treat such change as an independent lease:

- The lease change expands the lease scope by adding the right to use one or more additional leased assets;
- The increased consideration is in line with the price of the expanded lease scope part as adjusted for the contract change.

If a finance lease change is not treated as an independent lease, the Company will treat the changed lease as follows:

- Assuming that the change takes effective at the lease commencement date, and the lease is classified into operating leases, the Company will, from the effective date of the lease change, consider the change as a new lease and the net lease investment prior to the effective date of the lease commencement as the carrying value of the leased asset;
- Assuming that the change takes effective at the lease commencement date, and the lease is classified into finance leases, the Company will apply the provisions of “Note V (10) Financial Instruments” concerning the modification or re-negotiation of contract.

3) Rent concessions arising from the COVID-19

For the operating leases to which the simplified approach to rent concessions relating to COVID-19 applies, the Company shall continue to include the original contract rents in the lease income under the same method adopted before concessions. In case of a rent concession, the Company should treat the reduced amount as variable lease payment, and the lease income should be written down during the concession period. If the collection of rent is deferred, the Company should recognize the rent receivable during the original collection period as the account receivable, and the account receivable recognized previously should be written down at the time of actual collection.

For the finance leases to which the simplified approach to rent concessions relating to COVID-19 applies, the Company shall continue to use the same discount rate applied before concessions to calculate the interests and recognize them in the lease income. In case of a rent concession, the Company should treat the reduced amount as a variable lease payment. When the Company reaches a concession agreement or otherwise waives the original rent collection right, the originally recognized lease income should be written down by the undiscounted amount or the amount discounted at the discounted rate before concessions. Any amount that cannot be written down should be included in the investment income, and the finance lease receivable should be adjusted accordingly. If the collection of rent is deferred, the Company should write down the previously recognized the finance lease receivable at the time of actual collection.

(3) Leaseback transaction

According to the principle stated in “V (25) Revenue” in the notes, the Company assesses and determines whether the asset transfer in the leaseback transaction is a sale transaction.

1) As lessee

If the asset transfer in the leaseback transaction is a sale transaction, the Company as the lessee should measure the right-of-use asset formed by leaseback at the part of the carrying amount of the original asset related to the right of use acquired by leaseback,

and should only recognize the gain or loss for the right transferred to the lessor. If the asset transfer in the leaseback transaction is not a sale transaction, the Company as the lessee should still recognize the transferred asset and recognize a financial liability equal to the transfer income. See “V (10) Financial Instruments” in the notes for details about accounting treatment of financial liabilities.

2) As lessor

If the asset transfer in the leaseback transaction is a sale transaction, the Company as the lessor should measure the purchase of assets, and should measure the lease of assets according to the policy stated in the aforementioned “2. The Company as Lessor”. If the asset transfer in the leaseback transaction is not a sale transaction, the Company as the lessor should not recognize the transferred asset but should recognize a financial asset equal to the transfer income. See “V (10) Financial Instruments” in the notes for details about accounting treatment of financial assets.

Accounting policy prior to Friday, January 1, 2021

Leases are classified into finance leases and operating leases. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Operating leases refers to leases other than finance leases.

If any of rent reduction, deferred payment and other rent concessions directly triggered by the COVID-19 under the existing leases satisfies all following conditions, the Company should apply a simplified approach to all leases by neither assessing whether there is a license change nor assessing the lease classification:

- The lease consideration after concession is reduced or basically unchanged compared with that before concession, whereby the undiscounted lease consideration may apply or the lease consideration may be discounted at the rate before concession;
- The concession only applies to the payable lease payment before Wednesday, June 30, 2021, whereby any increase in the payable lease payment after Wednesday, June 30, 2021 will not affect the satisfaction of this condition, and any decrease in the payable lease payment after Wednesday, June 30, 2021 will be excluded by this condition; and
- No major change occurs in other terms and conditions of the leases after considering all qualitative and quantitative factors.

(1) Accounting treatment of operating leases

1) The lease fee paid by the company for operating lease of assets shall be included in current expenses by amortizing on a straight-line basis during the entire lease period without deducting the rent-free period. Initial direct costs that are attributable to an operating lease incurred by the Company are charged to current profit and loss.

When the lesser bears the lease related expenses which should be undertaken by the Company, the Company shall deduct this part of expense from the rent and amortize the net amount over the lease term.

For the operating leases to which the simplified approach to rent concessions relating to COVID-19 applies, the Company shall continue to calculate the original contract rents under the same method adopted before concessions and record them in the relevant asset costs or expenses. In the case of a rent concession, the Company should treat the reduced amount as contingent rent, and the rent should be included in the profits and losses during the concession period. If the payment of rent is deferred, the Company should recognize the rent payable during the original payment period as the account payable, and the account payable recognized previously should be written down at the time of actual payment.

2) The lease fee charged by the company for leasing its assets shall be recognized as leasing income by amortizing on a straight-line basis during the entire lease period without deducting the lease-free period. The initial direct fee related to the leasing transactions paid by the Company shall be charged to current expenses; if the amount is significant, it shall be capitalized and charged to current income evenly on the same basis as the leasing income is recognized over the lease term.

When the Company bears the lease related expenses which should be undertaken by the lessee, the Company shall deduct this part of expense from the rent income, and amortize the net amount over the lease term.

For the operating leases to which the simplified approach to rent concessions relating to COVID-19 applies, the Company shall continue to include the original contract rents in the lease income under the same method adopted before concessions. In case of a rent concession, the Company should treat the reduced amount as contingent rent, and the lease income should be written down during the concession period. If the collection of rent is deferred, the Company should recognize the rent payable during the original

collection period as the account receivable, and the account receivable recognized previously should be written down at the time of actual collection.

31. Segmental reporting

The company determines the operating segment based on the internal organizational structure, management requirements, and internal reporting system. The segmental reporting is confirmed on operating segment basis, and segment information shall be disclosed.

Operating segment refers to the component within the Company that meets the following conditions at the same time: (1) The component can generate income and expenses in daily activities; (2) The management of the Company can regularly evaluate the operating results of such component so as to determine the allocation of resources to it and evaluate its performance; (3) The Company can obtain the accounting information of the component, such as the financial status, operating results and cash flow etc. If two or more operating segments have similar economic features and meet certain conditions, they can be combined into one operating segment.

32. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

Applicable Not applicable

Content and Reasons for Change in Accounting Policies	Approval process	Notes
The adjustment by the Company as a lessee for operating leases existing before the initial implementation date	The 10th meeting of the 7th Board of Directors	

(1) Implementation of "Accounting Standards for Business Enterprises Interpretation No. 21 – Lease (amended in 2018)"

The Ministry of Finance issued the amended *Accounting Standard for Business Enterprise No. 21 – Lease* in 2018 ("New Lease Standards") This Company has implemented the New Lease Standards since January 1, 2021. According to the amended standards, for existing contracts prior to the initial implementation date, the Company chooses not to re-evaluate whether it is a lease or it contains a lease on the initial implementation date.

The Company acts as the lessee

According to the cumulative impact of initial implementation of the new lease standards, the Company adjusts retained earnings at the beginning of the initial implementation year of the New Lease Standards and the amount of other related items in the financial statements, and does not adjust the information of comparable period.

For the operating leases existing before the initial implementation date, at the initial implementation date, the Company measures the lease liability according to the present value discounted by the incremental loan interest rate as at the first implementation date based on the remaining lease payment amount, and should choose one of the following two methods to measure the right-of-use assets for each lease:

- If the carrying value calculated under the New Lease Standard is used since the lease commencement date, the Company should use the incremental loan interest rate of the Company as at the initial implementation date as the discount rate.
- The amount should be equal to the amount of lease liabilities, and necessary adjustment should be made based on the prepaid rent.

For the operating leases existing before the initial implementation date, in addition to the above methods, the Company should

choose one or more of the following simplified methods for each lease:

- 1) Treat the lease completed within 12 months after the initial implementation date as the short-term lease;
- 2) When measuring lease liabilities, use the same discount rate for the leases with similar characteristics;
- 3) Exclude the initial direct expense from the measurement of right-of-use assets;
- 4) Where a renewal or termination option exists, determine the lease period according to the actual exercise and other developments before the initial implementation date;
- 5) As a replacement of impairment test of right-of-use assets, according to "III (XXIV) Estimated Liabilities" in the notes, evaluate whether the contract including a lease is a loss contract before the initial implementation date, and adjust the right-of-use assets according to the loss reserve amount recorded in the balance sheet before the initial implementation date; and
- 6) For lease changes occurring before the initial implementation date, no retroactive adjustment should be made, and the New Lease Standard should apply according to the final arrangement of such lease changes.

For the finance leases existing before the initial implementation date, at the first implementation date, the Company should measure the right-of-use assets and lease liabilities respectively according to the original carrying value of the finance lease assets and the finance lease payable.

The Company acts as the lessor

For the subleases which are classified into operating leases at the effective date and are surviving after the effective date, the Company re-values them, based on the remaining lease term and the terms and conditions of the original leases and the subleases at the effective date, as well as re-classifies them according to the provisions of the New Lease Standards. If a sublease is re-classified as a finance lease, the Company should treat it as a new finance lease.

Except for subleases, the Company should not be obligated to adjust its lease as a lessor according to the New Lease Standard. The Company starts using the New Lease Standard at the initial implementation date.

The main impacts of the implementation of New Lease Standards on financial statements are as follows:

Content and Reasons for Change in Accounting Policies	Approval process	Statements Affected	Affected Amount of Balance on Friday, January 1, 2021	
			Consolidated Subsidiaries	Parent company
The adjustment by the Company as a lessee for operating leases existing before the initial implementation date	The 10th meeting of the 7th Board of Directors	Right-of-use Assets	526,000,589.97	
		Lease Liabilities	390,537,511.61	
		Non-current Liabilities Due within 1 Year	23,188,817.38	
		Prepayments	-3,627,471.97	
		Long-term unamortized expenses	-108,646,789.01	

(2) Changes in significant accounting estimates

Applicable Not applicable

(3) Adjustments to related items of financial statements at the beginning of the current year upon initial implementation of the new lease standards in 2021

Applicable Not applicable

Whether the accounts of the balance sheet at the beginning of the year shall be adjusted

Yes No

Consolidated Balance Sheet

Unit: RMB

Item	Thursday, December 31, 2020	Friday, January 1, 2021	Adjusted amount
Current Assets:			
Cash and Bank Balances	1,337,776,253.98	1,337,776,253.98	
Deposit Reservation for Balance			
Loans to Banks and Other Financial Institutions			
Trading Financial Assets	335,217,557.68	335,217,557.68	
Derivative Financial Assets			
Notes receivable			
Accounts receivable	5,887,012.36	5,887,012.36	
Receivables Financing			
Prepayments	21,934,226.54	18,306,754.57	-3,627,471.97
Premium Receivable			
Reinsurance Accounts Receivable			
Reinsurance Contract Reserves Receivable			
Other Receivables	50,524,990.69	50,524,990.69	
Including: interest receivable			
Dividends Receivable			
Buying Back the Sale of Financial Assets			
Inventory	13,424,146.50	13,424,146.50	
Contract Assets			
Holding for-sale assets			
Non-current Assets Due within 1 Year			
Other Current Assets	148,641,404.47	148,641,404.47	
Subtotal of Current Assets	1,913,405,592.22	1,909,778,120.25	-3,627,471.97
Non-current Assets:			
Granting of loans and advances			

Investment in Creditor's Rights			
Investment in Other Creditor's Rights			
Long-term Receivables			
Long-term Equity Investment	1,534,539,625.11	1,534,539,625.11	
Investment in Other Equity Instruments	224,266,596.74	224,266,596.74	
Other Non-current Financial Assets			
Investment Property			
Fixed Assets	2,508,754,929.16	2,508,754,929.16	
Projects under Construction	771,871,563.73	771,871,563.73	
Productive Biological Assets			
Oil and gas assets			
Right-of-use Assets		526,000,589.97	526,000,589.97
Intangible Assets	1,880,031,922.56	1,880,031,922.56	
Development Expenditure			
Goodwill	11,655,794.87	11,655,794.87	
Long-term unamortized expenses	323,741,176.89	215,094,387.88	-108,646,789.01
Deferred Income Tax Assets	18,485,803.52	18,485,803.52	
Other Non-current Assets	8,589,826.26	8,589,826.26	
Subtotal of Non-current Assets	7,281,937,238.84	7,699,291,039.80	417,353,800.96
Total Assets	9,195,342,831.06	9,609,069,160.05	413,726,328.99
Current Liabilities:			
Short-term loan			
Borrowings from the Central Bank			
Borrowings from Banks			

and Other Financial Institutions			
Transactional financial liabilities			
Derivative Financial Liabilities			
Notes Payable			
Accounts Payable	372,476,464.69	372,476,464.69	
Received Prepayments	12,888,689.05	12,888,689.05	
Contract liabilities	188,550,237.52	188,550,237.52	
Financial Assets Sold for Repurchase			
Deposit Taking and Interbank Deposit			
Receiving from Vicariously Traded Securities			
Receiving from Vicariously Sold Securities			
Payroll payable	18,817,804.74	18,817,804.74	
Tax Payable	19,869,808.49	19,869,808.49	
Other Payables	65,149,971.79	65,149,971.79	
Including: interest payable			
Dividends Payable			
Service Charge and Commission Payable			
Reinsurance Accounts Payable			
Holding for-sale liabilities			
Non-current Liabilities Due within 1 Year	12,426,708.33	35,615,525.71	23,188,817.38
Other Current Liabilities	3,513,902.08	3,513,902.08	
Subtotal of Current Liabilities	693,693,586.69	716,882,404.07	23,188,817.38
Non-current Liabilities:			
Insurance Contract			

Reserves			
Long-term loan	282,000,000.00	282,000,000.00	
Bonds Payable			
Including: Preferred Stocks			
Perpetual Bonds			
Lease Liabilities		390,537,511.61	390,537,511.61
Long-term Payables			
Long-term payroll payable			
Expected Liabilities			
Deferred Income	387,619,860.41	387,619,860.41	
Deferred Income Tax Liabilities	96,769,220.18	96,769,220.18	
Other Non-current Liabilities			
Subtotal of Non-current Liabilities	766,389,080.59	1,156,926,592.20	390,537,511.61
Total Liabilities	1,460,082,667.28	1,873,808,996.27	413,726,328.99
Shareholders' Equity:			
Share Capital	2,614,694,040.00	2,614,694,040.00	
Other Equity Instruments			
Including: Preferred Stocks			
Perpetual Bonds			
Capital Reserves	1,211,364,214.86	1,211,364,214.86	
Less: Treasury Share			
Other Comprehensive Incomes	-63,325,115.75	-63,325,115.75	
Special Reserves			
Surplus Reserves	517,673,268.35	517,673,268.35	
General Risk Reserves			
Undistributed Profits	3,131,881,024.60	3,131,881,024.60	
Total Shareholders' Equity	7,412,287,432.06	7,412,287,432.06	

Attributable to the Parent Company			
Minority Shareholders' Equity	322,972,731.72	322,972,731.72	
Total Shareholders' Equity	7,735,260,163.78	7,735,260,163.78	
Total Liabilities and Shareholders' Equity	9,195,342,831.06	9,609,069,160.05	413,726,328.99

Balance Sheet of the Parent Company

Unit: RMB

Item	Thursday, December 31, 2020	Friday, January 1, 2021	Adjusted amount
Current Assets:			
Cash and Bank Balances	788,724,841.16	788,724,841.16	
Trading Financial Assets			
Derivative Financial Assets			
Notes receivable			
Accounts receivable	38,224.90	38,224.90	
Receivables Financing			
Prepayments	2,031,894.01	2,031,894.01	
Other Receivables	1,046,160,763.74	1,046,160,763.74	
Including: interest receivable			
Dividends Receivable			
Inventory	651,042.56	651,042.56	
Contract Assets			
Holding for-sale assets			
Non-current Assets Due within 1 Year			
Other Current Assets	1,240,658.07	1,240,658.07	
Subtotal of Current Assets	1,838,847,424.44	1,838,847,424.44	
Non-current Assets:			
Investment in Creditor's Rights			
Investment in Other Creditor's Rights			

Long-term Receivables			
Long-term Equity Investment	6,433,238,270.32	6,433,238,270.32	
Investment in Other Equity Instruments	214,975,166.42	214,975,166.42	
Other Non-current Financial Assets			
Investment Property			
Fixed Assets	1,912,986.88	1,912,986.88	
Projects under Construction			
Productive Biological Assets			
Oil and gas assets			
Right-of-use Assets			
Intangible Assets	3,418,590.95	3,418,590.95	
Development Expenditure			
Goodwill			
Long-term unamortized expenses	2,600,000.20	2,600,000.20	
Deferred Income Tax Assets	15,581,293.31	15,581,293.31	
Other Non-current Assets			
Subtotal of Non-current Assets	6,671,726,308.08	6,671,726,308.08	
Total Assets	8,510,573,732.52	8,510,573,732.52	
Current Liabilities:			
Short-term loan			
Transactional financial liabilities			
Derivative Financial Liabilities			
Notes Payable			
Accounts Payable	1,154,036.06	1,154,036.06	
Received Prepayments			

Contract liabilities			
Payroll payable	7,873,282.52	7,873,282.52	
Tax Payable	1,394,799.62	1,394,799.62	
Other Payables	2,056,738,130.14	2,056,738,130.14	
Including: interest payable			
Dividends Payable			
Holding for-sale liabilities			
Non-current Liabilities Due within 1 Year	12,426,708.33	12,426,708.33	
Other Current Liabilities			
Subtotal of Current Liabilities	2,079,586,956.67	2,079,586,956.67	
Non-current Liabilities:			
Long-term loan	282,000,000.00	282,000,000.00	
Bonds Payable			
Including: Preferred Stocks			
Perpetual Bonds			
Lease Liabilities			
Long-term Payables			
Long-term payroll payable			
Expected Liabilities			
Deferred Income			
Deferred Income Tax Liabilities			
Other Non-current Liabilities			
Subtotal of Non-current Liabilities	282,000,000.00	282,000,000.00	
Total Liabilities	2,361,586,956.67	2,361,586,956.67	
Shareholders' Equity:			
Share Capital	2,614,694,040.00	2,614,694,040.00	

Other Equity Instruments			
Including: Preferred Stocks			
Perpetual Bonds			
Capital Reserves	1,248,861,998.85	1,248,861,998.85	
Less: Treasury Share			
Other Comprehensive Incomes	-38,171,990.42	-38,171,990.42	
Special Reserves			
Surplus Reserves	517,673,268.35	517,673,268.35	
Undistributed Profits	1,805,929,459.07	1,805,929,459.07	
Total Shareholders' Equity	6,148,986,775.85	6,148,986,775.85	
Total Liabilities and Shareholders' Equity	8,510,573,732.52	8,510,573,732.52	

(4) Explanation of comparative data at early stage of retroactive adjustment after the initial implementation of the new lease standards in 2021

Applicable Not applicable

VI. Taxes

1. Major categories of taxes and tax rates

Tax Type	Taxation basis	Tax rate
VAT	According to the provisions of the tax law, the sales tax shall be calculated on the basis of the income by selling goods and taxable services. After deducting the input tax that is allowed to be deducted from the sales tax in the current period, the difference shall be the value added tax	Simple levy 3%, 5% General taxpayer 6% General taxpayer 13%, 9%
Urban Maintenance and Construction Tax	Calculated and paid based on the actual value-added tax and consumption tax	5%, 7%
Enterprise Income Tax	Calculated based on the taxable income	25%, please refer to below table for details of different tax rates
House property tax	The tax rate for lease is based on lease	12%, 1.2%

	income; the tax rate for self-use fixed assets is based on the original value of the fixed assets;	
Education Surcharges	Calculated and paid based on the actual value-added tax and consumption tax	5%

If there are tax payers with different tax rates of enterprise income tax, disclose the specific information

Name of taxpayer	Income tax rate
Sanya Romance Tourism Performance Co., Ltd.	15%
Lijiang Chama Ancient City Tourism Development Co., Ltd	15%
Aba Zhou Jiuzhai Romance Tourism Development Co., Ltd	15%
Hangzhou Songcheng Tourism Development Co., Ltd	15%
Jiuzhaigou Tibetan Mystery Culture Co., Ltd	15%
Songcheng Performance International Development Co., Ltd.	Hong Kong tax rate 16.50%
Songcheng (Australia) Holdings Pty Ltd	Australia tax rate 30%
Songcheng (Australia) Entertainment Pty Ltd.	Australia tax rate 30%
Songcheng Performance Development (Shanghai) Co., Ltd.	The tax rate for small and micro enterprise
Guilin Lijiang Romance Performance Development Co., Ltd	15%
Songcheng Dumuqiao Network Co., Ltd.	15%
Xi'an Romance Performance Development Co., Ltd	15%
Hangzhou Songcheng performance Valley technology and Culture Development Co., Ltd	15%
Songcheng Holdings (Thailand) Co., Ltd.	Tax rate of Thailand 15%
Songcheng (Pattaya) International Culture Co., Ltd.	Tax rate of Thailand 15%

2. Preferential tax rate

Preferential value-added tax:

According to the Announcement of the Ministry of Finance and the State Taxation Administration on Continuing the Implementation of Certain Tax Preferential Policies Responding to the COVID-19 Outbreak ([2021] No. 7), for the income obtained by a taxpayer from rendering living services and public transport services, the implementation period of the preferential tax policy of value-added tax exemption will be extended to March 31, 2021. For the taxable sales revenue of small-scale taxpayers on which a 3% tax rate is levied, the implementation period of the preferential tax policy of value-added tax reduction to 1% will be extended to December 31, 2021.

Preferential of property tax and land use tax:

According to the Notice of Zhejiang Provincial Department of Finance and Zhejiang Provincial Tax Service, State Taxation Administration on Continuing to Implement the Policy of Reducing and Exempting Property Tax and Urban Land Use Tax in Response to the COVID-19 (Zhe Cai Shui Zheng (2021) No. 3), the implementation period of urban land use tax reduction and exemption policy will last until June 30, 2021, the property tax and urban land use tax on self-used property and land of the small and

micro-size enterprises engaged in four business areas: accommodation, recreation, transportation and tourism and eligible for relevant conditions should be reduced by 100% for the first quarter of 2021 and by 50% for the second quarter of 2021.

Preferential corporate income tax rate:

Lijiang Chama Ancient City Tourism Development Co., Ltd, Aba Zhou Jiuzhai Romance Tourism Development Co., Ltd, Jiuzhaigou Tibetan Mystery Culture Co., Ltd, Guilin Lijiang Romance Performance Development Co., Ltd and Xi'an Romance Performance Development Co., Ltd. enjoy the preferential tax policy of west development, which corporate income tax rate is 15%.

Songcheng Tourism Development Co., Ltd., Songcheng Dumuqiao Connection Network Co., Ltd, and Hangzhou Songcheng Performance Valley Technology and Culture Development Co., Ltd. are high-tech enterprises, of which corporate income tax rate is 15% in 2021.

According to "Notice on the Hainan Free Trade Port's Preferential Policies on Corporate Income Tax"(Caishui No. 31 of Year 2020), from January 1, 2020 to December 31, 2024, enterprises that are registered in Hainan Free Trade Port with substantial operation record are levied at a reduced rate of 15% for their corporate income. In addition, Sanya Romance Tourism Performance Co., Ltd obtained the "High-tech Enterprise Certificate" on December 1, 2020, which is valid for three years. For Sanya Romance Tourism Performance Co., Ltd., the corporate income tax was levied at the rate of 15% in 2021.

According to "Notice of the Ministry of Finance and the State Administration of Taxation on Preferential Corporate Income Tax Policies for the Two Special Economic Development Zones Kashgar and Horgos, in Xinjiang"(Caishui No. 112 of Year 2011), during January 1, 2010 to December 31, 2020, the newly established enterprise in two special economic development zones of Kashgar and Horgos in Xinjiang that fall within the scope of the "Catalogue of Enterprise Income Tax Preferences for Key Industries in Difficult Areas in Xinjiang", shall be exempted for corporate income tax for future five years starting from the tax year in which the first production and operation income is obtained. The Songcheng Technology Development Co., Ltd., Songcheng Tourism Development Co., Ltd., Songcheng Performance Management Co., Ltd. (Horgo Headquarters), Songcheng Brand Management Co., Ltd. and Romance Art Management Co., Ltd. subordinate to the company meet the conditions of the preferential policy , and shall be exempted from corporate income tax in 2021.

According to State Taxation Administration Announcement No. 80 of 2021 and State Taxation Administration Announcement No. 12 of 2021, for the period from January 1, 2021 to December 31, 2022, for the annual taxable income of a small low-profit enterprise which is no more than RMB 1 million, on the basis of the preferential policy stipulated in Article 2 of the Announcement of the State Administration of Taxation on Issues Concerning the Implementation of the Inclusive Income Tax Deduction and Exemption Policies for Small Low-Profit Enterprises (Cai Shui (2019) No. 13), the enterprise income tax will be halved and 12.5% of that part should be included in the taxable income; and for the annual taxable income which is more than RMB 1 million but no more than RMB 3 million, 50% of that part should be included in the taxable income and a 20% interest rate should be used to calculate the enterprise income tax. The company that meets the requirements of small and micro enterprises of this year is: Songcheng Performance Development (Shanghai) Co., Ltd.

VII. Notes to the Items in the Consolidated Financial Statement

1. Cash and bank balances

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Cash on Hand	3,428,776.09	2,437,262.81
Bank Balance	1,707,365,801.91	1,285,458,896.93

Other Cash and Bank Balances	147,953,286.04	49,880,094.24
Total	1,858,747,864.04	1,337,776,253.98
Including: Total Amount Deposited in Overseas Banks	283,928,396.85	116,361,545.59

2. Trading Financial Assets

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Financial assets at fair value through profit or loss in this period	2,670,942.90	335,217,557.68
Including:		
Investment in equity instruments		172,445,378.26
Derivative Financial Assets	2,670,942.90	6,589,730.08
Bank financial products		156,182,449.34
Designated financial assets that are measured at fair value and whose changes are included in the current profit and loss		
Including:		
Total	2,670,942.90	335,217,557.68

3. Accounts receivable

(1) Categorical disclosure of accounts receivable

Unit: RMB

Category	Balance at the End of the Period					Balance at the Start of the Period				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Accrued proportion		Amount	Percentage	Amount	Accrued proportion	
Accounts receivable for bad debt reserves by item										
Including:										
Accounts receivables with the bad debt provision accrued based on combinations	2,404,441.14	100.00%	206,846.77	8.60%	2,197,594.37	6,285,542.60	100.00%	398,530.24	6.34%	5,887,012.36
Including:										

Combination of credit risk characteristics by age	2,404,441.14	100.00%	206,846.77	8.60%	2,197,594.37	6,285,542.60	100.00%	398,530.24	6.34%	5,887,012.36
Total	2,404,441.14	100.00%	206,846.77		2,197,594.37	6,285,542.60	100.00%	398,530.24		5,887,012.36

Bad debt provision based on combinations

Among them: combination of credit risk characteristics by age:

Unit: RMB

Name	Balance at the End of the Period		
	Book balance	Bad debt provision	Accrued proportion
Within credit period	1,516,577.81	45,497.34	3.00%
Credit period overdue within 1 year	739,031.57	110,854.74	15.00%
Credit period overdue within 1 to 2 years	115,781.76	28,945.44	25.00%
Credit period overdue within 2 to 3 years	15,205.00	6,842.25	45.00%
Credit period overdue within 3 to 4 years	7,845.00	4,707.00	60.00%
Credit period overdue within 4 to 5 years			80.00%
Credit period overdue for more than 5 years	10,000.00	10,000.00	100.00%
Total	2,404,441.14	206,846.77	--

Please refer to the disclosing methods of other receivables for the information disclosure of bad debts provisions, if the bad debt provisions of accounts receivable are made according to the general model of expected credit losses:

Applicable Not applicable

Disclosure by age

Unit: RMB

Aging	Book balance
Within 1 year (including 1 year)	2,255,013.38
1 to 2 years	116,377.76
2 to 3 years	15,205.00
3 to 4 years	7,845.00
4 to 5 years	
5 years or above	10,000.00
Total	2,404,441.14

(2) Provision for bad debts accrued, recovered or reversed in this period

Unit: RMB

Category	Balance at the Start of the Period	Amount of Changes in the Current Period				Balance at the End of the Period
		Accrued	Recovered or Reversed	Written Off	Others (decrease in consolidation scope)	
Provision for bad debts of accounts receivable	398,530.24	-189,684.76			1,998.71	206,846.77
Total	398,530.24	-189,684.76			1,998.71	206,846.77

(3) Accounts receivable actually written off in this period

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

(4) Accounts receivable of the top five balances at the end of the period collected by the arrears

Unit: RMB

Name of Unit	Accounts receivable at the end of the period	Proportion of the total accounts receivable at the end of the period	Bad debt provision at the end of the period
Alipay (China) Network Technology Co., Ltd.	953,175.26	39.64%	28,595.26
Suzhou Tongcheng Cultural Tourism Development Co., Ltd.	201,662.42	8.39%	22,560.72
Henan Longgui Cultural Tourism Development Co., Ltd.	185,693.53	7.72%	30,603.91
Qingdao Yilu International Travel Agency Co., Ltd.	183,271.45	7.62%	21,225.64
Beijing Bytedance Technology Co., Ltd.	150,718.90	6.27%	22,438.42
Total	1,674,521.56	69.64%	

4. Prepayments**(1) Aging analysis of prepayments is as follows**

Unit: RMB

Aging	Balance at the End of the Period		Balance at the Start of the Period	
	Amount	Percentage	Amount	Percentage

Within 1 year	7,149,329.43	75.21%	16,240,971.84	88.71%
1 to 2 years	1,167,392.70	12.28%	1,749,615.05	9.56%
2 to 3 years	975,249.56	10.26%	316,167.68	1.73%
3 years or above	214,244.54	2.25%		
Total	9,506,216.23	--	18,306,754.57	--

(2) Advance payment of the top five closing balances by prepayment parties

Prepayment parties	Balance at the End of the Period	Proportion to the total balance of prepayment at the end of the period (%)
China Music Copyright Association	1,599,999.98	16.83
Guilin Yangshuo Power Supply Bureau, Guangxi Power Grid Co., Ltd.	958,992.36	10.09
Hangzhou Bus Media Group Co., Ltd.	672,641.02	7.08
Zhejiang Shenda Intelligence Technology Co., Ltd.	390,000.00	4.10
Shanghai Dishite Business Information Consulting Co., Ltd.	294,000.00	3.09
Total	3,915,633.36	41.19

5. Other receivables

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Interest Receivable		
Dividends Receivable		
Other Receivables	10,195,239.84	50,524,990.69
Total	10,195,239.84	50,524,990.69

(1) Other Receivables

1) Other receivables categorized by the nature of the funds

Unit: RMB

Nature of the funds	Closing balance	Opening balance
Employee loan	875,880.39	2,772,031.55
Security deposit, deposit	2,135,534.00	14,126,496.40
Incomings and outgoings	5,705,424.56	9,306,779.16
Equity transfer fund	79,866,980.26	79,866,980.26
Others	3,659,286.43	9,729,262.66

Total	92,243,105.64	115,801,550.03
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2) Bad debt provision

Unit: RMB

Bad debt provision	Phase One	Phase Two	Phase Three	Total
	Expected credit losses in the next 12 months	Expected credit losses for the entire extension (without credit impairment)	Expected credit losses for the entire extension (with credit impairment)	
Balance on Friday, January 1, 2021	404,294.08		64,872,265.26	65,276,559.34
Balance of the current period on Friday, January 1, 2021	---	---	---	---
--Transfer to phase three	-63,053.93		63,053.93	
Provisions of this period	-54,269.82		16,825,636.28	16,771,366.46
Other changes (decrease in consolidation scope)	60.00			60.00
Balance on Friday, December 31, 2021	286,910.33		81,760,955.47	82,047,865.80

Book balance changes with significant changes in loss provision in the current period

 Applicable Not applicable

Disclosure by age

Unit: RMB

Aging	Book balance
Within 1 year (including 1 year)	7,732,918.08
1 to 2 years	1,445,927.02
2 to 3 years	1,068,796.28
3 to 4 years	123,900.00
4 to 5 years	80,226,909.26
5 years or above	1,644,655.00
Total	92,243,105.64

3) Provision for bad debts accrued, recovered or reversed in this period

Unit: RMB

Category	Balance at the Start of	Amount of Changes in the Current Period				Balance at the End of the Period
		Accrued	Recovered or	Written Off	Others (decrease)	

	the Period		Reversed		in consolidation scope)	
Provision for bad debts of other receivables	65,276,559.34	16,771,366.46			60.00	82,047,865.80
Total	65,276,559.34	16,771,366.46			60.00	82,047,865.80

4) Accounts receivable actually written off in this period

There's no actual written-off accounts receivable in this period.

5) Other receivables of the top five closing balances collected by debtors

Unit: RMB

Name of Unit	Nature of the funds	Balance at the End of the Period	Aging	As a percentage of total other receivables at the end of the period	Bad debt provision at the end of the period
An Xiaofen (formerly: Horgos Dasheng Legend Venture Capital Co., Ltd.)	Equity transfer fund	79,866,980.26	4-5 years	86.58%	79,866,980.26
Henan Longgui Cultural Tourism Development Co., Ltd.	Project management fee, incentive fee	2,248,100.00	1 to 2 years	2.44%	277,405.00
Beijing Muma Constellation Culture Communication Co., Ltd.	Loan	1,050,000.00	5 years or above	1.14%	1,050,000.00
Online Trading Margin Account of Jiashan County Land and Resources Bureau	Land Tender Deposit and Security Deposit	1,000,000.00	2-3 years	1.08%	20,000.00
Ningxiang Cultural Tourism Investment Co., Ltd.	Agent business of settlement of advertising fees and project management fees	952,000.00	Within 1 year	1.03%	47,600.00
Total	--	85,117,080.26	--	92.27%	81,261,985.26

6. Inventory

Does the company need to comply with the disclosure requirements of the real estate industry

No

(1) Categories of inventories

Unit: RMB

Item	Balance at the End of the Period			Balance at the Start of the Period		
	Book balance	Inventory depreciation provision or contract performance cost impairment provision	Book value	Book balance	Inventory depreciation provision or contract performance cost impairment provision	Book value
Finished goods	10,078,341.86		10,078,341.86	11,685,709.47		11,685,709.47
Materials in stock	2,443,313.95		2,443,313.95	1,738,437.03		1,738,437.03
Total	12,521,655.81		12,521,655.81	13,424,146.50		13,424,146.50

7. Other current assets

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Prepayment of value-added tax and VAT input tax that has not yet been deducted	108,220,252.65	132,363,780.35
Prepayment of corporate income tax	2,345,475.42	14,275,564.96
Prepayment of other additional taxes	1,384,823.64	2,002,059.16
Total	111,950,551.71	148,641,404.47

8. Long-term equity investment

Unit: RMB

The invested entity	Balance at the Start of the Period (book value)	Decrease/Increase in the current period								Balance at the End of the Period (book value)	Closing balance of provision for decline in value
		Investments increased	Investment decreased	Investment profit and loss recognized under the equity method	Adjustment on other comprehensive income	Other changes in equity	Cash dividends or profit declared to distribute	Provision for impairment accrued	Others		
I. Joint ventures											
II. Affiliates											
Beijing Beite Shengdi Technology Development Co., Ltd.	41,612,255.45			-14,965,309.46		6,536,956.50				33,183,902.49	

Huafang Group Inc. (formerly known as Beijing HuafangTechnology Co., Ltd.)	1,492,927.3 69.66	12,836.58	119,311,201.95	-16,918.29	32,134,955.29				1,644,369,445.1 9	1,861,297,284.9 0
Subtotal	1,534,539.6 25.11	12,836.58	104,345,892.49	-16,918.29	38,671,911.79				1,677,553,347.6 8	1,861,297,284.9 0
Total	1,534,539.6 25.11	12,836.58	104,345,892.49	-16,918.29	38,671,911.79				1,677,553,347.6 8	1,861,297,284.9 0

Explanations of other matters

Huafang Group Inc. (formerly Beijing Huafang Technology Co., Ltd.): The original shareholders of Beijing Huafang Technology Co., Ltd., including Songcheng Performance Development Co., Ltd., signed the VIE agreement, and Global Bacchus Limited, a wholly-owned company subsidiary of the Company, acquired 37.06% equity of Huafang Group Inc. at the price of USD1,976.4706 (equal to RMB 12,836.58). After signing the above agreement, Global Bacchus Limited, a wholly-owned subsidiary of the Company, holds the 37.06% of the equity of Huafang Group Inc. and has all the rights and obligations pertaining to the 37.06% equity of Beijing Huafang Technology Co., Ltd.

According to the evaluation results of the long-term equity investment impairment test conducted by China United Assets Appraisal Group Co., Ltd. as of December 31, 2021, the recoverable amount of long-term equity investment of the Company was not lower than the book value after the impairment of long-term equity investment.

9. Investment in other equity instruments

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Ningno Songcheng Performance Live Entertainment Investment Partnership (limited partnership)	69,360,600.00	133,565,454.00
Ningno Songcheng Internet Entertainment Investment Partnership (limited partnership)	4,708,000.00	78,389,515.54
Ningno Meishan Bonded Port Area Qixian Innovation Entertainment Investment Partnership (limited partnership)	2,522,600.00	2,093,286.88
Ningbo Songcheng Qixian Investment Management Co., Ltd.	868,600.00	926,910.00
SABH's Big Adventure Inc.	9,026,036.59	9,291,430.32
Total	86,485,836.59	224,266,596.74

Disclose investments in non-trading equity instruments of the period by item

Unit: RMB

Item Name	Recognized dividend income	Cumulative gain	Accumulated loss	The amount of other comprehensive	Reason for designation as being measured	Reason for transferring other comprehensive

				income transferred to retained earnings	at fair value and the change included in other comprehensive income	income to retained earning
Ningno Songcheng Performance Live Entertainment Investment Partnership (limited partnership)			60,270,000.00		Long-term holding of company strategy	
Ningno Songcheng Internet Entertainment Investment Partnership (limited partnership)			242,000.00	96,934,247.87	Long-term holding of company strategy	Partial recovery of the investment projects
Ningno Meishan Bonded Port Area Qixian Innovation Entertainment Investment Partnership (limited partnership)			25,977,400.00		Long-term holding of company strategy	
Ningbo Songcheng Qixian Investment Management Co., Ltd.	486,627.31				Long-term holding of company strategy	
SABH's Big Adventure Inc.			17,608,071.52		Long-term holding of company strategy	
Total	486,627.31		104,097,471.52	96,934,247.87		

10. Fixed assets

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Fixed Assets	2,697,045,965.17	2,508,754,929.16
Disposal of fixed assets		
Total	2,697,045,965.17	2,508,754,929.16

(1) Fixed assets

Unit: RMB

Item	Housing and building	General Equipment	Machinery and equipment	Transportation Equipment	Other equipment	Total
I . Original book value:						
1. Opening Balance	2,492,942,875.84	372,471,706.18	775,671,893.77	48,093,347.86	2,734,328.33	3,691,914,151.98
2. Increased in the Current Period	205,119,785.97	127,860,949.68	231,851,059.91	1,280,388.93		566,112,184.49
(1) Purchase	151,686.78	20,791,347.00	2,261,138.01	1,280,388.93		24,484,560.72
(2) Transferred From Construction in Progress	204,968,099.19	107,069,602.68	229,589,921.90			541,627,623.77
3. Decreased in the Current Period	144,835,554.03	14,501,001.67	16,413,465.62	29,539,013.73	395,344.35	205,684,379.40
(1) Disposal or Scrapping	29,084,513.67	12,136,592.09	15,261,765.02	116,836.00	395,344.35	56,995,051.13
(2) Decrease in business combination	115,751,040.36	2,364,409.58	1,151,700.60	29,422,177.73		148,689,328.27
4. Closing Balance	2,553,227,107.78	485,831,654.19	991,109,488.06	19,834,723.06	2,338,983.98	4,052,341,957.07
II. Accumulated depreciation						
1. Opening Balance	550,902,868.61	246,778,655.19	353,990,423.38	28,940,433.95	2,546,841.69	1,183,159,222.82
2. Increased in the Current	101,001,633.98	56,741,701.72	80,705,244.51	3,116,563.57	16,951.20	241,582,094.98

Period						
(1) Accrual	101,001,633.98	56,741,701.72	80,705,244.51	3,116,563.57	16,951.20	241,582,094.98
3. Decreased in the Current Period	27,146,328.89	13,276,669.45	11,673,951.69	16,992,937.06	355,438.81	69,445,325.90
(1) Disposal or Scrapping	11,122,965.05	11,176,833.71	11,356,128.23	94,012.36	355,438.81	34,105,378.16
(2) Decrease in business combination	16,023,363.84	2,099,835.74	317,823.46	16,898,924.70		35,339,947.74
4. Closing Balance	624,758,173.70	290,243,687.46	423,021,716.20	15,064,060.46	2,208,354.08	1,355,295,991.90
III. Provision for Impairment						
1. Opening Balance						
2. Increased in the Current Period						
(1) Accrual						
3. Decreased in the Current Period						
(1) Disposal or Scrapping						
4. Closing Balance						
IV. Book value						
1. Closing Balance on Book Value	1,928,468,934.08	195,587,966.73	568,087,771.86	4,770,662.60	130,629.90	2,697,045,965.17
2. Opening Balance on Book Value	1,942,040,007.23	125,693,050.99	421,681,470.39	19,152,913.91	187,486.64	2,508,754,929.16

11. Construction in progress

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
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Projects under Construction	404,739,821.09	771,871,563.73
Construction material		
Total	404,739,821.09	771,871,563.73

(1) Details of construction in progress

Unit: RMB

Item	Balance at the End of the Period			Balance at the Start of the Period		
	Book balance	Provision for decline in value	Book value	Book balance	Provision for decline in value	Book value
Songcheng Scenic Area Renovation Project				31,455,175.30		31,455,175.30
Sanya Romance Project				67,799,438.26		67,799,438.26
Sanya Art Wall Project	2,173,261.00		2,173,261.00			
Longquan Mountain Tourism Development Project				350,943.40		350,943.40
Australian Legend Project	7,418,287.49		7,418,287.49	8,051,137.07		8,051,137.07
Shanghai Romance Show Project				294,784,853.21		294,784,853.21
Shanghai Romance Show Renovation Project	1,188,745.58		1,188,745.58			
Zhangjiajie Romance Renovation Project				57,752,884.45		57,752,884.45
Xi'an Romance Project				44,575,845.40		44,575,845.40
Xi'an Typhoon House, Castle Panic and New Projects	4,818,764.07		4,818,764.07			
Xi'an Romance Show Repertory Change Project	2,717,706.32		2,717,706.32			
Xitang Romance Show Project	121,379,192.40		121,379,192.40	101,251,838.34		101,251,838.34
Foshan Romance Show Project	188,407,673.90		188,407,673.90	100,613,590.87		100,613,590.87
Zhuhai Performance Kingdom Project	76,636,190.33		76,636,190.33	65,235,857.43		65,235,857.43
Total	404,739,821.09		404,739,821.09	771,871,563.73		771,871,563.73

(2) Changes in significant construction in progress

Unit: RMB

Item Name	Budget	Balance at the Start of the Period	Increased in the current period	Transfer amounts in this period	Other amounts decreased in current period	Balance at the End of the Period	Project accumulative investment as a percentage of the budget	Project Progress	Accumulated capitalized interest amount	Including: capitalized interest amount in the current period	Capitalization rate of the interest in the current period	Capital Source
Songcheng Scenic Area Renovation Project	124,167,000.00	31,455,175.30	84,984,932.75	89,560,776.76	26,879,331.29		93.78%	100.00%				Other sources
Hangzhou Paradise Upgrading and Renovation Project	34,450,000.00		33,046,120.03	24,292,349.87	8,753,770.16		95.92%	100.00%				Other sources
Sanya Romance Project	101,680,000.00	67,799,438.26	24,627,449.92	84,336,271.33	8,090,616.85		90.90%	100.00%				Other sources
Sanya Art Wall Project	4,018,071.53		2,173,261.00			2,173,261.00	54.09%	60.00%				Other sources
Lijiang Romance Show Renovation Project	36,480,000.00		34,043,280.28	20,602,564.00	13,440,716.28		93.32%	100.00%				Other sources
Jiuzhai Romance Renovation Project	22,589,060.00		24,299,553.19	3,936,797.19	20,362,756.00		107.57%	100.00%				Other sources
Longquan Mountain Tourism Development Project	212,588,000.00	350,943.40			350,943.40							Other sources
Australian Legend Project	1,692,380,000.00	8,051,137.07	-632,849.58			7,418,287.49	0.44%	2.00%				Other sources
Shanghai Romance	713,145,000.00	294,784,853.21	367,486,068.55	147,686,928.26	514,583,993.50		92.87%	100.00%				Other sources

Show Project												
Shanghai Romance Show Renovation Project	40,720,000.00		1,188,745.58			1,188,745.58	2.92%	10.00%				Other sources
Guilin Romance Show Renovation Project	10,600,000.00		9,596,476.92	5,598,083.21	3,998,393.71		90.53%	100.00%				Other sources
Zhangjiajie Romance Renovation Project	123,920,000.00	57,752,884.45	51,870,201.11	97,148,420.29	12,474,665.27		88.46%	100.00%				Other sources
Xi'an Romance Project	255,000,000.00	44,575,845.40	40,754,035.03	68,465,432.86	16,864,447.57		105.92%	100.00%				Other sources
Xi'an Typhoon House, Castle Panic and New Projects	68,150,000.00		4,818,764.07			4,818,764.07	7.07%	20.00%				Other sources
Xi'an Romance Show Repertory Change Project	4,080,000.00		2,717,706.32			2,717,706.32	66.61%	60.00%				Other sources
Xitang Romance Show Project	400,000,000.00	101,251,838.34	20,127,354.06			121,379,192.40	30.34%	48.00%				Other sources
Foshan Romance Show Project	451,550,000.00	100,613,590.87	87,794,083.03			188,407,673.90	41.72%	72.00%				Other sources
Zhuhai Performance Kingdom Project	2,500,000,000.00	65,235,857.43	11,400,332.90			76,636,190.33	3.07%	5.00%				Other sources
Total	6,795,517,131.53	771,871,563.73	800,295,515.16	541,627,623.77	625,799,634.03	404,739,821.09	--	--				--

Details of changes in the projects under construction: Other reductions of RMB 625,799,634.03 in the current period are the transfer of long-term deferred expenses amounting to RMB 546,121,115.39 and the transfer of operating costs of maintenance and improvement amounting to RMB 79,327,575.24. The consolidation scope of Longquanshan Tourism Development Project is reduced by RMB 350,943.40. For the Australia Legend Project, the amount of increase of the current period is RMB -632,849.58 arising from the fluctuation in exchange rate.

12. Right-of-use assets

Unit: RMB

Item	Housing and building	Total
I . Original book value:		
1. Opening Balance	526,000,589.97	526,000,589.97
2. Increased in the Current Period	2,422,321.67	2,422,321.67
- Revaluation adjustment	2,422,321.67	2,422,321.67
3. Decreased in the Current Period		
4. Closing Balance	528,422,911.64	528,422,911.64
II. Accumulated depreciation		
1. Opening Balance		
2. Increased in the Current Period	34,607,328.24	34,607,328.24
(1) Accrual	34,607,328.24	34,607,328.24
3. Decreased in the Current Period		
(1) Disposal		
4. Closing Balance	34,607,328.24	34,607,328.24
III. Provision for Impairment		
1. Opening Balance		
2. Increased in the Current Period		
(1) Accrual		
3. Decreased in the Current Period		
(1) Disposal		
4. Closing Balance		
IV. Book value		
1. Closing Balance on Book Value	493,815,583.40	493,815,583.40
2. Opening Balance on Book Value	526,000,589.97	526,000,589.97

13. Intangible assets**(1) Details of intangible assets**

Unit: RMB

Item	Land use rights	Patent right	Non-patented technology	Computer Software	Intellectual Property	Vehicle license plate	Total
I . Original book value							

1. Opening Balance	2,086,688,019.80			36,886,271.88	600,000.00	250,800.00	2,124,425,091.68
2. Increased in the Current Period	-23,130,903.55			186,764.63			-22,944,138.92
(1) Purchase				186,764.63			186,764.63
(2) Change in exchange rates	-23,130,903.55						-23,130,903.55
3. Decreased in the Current Period	113,296,098.54						113,296,098.54
(1) Disposal	4,538,255.37						4,538,255.37
Decrease in consolidation scope	108,757,843.17						108,757,843.17
4. Closing Balance	1,950,261,017.71			37,073,036.51	600,000.00	250,800.00	1,988,184,854.22
II. Accumulated amortization							
1. Opening Balance	232,541,580.00			11,508,310.91	280,000.00	63,278.21	244,393,169.12
2. Increased in the Current Period	44,132,646.89			6,607,685.12	60,000.00	25,080.00	50,825,412.01
(1) Accrual	44,132,646.89			6,607,685.12	60,000.00	25,080.00	50,825,412.01
3. Decreased in the Current Period	19,857,959.68						19,857,959.68
(1) Disposal	1,425,047.69						1,425,047.69
Decrease in consolidation scope	18,432,911.99						18,432,911.99
4. Closing Balance	256,816,267.21			18,115,996.03	340,000.00	88,358.21	275,360,621.45
III. Provision for Impairment							
1. Opening Balance							
2. Increased in the Current Period							
(1) Accrual							
3. Decreased in the Current Period							

(1) Disposal							
4. Closing Balance							
IV. Book value							
1. Closing Balance on Book Value	1,693,444,750.50			18,957,040.48	260,000.00	162,441.79	1,712,824,232.77
2. Opening Balance on Book Value	1,854,146,439.80			25,377,960.97	320,000.00	187,521.79	1,880,031,922.56

At the end of this period, the proportion of intangible assets formed through internal research and development of the Company to the balance of intangible assets is 0.00%.

Other notes: In the account of land use right, the amount of increase of the current period is RMB -23,130,903.55 arising from the fluctuation in exchange rates, and that is the change in amount of land purchased by a subsidiary of the Company carrying out the Australian project, due to the change in Australian dollar's exchange rate.

14. Goodwill

(1) Original book value of goodwill

Unit: RMB

The invested entity or matters which formed goodwill	Balance at the Start of the Period	Increased in the current period	Decreased in the current period	Balance at the End of the Period
		Generated from business combination	Disposal	
Jiuzhaigou Tibetan Mystery Culture Co., Ltd	45,504,625.96			45,504,625.96
Total	45,504,625.96			45,504,625.96

(2) Provision of impairment in goodwill

Unit: RMB

The invested entity or matters which formed goodwill	Balance at the Start of the Period	Increased in the current period	Decreased in the current period	Balance at the End of the Period
		Accrued	Disposal	
Jiuzhaigou Tibetan Mystery Culture Co., Ltd	33,848,831.09	10,082,554.54		43,931,385.63
Total	33,848,831.09	10,082,554.54		43,931,385.63

Information about the asset group or asset group combination where the goodwill is located

Composition of asset group or combination of asset groups	Jiuzhaigou Tibetan Mystery Culture Co., Ltd
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Book value of the asset group or asset groups combination	43,132,132.78
Original book value of goodwill	45,504,625.96
Unrecognized value of goodwill attributed to equity of minority shareholders	30,336,417.31
Including the value of unrecognized goodwill attributed to minority shareholders' equity	75,841,043.27
The book value of the asset group or combination of asset groups that involves goodwill	118,973,176.05
The present book value of the expected future cash flow of the asset group (the recoverable current book value)	45,754,200.00
Accumulated impairment loss of goodwill	43,931,385.63
Whether the asset group or combination of asset groups is consistent with its identified amount at the date of purchase and the goodwill impairment test of previous years	Consistency

In 2015, the Company acquired 60% of Jiuzhaigou Tibetan Mystery Culture Co., Ltd., whose business is single and independent for accounting, and therefore its long-term asset is considered as an independent asset group.

(3) The process and key parameters of the goodwill impairment test and the method of confirming the loss of goodwill impairment:

The recoverable amount of the asset group is determined on the basis of the higher of the present value of the estimated future operating net cash flow during the asset life or the market value (fair value) of the asset, minus the net amount of disposal expenses and relevant taxes.

The present value of the expected future net cash flow of the asset group is based on the management budget for the next five years and the adjusted discount rate. It is calculated by using the cash flow forecasting method. The cash flow beyond the five-year detailed forecast period is calculated with a stable growth rate. Among them, the forecast period of cash flows is 2022-2026 (the subsequent period is perpetuity), and the discount rate is 11.88%-11.81%.

Other key data used in the impairment test include: operating revenue, operating costs and related expenses, capital expenditures, depreciation and amortization.

According to the "Asset Appraisal Report" issued by Beijing Northern Asia Assets Appraisal Firm (Special General Partnership) hired by the Company, recoverable amount of the asset group involving goodwill was RMB 45,754,200.00.

After testing, the accumulated goodwill impairment of Jiuzhaigou Tibetan Mystery Culture Co., Ltd. was RMB 43,931,385.63.

15. Long-term prepaid expenses

Unit: RMB

Item	Balance at the Start of the Period	Increased in the current period	Prepaid Expenses in This Period	Other Amounts Decreased	Balance at the End of the Period
Expenditures for improvement of operating leased fixed assets	113,735,729.61	494,243,260.34	27,770,495.29	9,273,468.80	570,935,025.86

House decoration fee	5,124,989.93	24,446.00	2,135,442.57	15,687.43	2,998,305.93
Fees for road signs in scenic spots	14,178,509.03	7,814,981.93	5,765,095.04	1,165,596.91	15,062,799.01
Scenic animals and plants	37,520,516.59	28,050,770.35	14,650,393.78	1,677,198.80	49,243,694.36
Cost of creating costumes and props	44,093,356.82	21,289,714.28	9,143,647.93	120,919.79	56,118,503.38
Others	441,285.90	522,137.62	300,202.67		663,220.85
Total	215,094,387.88	551,945,310.52	59,765,277.28	12,252,871.73	695,021,549.39

Other notes: The others account of the current period decreases by RMB 12,252,871.73, of which RMB 1,923,024.35 is attributable to the consolidation scope and RMB 10,329,847.38 is attributable to the scrapping and disposal.

16. Deferred income tax assets/liabilities

(1) Deferred income tax assets not written off

Unit: RMB

Item	Balance at the End of the Period		Balance at the Start of the Period	
	Deductible temporary difference	Deferred Income Tax Assets	Deductible temporary difference	Deferred Income Tax Assets
Provision for Impairment of Assets	82,254,712.57	20,502,718.98	65,659,489.58	16,308,221.87
Unrealized Profit from Internal Transactions	9,960,044.15	2,490,011.04	8,710,326.58	2,177,581.65
Lease standards	11,826,006.72	2,550,647.27		
Total	104,040,763.44	25,543,377.29	74,369,816.16	18,485,803.52

(2) Deferred income tax liabilities not written off

Unit: RMB

Item	Balance at the End of the Period		Balance at the Start of the Period	
	Taxable temporary difference	Deferred Income Tax Liabilities	Taxable temporary difference	Deferred Income Tax Liabilities
Asset appraisal increment of merged assets of the entities not under common control	374,872,215.24	93,718,053.81	386,938,479.60	96,734,619.90
Changes in the fair value of the trading financial assets			182,449.34	34,600.28

included in the profit and loss from fair value changes of the current period				
Total	374,872,215.24	93,718,053.81	387,120,928.94	96,769,220.18

(3) Details of unrecognized deferred income tax assets

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Deductible temporary difference	86,002,772.69	1,044,004,655.08
Deductible Losses	385,633,406.46	359,520,530.58
Total	471,636,179.15	1,403,525,185.66

(4) The deductible losses of unrecognized deferred income tax assets will mature in the following years

Unit: RMB

Year	Amount at the end of the period	Opening balance	Notes
2021 years		10,214,970.98	
2022 years	10,783,212.03	16,736,431.92	
2023 years	49,334,492.91	62,433,581.93	
2024 years	50,503,415.97	70,358,021.61	
2025 years	124,722,410.70	199,777,524.14	
2026 years	150,289,874.85		
Total	385,633,406.46	359,520,530.58	--

17. Other non-current assets

Unit: RMB

Item	Balance at the End of the Period			Balance at the Start of the Period		
	Book balance	Provision for decline in value	Book value	Book balance	Provision for decline in value	Book value
Advance payment for project	2,979,411.23		2,979,411.23	7,733,926.26		7,733,926.26
Advance payment for car				855,900.00		855,900.00
Advance payment for land	21,135,600.00		21,135,600.00			
Total	24,115,011.2		24,115,011.2	8,589,826.26		8,589,826.26

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18. Accounts payable

(1) Details of accounts payable

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Payment for project, equipment and maintenance	466,816,984.31	346,638,370.70
Inventory cost	13,915,584.13	24,866,101.30
Advertising cost and other fees	1,218,711.70	971,992.69
Total	481,951,280.14	372,476,464.69

19. Advance receipts

(1) Details of received pre-payments

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Shop rent	8,142,991.55	12,888,689.05
Total	8,142,991.55	12,888,689.05

20. Contract liabilities

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Ticket fees	9,612,799.60	11,352,124.25
Planning fee, design fee, program production fee	78,141,509.51	177,198,113.27
Total	87,754,309.11	188,550,237.52

The amount of significant change in book value during the reporting period and the reason thereof

Unit: RMB

Item	Amount of change	Reason for change
Planning fee, design fee, program production fee	0.00	Increase in amount due to receipt of cash
Planning fee, design fee, program production fee	-99,056,603.76	The amount of reduced contract liabilities due to the carry-over income of this year
Total	-99,056,603.76	--

21、Salary payable**(1) Details of payroll payable**

Unit: RMB

Item	Balance at the Start of the Period	Increased in the current period	Decreased in the current period	Balance at the End of the Period
I . Short-term remuneration	18,741,340.95	206,437,858.25	205,421,075.70	19,758,123.50
II . Demission benefits - defined contribution scheme	76,463.79	10,344,590.73	10,287,687.12	133,367.40
III . Dismissal welfare		4,312,059.22	4,312,059.22	
Total	18,817,804.74	221,094,508.20	220,020,822.04	19,891,490.90

(2) List of short-term remuneration

Unit: RMB

Item	Balance at the Start of the Period	Increased in the current period	Decreased in the current period	Balance at the End of the Period
1. Wages or salaries, bonuses, allowances and subsidies	14,386,624.38	175,170,012.27	174,281,602.54	15,275,034.11
2. Staff welfare	15,690.24	19,177,063.54	19,192,753.78	
3. Social insurance contributions	74,749.39	6,973,345.40	6,914,199.66	133,895.13
Including: medical insurance	60,218.95	6,734,592.39	6,679,275.42	115,535.92
Work injury insurance premium	1,704.72	198,656.24	197,162.35	3,198.61
Birth insurance premium	12,825.72	40,096.77	37,761.89	15,160.60
4. Housing funds	74,382.00	3,795,292.72	3,804,222.72	65,452.00
5. Labor union and education funds	4,189,894.94	1,322,144.32	1,228,297.00	4,283,742.26
Total	18,741,340.95	206,437,858.25	205,421,075.70	19,758,123.50

(3) Defined contribution scheme (Note)

Unit: RMB

Item	Balance at the Start of the Period	Increased in the current period	Decreased in the current period	Balance at the End of the Period
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1. Basic pension insurance	73,390.21	9,973,089.27	9,917,727.13	128,752.35
2. Unemployment insurance	3,073.58	371,501.46	369,959.99	4,615.05
Total	76,463.79	10,344,590.73	10,287,687.12	133,367.40

22. Taxes payable

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
VAT	2,560,347.92	1,627,758.21
Enterprise Income Tax	27,912,794.11	14,538,779.22
Individual income tax	322,746.46	568,739.64
Urban Maintenance and Construction Tax	193,841.11	124,619.04
House property tax	3,667,911.65	2,125,001.78
Land usage tax	2,081,675.43	790,142.85
Education Surcharges	139,615.06	69,757.11
Stamp duty	50,438.40	25,010.64
Others	67,841.53	
Total	36,997,211.67	19,869,808.49

23. Other payables

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Interest Payable		
Dividends Payable		
Other Payables	72,869,650.41	65,149,971.79
Total	72,869,650.41	65,149,971.79

(1) Other payables

1) Other payables listed by nature of funds

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Merchant deposit	3,888,433.44	4,724,228.60
Deposit of construction party	2,826,805.70	4,130,003.70

Deposit of merchant for bidding	1,757,395.00	1,923,628.40
Deposit of travel agency	4,538,753.00	4,301,753.00
Other types of deposits	1,642,110.82	1,553,964.82
Reward for over-fulfilled performance	31,576,200.00	31,576,200.00
Incomings and outgoings	23,941,587.47	14,094,504.75
Others	2,698,364.98	2,845,688.52
Total	72,869,650.41	65,149,971.79

Other explanation: The reward for over-fulfilled performance at the end of the period is determined according to the initial acquisition agreement with Beijing Huafang Technology Co., Ltd.,. If the excess part of the net profit actually realized during the performance commitment period that is higher than the promised net profit, the excess part has not been issued to the management shall be calculated in accordance with the agreed proportion

24. Non-current liabilities due within one year

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Long-term debt due within one year	12,000,000.00	12,000,000.00
Interest on long-term loans for which the principal and interest is repaid by installments	409,291.67	426,708.33
Lease liabilities due within one year	24,441,418.40	23,188,817.38
Total	36,850,710.07	35,615,525.71

25. Other current liabilities

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Output VAT to be carried forward	3,419,057.32	3,513,902.08
Total	3,419,057.32	3,513,902.08

26. Long-term loans

(1) Categories of long-term loans

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Fiduciary loans	270,000,000.00	282,000,000.00
Total	270,000,000.00	282,000,000.00

27. Leasing liabilities

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Lease payment of housing and buildings	520,979,645.10	560,342,521.97
Unrecognized finance fees	-149,207,473.05	-169,805,010.36
Total	371,772,172.05	390,537,511.61

28. Deferred revenue

Unit: RMB

Item	Balance at the Start of the Period	Increased in the current period	Decreased in the current period	Balance at the End of the Period	Causes
Government subsidies	387,619,860.41	2,000,000.00	1,688,957.74	387,930,902.67	Government's grant
Total	387,619,860.41	2,000,000.00	1,688,957.74	387,930,902.67	--

Projects related to government subsidies:

Unit: RMB

Liabilities	Balance at the Start of the Period	The amount of new subsidies in this period	Amount recorded as non-operating revenue in this period	The Amount Recorded as Other Income in This Period	The Amount Written off Costs in This Period	Other changes (decrease in consolidation scope)	Balance at the End of the Period	Related to assets/related to income
In 2008, the discounts on interest for the international animation gallery project were received.	3,190,475.14			142,857.24			3,047,617.90	Related to assets
In 2017, the cultural and creative funds for "Love Song of Lijiang" project were received.	326,666.24			20,000.04			306,666.20	Related to assets
In 2017, the grant for the toilet project of	108,333.52			6,500.04			101,833.48	Related to assets

the modern service industry in Songcheng Scenic Area were received.								
In 2017, Hangzhou modern service industry guiding funds for the cable car project were received.	524,355.00			53,780.03			470,574.97	Related to assets
In 2017, the special funds of tourism planning and construction of modern service for Xianghu Lake Romance were received.	851,456.57			52,130.04			799,326.53	Related to assets
In 2017, the special funds for cultural industry development were received.	1,941,666.69			99,999.96			1,841,666.73	Related to assets
In 2018, the special funds for cultural industry development were received from the Department of Culture, Radio, Television, Press, Publication and Sports of Hainan province.	500,000.00			12,500.00			487,500.00	Related to assets
In 2018, the subsidies for Longquan Mountain ecological	873,833.40			12,249.99		861,583.41		Related to assets

rehabilitation project were received.								
In 2018, the subsidies for Guilin Lijiang Romance fork culture, leisure tourism and performance project were received.	437,500.08			24,999.96			412,500.12	Related to assets
In 2019, the special funds for planning and construction subsidies of modern service industry issued by the Municipal Tourism Commission for the reconstruction project of No. 2 Theater Complex in Songcheng Romance Park were received.	1,560,273.38			66,159.96			1,494,113.42	Related to assets
In 2019, Hangzhou modern service industry tourism special funds for the construction project of the new entrance hall washroom were received.	191,333.30			8,000.04			183,333.26	Related to assets
In 2019, the guiding funds of Guilin Lijiang service industry	1,350,000.00			75,000.00			1,275,000.00	Related to assets

for Guilin Romance folk culture leisure tourism performance project were received.								
In 2019, special funds issued by Xiqiao Mountain Scenic Area Management Committee in Nanhai District, Foshan for supporting the project of Foshan Xiqiao Mountain Romance park were received.	370,000,000.00						370,000,000.00	Related to assets
In 2019, the cultural and tourism industry funds issued by Hainan Provincial Department of Finance for Sanya No. 2 theater project were received.	500,000.00			12,500.00			487,500.00	Related to assets
In 2020, the financial support funds issued by Shanghai government for promoting the development of cultural and creative industries were received.	280,000.00						280,000.00	Related to assets
In 2020, the cultural industry	2,000,000.00			49,999.98			1,950,000.02	Related to assets

development special funds issued by Hainan Provincial Department of Finance for Sanya No.2 Theater Project were received.								
In 2020, the special funds for development of modern service industry issued by Development and Reform Bureau of Wulingyuan District of Zhangjiajie were received.	1,916,670.00			99,996.00			1,816,674.00	Related to assets
In 2020, the special funds for tourism development issued by Zhangjiajie Municipal Finance Bureau were received.	402,230.00			21,170.01			381,059.99	Related to assets
In 2020, Hangzhou modern service industry tourism special funds allocated by Hangzhou Culture, Radio, Film and Television Tourism Bureau for significant leisure tourism	485,916.67			24,500.03			461,416.64	Related to assets

construction, the upgrading and renovation of scenic spots, and tourism planning projects were received.								
In 2020, the special tourism (tourism toilet) subsidies allocated by Hangzhou Culture, Radio, Film and Television Tourism Bureau were received.	179,150.42			8,994.97			170,155.45	Related to assets
In 2021, the special fund for cultural industry development of Shaanxi Province was received.		2,000,000.00		36,036.04			1,963,963.96	Related to assets
Total	387,619,860.41	2,000,000.00		827,374.33		861,583.41	387,930,902.67	

Other notes:

29. Share capital

Unit: RMB

	Balance at the Start of the Period	Increased or decreased amount in this period (+/-)					Balance at the End of the Period
		Shares newly issued	Bonus shares	Shares converted from capital reserves	Others	Subtotal	
Total shares	2,614,694,040.00						2,614,694,040.00

Explanations of other matters: The conversion between restricted shares and unrestricted shares. Wherein: According to the Detailed Rules for the Implementation of Shareholding Reduction of Shareholders and Directors, Supervisors, Senior Managers of Listed Companies in Shenzhen Stock Exchange, in 2021, the restriction on some of the shares held by Huang Qiaoling and Liu Ping was lifted, and 78,977,686 shares were transferred to negotiable shares.

30. Capital reserves

Unit: RMB

Item	Balance at the Start of the Period	Increased in the current period	Decreased in the current period	Balance at the End of the Period
Capital premium (capital share premium)	1,269,739,701.71			1,269,739,701.71
Other capital reserves	-58,375,486.85	38,671,911.79		-19,703,575.06
Among them: (1) Amount of share-based payment included in owner's equity	8,676,800.00			8,676,800.00
(2) Other	350,000.00			350,000.00
(3) Other changes in owner's equity other than net profit and loss of the invested entity	-67,402,286.85	38,671,911.79		-28,730,375.06
Total	1,211,364,214.86	38,671,911.79		1,250,036,126.65

Explanations of other matters: In the current period, the book value of long-term equity investment was adjusted to RMB 38,671,911.79 due to the changes in owner's equity other than net profit and loss of the investee Huafang Group Inc. (originally known as Beijing Huafang Technology Co., Ltd.) and Beijing Beite Shengdi Technology Development Co., Ltd.

31. Other comprehensive income

Unit: RMB

Item	Balance at the Start of the Period	This Period's Amount of Occurrence						Balance at the End of the Period
		Before tax balance in this period	Less: recorded into other comprehensive incomes in previous period and transferred to P/L in current period	Less: Recorded into other comprehensive incomes in previous period and transferred to retained income in current period	Less: Income Tax Expense	Attributable to the Company after tax	Attributable to the minority shareholders after tax	
1. Other comprehensive income that cannot be reclassified into profit and loss	-48,235,465.10	65,363,069.56		97,387,862.27	12,995,352.13	-45,020,144.84		-93,255,609.94
Other		453,614.40		453,614.40				

comprehensive income that cannot be transferred to profit or loss under the equity method								
Changes in the fair value of other equity instrument investments	-48,235,465.10	64,909,455.16		96,934,247.87	12,995,352.13	-45,020,144.84		-93,255,609.94
II. Other comprehensive income that will be reclassified into P/L	-15,089,650.65	-42,948,852.26				-42,952,308.67	3,456.41	-58,041,959.32
Including: other comprehensive income that can be converted into gains and losses under the equity method		-16,918.29				-16,918.29		-16,918.29
Currency conversion difference	-15,089,650.65	-42,931,933.97				-42,935,390.38	3,456.41	-58,025,041.03
Other comprehensive incomes in total	-63,325,115.75	22,414,217.30		97,387,862.27	12,995,352.13	-87,972,453.51	3,456.41	-151,297,569.26

32. Surplus reserve

Unit: RMB

Item	Balance at the Start of the Period	Increased in the current period	Decreased in the current period	Balance at the End of the Period
Statutory surplus reserve	517,673,268.35	16,050,528.47		533,723,796.82
Total	517,673,268.35	16,050,528.47		533,723,796.82

33. Undistributed profits

Unit: RMB

Item	Current period	Previous Period
Undistributed Profit before Adjustment at the End of Previous Period	3,131,881,024.60	5,176,157,180.79
Undistributed Profit after Adjustment at the Start of the Period	3,131,881,024.60	5,176,157,180.79
Add: net profit attributable to parent company's owner in current period	315,130,771.75	-1,752,398,009.60
Other Carry-forward Retained Earnings of the Comprehensive Income	87,649,076.04	-1,356,586.59
Less: withdrawal for statutory surplus reserve	6,311,742.24	
Payable dividends on ordinary shares	130,734,702.00	290,521,560.00
Undistributed Profit at the End of the Period	3,397,614,428.15	3,131,881,024.60

Details of the adjustment of the undistributed profit at the beginning of the period:

- 1). Due to the retrospective adjustment according to the "Accounting Standards for Business Enterprises" and related new regulations, affected undistributed profit at the beginning of the period was RMB 0.00.
- 2). Due to changes in accounting policies, affected undistributed profit at the beginning of the period was RMB 0.00.
- 3). Due to the correction of major accounting errors, affected undistributed profit at the beginning of the period was RMB 0.00.
- 4). Due to changes in the scope of consolidation under same control, affected undistributed profit at the beginning of the period was RMB 0.00.
- 5). Due to Other adjustments, affected undistributed profit at the beginning of the period was RMB 0.00.

34. Operating income and operating costs

Unit: RMB

Item	This Period's Amount of Occurrence		Previous Period's Amount of Occurrence	
	Income	Cost	Income	Cost
Main Business	1,132,966,126.93	577,332,409.96	860,109,435.13	350,061,394.54
Other businesses	51,898,512.32	2,254,801.71	42,476,690.50	2,609,078.88
Total	1,184,864,639.25	579,587,211.67	902,586,125.63	352,670,473.42

Whether the lower of the audited net profit before and after deduction of non-recurring gains and losses is negative

Yes No

Related information of revenue:

Unit: RMB

Contract classification	Culture and art industry-live performance	Tourism service industry	Other businesses	Total
Product types	960,863,721.01	172,102,405.92	51,898,512.32	1,184,864,639.25
Including:				

(1) Hangzhou Songcheng Tourist Area	453,420,399.83			453,420,399.83
(2) Sanya Romance Show Theme Park	142,558,810.39			142,558,810.39
(3) Lijiang Romance Show Theme Park	111,446,758.52			111,446,758.52
(4) Jiuzhai Romance Show Theme Park	44,297,259.43			44,297,259.43
(5) Guilin Romance Show Theme Park	87,505,615.80			87,505,615.80
(6) Zhangjiajie Romance Show Theme Park	31,385,778.76			31,385,778.76
(7) Xi'an Romance Show Theme Park	16,419,966.44			16,419,966.44
(8) Shanghai Romance Show Theme Park	73,829,131.84			73,829,131.84
(9) E-business handling fee		73,045,802.16		73,045,802.16
(10) Design planning fee		99,056,603.76		99,056,603.76
(11) Other businesses			51,898,512.32	51,898,512.32
Contract type	960,863,721.01	172,102,405.92	51,898,512.32	1,184,864,639.25
Including:				
(1) Revenue from contract	960,863,721.01	172,102,405.92	7,713,516.33	1,140,679,643.26
Classified by the time of commodity transfer	960,863,721.01	172,102,405.92	7,713,516.33	1,140,679,643.26
Including:				
Confirm at time points	960,062,953.02	73,045,802.16	2,122,261.72	1,035,231,016.90
Confirm within a certain period of time	800,767.99	99,056,603.76	5,591,254.61	105,448,626.36
(2) Rental income			44,184,995.99	44,184,995.99

Information related to performance obligations:

N/A

Information related to the transaction price allocated to the remaining obligations:

At the end of the reporting period, the amount of revenue corresponding to the performance obligations with signed contracts which have not yet been performed or completed, mostly design and planning fees, was RMB 78,141,509.51, and is expected to be recognized as revenue in 2022-2025.

35. Taxes and surcharges

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Urban Maintenance and Construction Tax	2,307,498.26	944,001.17
Education Surcharges	1,786,265.26	827,724.98
House property tax	13,970,447.38	7,447,753.53
Land usage tax	3,874,673.93	1,928,223.64
Vehicle and vessel use tax	39,500.12	49,250.44
Stamp duty	346,812.15	709,855.81
Water conservancy construction fund	49,083.16	26,687.48
Total	22,374,280.26	11,933,497.05

36. Sales expenses

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Advertising cost	43,026,950.43	45,899,163.03
Salary and labor fees	14,210,112.72	9,262,823.51
Rental fees	1,710,301.91	1,546,072.36
Fees for technical services	1,992,998.55	878,308.35
Material consumption	1,738,140.46	2,451,944.75
Traveling expense	1,021,704.84	976,777.55
Others	2,484,619.87	2,634,660.75
Total	66,184,828.78	63,649,750.30

37. Management expenses

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Salary and labor fees	81,656,755.74	75,408,829.46
Amortization of intangible assets and other assets	64,750,586.94	64,348,021.07
Consulting fee	7,984,043.35	8,182,473.68
Traveling expense	5,503,749.44	5,624,695.71
Depreciation charge	43,218,519.26	75,830,364.58
Business entertainment expense	10,543,859.12	10,034,078.60

Accumulative depreciation of right-to-use assets	8,829,389.24	
Rental fees	646,798.22	5,086,107.77
Material consumption	8,281,709.14	9,364,375.32
Office expense	5,722,377.71	5,579,245.84
Trademark royalty	1,886,792.35	9,433,962.00
Afforestation fee	923,394.44	2,321,906.68
Maintenance cost	2,310,282.30	3,541,464.14
Others	13,926,789.18	13,328,642.89
Total	256,185,046.43	288,084,167.74

Other notes:

The following theme parks of the Company are affected by COVID-19 and have suffered closure in the current and last periods. The amount originally recorded in the operating cost during the Company's closure periods should be included in the management expenses accordingly.

38. R&D expenses

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Salary and labor fees	22,132,681.05	21,062,406.05
Fees for technical services	1,584,062.23	324,329.47
Design fee	52,886.00	215,813.33
Rental fees		617,847.90
Amortization of intangible assets and other assets	476,079.00	314,907.89
Traveling expense	167,631.52	589,458.88
Office expense	762,421.73	698,738.20
Depreciation charge	9,275,410.13	7,404,031.20
Material consumption	5,577,989.23	5,295,522.43
Others	1,145,970.46	964,908.65
Total	41,175,131.35	37,487,964.00

39. Financial expenses

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Interest expense	32,789,597.06	7,822,986.14

Including: Interest of lease liabilities	18,870,909.59	
Less: interest income	27,293,268.17	32,572,127.48
P/L on foreign exchange	-9,280,491.79	9,952,753.34
Others	2,829,585.46	1,952,949.85
Total	-954,577.44	-12,843,438.15

40. Other incomes

Unit: RMB

Sources of other incomes	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Government subsidies	3,686,355.09	34,307,513.06
Input VAT (plus credit) deduction	874,146.85	264,647.17
Total	4,560,501.94	34,572,160.23

41. Investment income

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Long-term equity investment income measured by equity method	103,892,278.09	-5,356,968.22
Investment income from disposal of long-term equity investment	52,752,751.62	
Investment income from disposal of trading financial assets	25,195,317.85	19,371,860.52
Total	181,840,347.56	14,014,892.30

42. Income from changes in fair value

Unit: RMB

Source of the income from changes in fair value	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Trading Financial Assets	-12,098,344.02	247,726.31
Total	-12,098,344.02	247,726.31

43. Credit impairment loss

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
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Bad debt losses of other receivables	-16,771,366.46	-32,551,183.69
Bad debt losses of accounts receivable	189,684.76	-188,793.22
Total	-16,581,681.70	-32,739,976.91

44. Asset impairment loss

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Long-term equity investment impairment loss		-1,861,297,284.90
Goodwill impairment loss	-10,082,554.54	-16,422,870.82
Total	-10,082,554.54	-1,877,720,155.72

45. Income from asset disposal

Unit: RMB

Sources of the asset disposal income	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Total gains from disposal of non-current assets	4,512,572.52	676,435.92
Of which: gains from disposal of fixed assets		676,435.92
Gains from disposal of intangible assets	4,512,572.52	
Other long-term asset disposal gains		
Total	4,512,572.52	676,435.92

46. Non-operating income

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence	Amount recorded into non-recurring profit and loss in current period
Government subsidies	96,099.37	1,046,433.96	96,099.37
Liquidated damages, fine income	960,052.65	1,302,066.30	960,052.65
Waste disposal income	610,301.51	466,299.22	610,301.51
Accounts payable that cannot be paid	3,963,939.04	10,120.52	3,963,939.04
Others	460,735.42	417,457.14	460,735.42

Total	6,091,127.99	3,242,377.14	6,091,127.99
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Government subsidies recorded into current period P/L:

Unit: RMB

Subsidy items	Distributing Entity	Distributing Reason	Types of Nature	Subsidies Influence Profit and Loss in the Current Year or not	Special Subsidy or not	This period's amount of occurrence	Previous period's amount of occurrence	Related to assets/related to income
Incentives for new enterprises above designated size							240,000.00	Related to income
The special support funds for tourism development							100,000.00	Related to income
Award for investment promotion							100,000.00	Related to income
Subsidies for cultural industry							300,000.00	Related to income
Others						96,099.37	306,433.96	Related to income
Total						96,099.37	1,046,433.96	

47. Non-operating expenses

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence	Amount recorded into non-recurring profit and loss in current period
Loss from damage and destruction of non-current assets	32,221,090.95	38,302,318.05	32,221,090.95
Public welfare donations		300,000.00	
Non-public welfare donations	336,964.00	93,000.00	336,964.00
Compensation expenditure	1,372,732.53	2,020,885.17	1,372,732.53
Others	782,457.42	291,676.21	782,457.42
Total	34,713,244.90	41,007,879.43	34,713,244.90

48. Income tax expenses**(1) Income tax expenses table**

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Current income tax expense	51,356,736.47	42,291,502.79
Deferred income tax expense	-10,109,254.82	-12,456,333.68
Total	41,247,481.65	29,835,169.11

(2) Reconciliation of accounting profits and income tax expenses

Unit: RMB

Item	This Period's Amount of Occurrence
Total Profit	343,841,443.05
Income tax expense calculated at statutory/applicable tax rate	85,960,360.76
Impact by applying different tax rates to subsidiaries	-40,338,872.58
Impact of income tax before adjustment in this period	-509,369.03
Impact of non-taxable income	-45,027,889.14
Impact of the non-deductible costs, expenses and losses	18,327,191.74
The effect of using deductible losses of deferred income tax assets that have not been recognized in the previous period	-10,003,518.88
The effect of unrecognized deductible temporary differences of deferred income tax assets or unrecognized deductible losses in the current period	32,839,578.78
Income tax expense	41,247,481.65

49. Other comprehensive income

For details, please refer to Note 7 (31) Other Comprehensive Income.

50. Items of Cash Flow Statement**(1) Other cash receipts relating to operating activities**

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Interest Income	27,232,915.27	35,986,922.00
Non-operating Revenue	2,031,089.58	2,185,822.66
Government financial subsidies	4,955,080.13	40,101,488.53

Receipt of current account	193,637,431.27	25,497,842.41
Total	227,856,516.25	103,772,075.60

(2) Other cash payments relating to operating activities

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Expenses	134,347,310.65	133,608,090.57
Non-Operating Expenses	2,488,371.60	2,705,561.38
Payment of current account	5,259,130.77	20,821,514.98
Total	142,094,813.02	157,135,166.93

(3) Cash payments related to financing activities

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Lease payment	39,531,231.21	
Total	39,531,231.21	

51. Supplementary information about Cash Flow Statement**(1) Supplementary information about the Cash Flow Statement**

Unit: RMB

Supplementary information	Amount of this period	Amount of Previous Period
1. Reconciliation of net profit to cash flows from operational activities:	--	--
Net Profit	302,593,961.40	-1,766,945,878.00
Plus: Credit impairment loss	16,581,681.70	32,739,976.91
Provision for Impairment of Assets	10,082,554.54	1,877,720,155.72
Depreciation of fixed assets, oil and gas assets, productive biological assets	241,582,094.98	201,385,250.67
Depreciation of right-of-use assets	34,607,328.24	
Amortization of Intangible Assets	50,825,412.01	56,669,812.67
Amortization of long-term prepaid expenses	59,765,277.28	35,034,022.89
Losses on disposal of fixed assets, intangible assets and other long-term assets	-4,512,572.52	-676,435.92

(mark "-" for incomes)		
Losses on scrapping of fixed assets (mark "-" for incomes)	32,221,090.95	38,302,318.05
Losses on fair value changes (mark "-" for incomes)	12,098,344.02	-247,726.31
Financial expenses (mark "-" for incomes)	23,509,105.27	17,775,739.48
Losses on investment (mark "-" for incomes)	-181,840,347.56	-14,014,892.30
Decrease on deferred income tax assets (mark "-" for increases)	-7,057,573.77	-9,318,905.44
Increase on deferred income tax liabilities (mark "-" for decreases)	-3,051,166.37	-3,137,428.24
Decrease on inventories (mark "-" for increases)	902,490.69	-1,993,817.28
Decrease on operational receivables (mark "-" for increases)	101,886,633.14	-44,275,900.28
Increase on operational payables (mark "-" for decreases)	60,279,495.79	-25,074,392.68
Others		
Net cash flow generated by operating activities	750,473,809.79	393,941,899.94
2. Major investing and financing activities not involving cash receipts and payment:	--	--
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets under financing lease		
3. Net changes in cash and cash equivalents:	--	--
Closing balance of cash	1,858,747,864.04	1,337,776,253.98
Less: opening balance of cash	1,337,776,253.98	1,781,710,027.35
Add: closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net additions to balance of equivalents	520,971,610.06	-443,933,773.37

(2) Net amount of cash received from disposal of subsidiaries in the current period

Unit: RMB

	Amount
Cash or cash equivalents received from disposal of subsidiaries in the current period	109,199,300.00
Including:	--
Zhejiang Songcheng Longquan Mountain Tourism Development Co., Ltd	109,199,300.00
Less: Cash and cash equivalents held by subsidiaries on date of loss of control	118,376.92
Including:	--
Zhejiang Songcheng Longquan Mountain Tourism Development Co., Ltd	118,376.92
Including:	--
Zhejiang Songcheng Longquan Mountain Tourism Development Co., Ltd	
Net cash amount received from disposal of subsidiaries	109,080,923.08

(4) Composition of cash and cash equivalents

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
I . Cash	1,858,747,864.04	1,337,776,253.98
Including: cash on hand	3,428,776.09	2,437,262.81
Bank deposit for payment at any time	1,707,365,801.91	1,285,458,896.93
Other cash and bank balances for payment at any time	147,953,286.04	49,880,094.24
III. Closing balance of cash and cash equivalents	1,858,747,864.04	1,337,776,253.98

52. Monetary items in foreign currencies**(1) Monetary items in foreign currencies**

Unit: RMB

Item	Closing balance in foreign currencies	Exchange rate for conversion	Closing Balance Converted into RMB
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Cash and Bank Balances	--	--	283,928,281.42
Including: USD	43,468,368.08	6.37570	277,141,274.37
HKD	2,282,936.68	0.81760	1,866,529.03
AUD	909,613.36	4.62200	4,204,232.95
THB	3,746,443.52	0.19118	716,245.07

(2) Notes on overseas business entities, including that for the important overseas business entities, the overseas main premises, functional currency and selection basis shall be disclosed. If there are changes on its functional currency, the causes for the changes shall be disclosed as well.

Applicable Not applicable

The overseas operating entities of the company include Songcheng Performance International Development Co., Ltd., Songcheng (Australia) Entertainment Pty Ltd., Songcheng (Australia) Entertainment Pty Ltd., Songcheng Holdings (Thailand) Co., Ltd. and Songcheng (Pattaya) International Culture Co., Ltd. The operating place respectively in Hong Kong, China, Queensland, Australia, Bangkok, Thailand, and Pattaya, Thailand. The standard currency for bookkeeping is Hong Kong dollars, Australian dollars and Thai baht by considering the needs of local business development.

53. Government grants

(1) Basic information about government subsidies

Unit: RMB

Types	Amount	Items reported	Amount taken to current P&L
Government subsidies related to daily operating activities	2,000,000.00	Deferred Income	827,374.33
Government subsidies related to daily operating activities	2,858,980.76	Other Incomes	2,858,980.76
Government subsidies unrelated to daily operating activities	96,099.37	Non-operating Revenue	96,099.37

(2) Return of government subsidies

Applicable Not applicable

54. Lease

1. The Company acts as the lessee

Item	Amount of this period
Interest of lease liabilities	18,870,909.59
Short-term lease expenses recorded by a simplified approach in the asset cost or current profit or loss	2,784,030.36

Total cash outflows related to leases	42,315,261.57
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2. The Company acts as the lessor

(1) Operating lease

	Amount of this period
Income from operating leases	44,184,995.99
Including: Income related to variable lease payments not included in lease receipts	

VIII. Changes in the Scope of Consolidation

1. Disposal of subsidiaries

Is there any situation where disposal of investment in subsidiaries in a single transaction causes loss of control

Yes No

Unit: RMB

Name of Subsidiaries	Payment for equity disposal	Equity disposal ratio	Equity disposal method	Time of losing control	Basis for determining the time when the control right is lost	Difference in net assets of the subsidiary corresponding to the disposal price and investment in the consolidated statement	Ratio of remaining equity on the date of loss of control (%)	Book value of remaining equity on the date of loss of control	Fair value of remaining equity on the date of loss of control	Gain or loss from remaining equity re-measured at fair value	The determination method and main assumption of the fair value of the remaining equity on the date of loss of control	Amount of other comprehensive income related to the equity investment of the subsidiary transferred to the investment profit and loss
Zhejiang Songcheng Longquan Mountain Tourism Development Co., Ltd	109,199,300.00	100.00%	Sell in cash	Monday, April 12, 2021	Date of cessation of rights and interests	52,752,751.62						

Other notes:

On April 7, 2021, the Company and Longquan Tourism Investment Development Co., Ltd. signed the "Equity Transfer Contract" regarding the equity and debts of Zhejiang Songcheng Longquan Mountain Tourism Development Co., Ltd., a wholly-owned subsidiary of the Company. The subject matter of the transfer was 100% equity of Zhejiang Songcheng Longquan Mountain Tourism Development Co., Ltd. held by the Company and all debts incurred prior to the closing of equity. The transaction price refers to the Li Jing Ping Zi [2021] No. 113 issued by Lijiang Economic Assets Appraisal Co., Ltd. Upon mutual consultation, the transaction consideration was RMB 109,199,300 at the transaction price for 100% of the equity and RMB 166,800,700 at the liquidation price for all debts incurred prior to the closing date of equity. The total transaction price was RMB 276,000,000.

Is there any situation where disposal of investment in subsidiaries is achieved through multiple transactions in various stages, causing loss of control in this period

Yes No

2. Changes in the scope of combination for other reasons

Explanations on the changes in the scope of consolidation caused by other reasons (for example, newly established subsidiaries, subsidiaries clearing, etc.) and relevant information:

1. 1 company is added to the consolidation scope in the current period due to:

New Merged Units This Year	Investment Ratio	Notes
Global Bacchus Limited	100.00%	New in 2021

2. 1 company is removed from the consolidation scope due to:

Reduced Merged Units This Year	Investment Ratio	Notes
Zhejiang Songcheng Longquan Mountain Tourism Development Co., Ltd	100.00%	Equity sale in 2021

IX. Equity in Other Entities

1. Equity in Subsidiaries

(1) Composition of the enterprise group

Name of Subsidiaries	Main Place of Business	Registered Address	Business Nature	Shareholding Percentage		Acquisition Method
				Direct	Indirect	
Hangzhou Paradise Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Development of tourism project	100.00%		Establishment
Sanya Romance Tourism Performance Co., Ltd.	Sanya, Hainan	Sanya, Hainan	Theme park + Art performance	100.00%		Establishment
Lijiang Chama Ancient City Tourism Development Co., Ltd	Lijiang, Yunnan	Lijiang, Yunnan	Theme park + Art performance	100.00%		Establishment
Aba Zhou Jiuzhai Romance Tourism Development Co., Ltd	Jiuzhaigou, Aba, Sichuan	Jiuzhaigou, Aba, Sichuan	Theme park + Art performance	100.00%		Business combination not under common control
Hangzhou Songcheng Tourism Development Co., Ltd	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Network technology, e-commerce	100.00%		Establishment

Hangzhou Songcheng Dumuqiao Travel Services Co., Ltd	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Domestic tourism, inbound tourism		100.00%	Establishment
Jiuzhaigou Tibetan Mystery Culture Co., Ltd	Jiuzhaigou, Aba, Sichuan	Jiuzhaigou, Aba, Sichuan	Development of tourism project		60.00%	Business combination not under common control
Hangzhou Songcheng Technology Development Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Technology development, technology services and achievement transfer of smart entertainment products; sales and consulting services of technology products; Internet information services		100.00%	Establishment
Songcheng Performance International Development Co., Ltd.	Hong Kong, China	Hong Kong, China	Foreign investment; cultural performance; leisure tourism; international cultural and entertainment cooperation and development		100.00%	Establishment
Songcheng (Australia) Holdings Pty Ltd	Queensland, Australia	Queensland, Australia	Cultural performance; leisure tourism; international cultural and entertainment cooperative development		100.00%	Establishment
Songcheng (Australia) Entertainment Pty Ltd.	Queensland, Australia	Queensland, Australia	Cultural performance; leisure tourism; international cultural, film and television entertainment cooperation development		100.00%	Establishment
Shanghai Songcheng World Expo Performance Development Co., Ltd	Shanghai	Shanghai	Performance venue management, planning for cultural and artistic exchange activities, industrial investment, investment management		88.00%	Establishment
Songcheng	Shanghai	Shanghai	Performance venues,		100.00%	Establishment

Performance Development (Shanghai) Co., Ltd.			performance brokers, entertainment venues (singing and dancing entertainment venues, amusement entertainment venues), travel agency business, cultural and artistic exchange activities planning, public relations campaign planning			
Guilin Lijiang Romance Performance Development Co., Ltd	Yangshuo, Guilin, Guangxi	Yangshuo, Guilin, Guangxi	Tourism project investment and development, cultural activities planning, cultural communication planning, leisure industry investment and development.	70.00%		Establishment
Ningxiang Songcheng Tourism Development Co., Ltd.	Changsha, Hunan	Changsha, Hunan	Planning, design, development and management of scenic spot; literary and artistic creation services; engineering project management services;		100.00%	Establishment
Zhangjiajie Romance Performance Development Co., Ltd	Zhangjiajie, Hunan	Zhangjiajie, Hunan	Operating performances and economic business; various performances; parking, performance venue management, tourism services; theme park development and operation, cultural activities planning	100.00%		Establishment
Songcheng Technology Development Co.,Ltd.	Yili, Xinjiang	Yili, Xinjiang	Technology development, technical service and achievement transfer of smart entertainment products		100.00%	Establishment
Songcheng Tourism Development Co., Ltd.	Yili, Xinjiang	Yili, Xinjiang	Tourism resource development, tourism planning and design, artistic creation, brand and marketing planning of tourist attractions		100.00%	Establishment

Songcheng Performance Management Co., Ltd.	Yili, Xinjiang	Yili, Xinjiang	Performance, artistic creation and choreography, performance and brokerage business, performance management	100.00%		Establishment
Songcheng Dumuqiao Network Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Network technology; computer software and hardware; data processing and analysis technology development; technical consulting, services, and transfer of achievements; booking tickets of scenic spots, air tickets, performance tickets and room reservations for customers; tourist information consulting, domestic tourism, and inbound tourism	100.00%		Establishment
Xi'an Romance Performance Development Co., Ltd	Xi'an, Shanxi	Xi'an, Shanxi	Performance activities; performance brokerage; catering services; tourism services; theme park development and operation;	80.00%		Establishment
Zhejiang Songcheng Xitang Performance Valley Performance Development Co., Ltd	Jiashan county, Jiaxing city, Zhejiang	Jiashan county, Jiaxing city, Zhejiang	Organization and planning of cultural and artistic exchange activities; cultural communication planning; tourism services; theme park development and operation;	100.00%		Establishment
Foshan South Sea Qiao Mountain Cultural Tourism Development Co., Ltd	Foshan, Guangdong	Foshan, Guangdong	Organization and planning of cultural and artistic exchange activities; cultural communication planning; tourism services; theme park development and operation;	100.00%		Business combination not under common control
Hangzhou Songguo Cultural	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Sales: tourism supplies and arts & crafts (excluding gold ornaments), daily	100.00%		Establishment

Creative Co., Ltd.			necessities, local specialties (excluding food)			
Hangzhou Songcheng performance Valley technology and Culture Development Co., Ltd	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Music performances, opera performances, cabaret performances, acrobatic performances; performance brokers; smart entertainment products; cultural creative design	100.00%		Establishment
Songcheng Holdings (Thailand) Co., Ltd.	Bangkok, Thailand	Bangkok, Thailand	Foreign investment; cultural performance; leisure tourism; international cultural and entertainment cooperation and development		100.00%	Establishment
Songcheng (Pattaya) International Culture Co., Ltd.	Pattaya, Thailand	Pattaya, Thailand	Cultural performance, including live shows of theater performances (singing and dancing, acrobatics, drama, music, etc.); high-tech interactive experience; cultural activities planning, tourism e-commerce		65.00%	Establishment
Zhuhai Songcheng Performance Kingdom Co., Ltd	Zhuhai, Guangdong	Zhuhai, Guangdong	Music performances, opera performances, cabaret performances; acrobatics, tourism services, theme park development and operation, cultural activities planning and organization, cultural communication planning	100.00%		Establishment
Zhuhai Southern Film and Television Cultural Industry Co., Ltd.	Zhuhai, Guangdong	Zhuhai, Guangdong	Project development, operation and management of film and television industry; development, operation and management of tourism projects; real estate development; business services and commercial wholesale and retail	100.00%		Business combination not under common control

Zhuhai Huayin Landscaping Co., Ltd.	Zhuhai, Guangdong	Zhuhai, Guangdong	Landscaping project; planting and sales of flowers and seedlings		55.00%	Business combination not under common control
Songcheng Brand Management Co., Ltd.	Yili, Xinjiang	Yili, Xinjiang	Tourism resource development; tourism planning and design; artistic creation; brand planning of scenic spots; marketing planning of scenic spots; scenic project construction; domestic tourism, inbound tourism and ticket agency; ticket sales of scenic spots;		100.00%	Establishment
Romance Show Management Co., Ltd.	Yili, Xinjiang	Yili, Xinjiang	Performance: singing and dancing, opera, acrobatics; artistic creation and choreography; operating performance and brokerage business; performance management	100.00%		Establishment
Global Bacchus Limited	British Virgin Islands	British Virgin Islands	Outbound investment	100.00%		Establishment

(2) Important non-wholly-owned subsidiaries

Unit: RMB

Name of Subsidiaries	Minority shareholding ratio of shareholders	Profit and loss attributed to minority shareholders in the current period	Dividends declared to minority shareholders in the current period	Balance of equity of minority shareholders at the end of the period
Shanghai Songcheng World Expo Performance Development Co., Ltd	12.00%	-6,234,490.03		-11,006,442.15
Guilin Lijiang Romance Performance Development Co., Ltd	30.00%	258,164.47		196,247,955.38
Xi'an Romance Performance Development Co., Ltd	20.00%	-7,096,906.89		110,263,277.41

(3) Main financial information of important non-wholly-owned subsidiaries

Unit: RMB

Name of Subsidiaries	Balance at the End of the Period						Balance at the Start of the Period					
	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
Shanghai Songcheng World Expo Performance Development Co., Ltd	62,955,903.78	685,152,041.03	748,107,944.81	642,022,042.32	65,806,253.71	707,828,296.03	29,034,455.03	364,658,450.24	393,692,905.27	235,616,750.05	65,842,422.90	301,459,172.95
Guilin Lijiang Romance Performance Development Co., Ltd	234,262,857.25	462,516,982.81	696,779,840.06	40,932,488.67	1,687,500.12	42,619,988.79	216,867,003.96	488,091,553.05	704,958,557.01	49,871,753.88	1,787,500.08	51,659,253.96
Xi'an Romance Performance Development Co., Ltd	227,652,751.44	354,897,775.18	582,550,526.62	29,270,175.59	1,963,963.96	31,234,139.55	100,441,875.70	334,190,960.08	434,632,835.78	42,815,396.19	16,518.08	42,831,914.27

Unit: RMB

Name of Subsidiaries	This Period's Amount of Occurrence				Previous Period's Amount of Occurrence			
	Operating income	Net Profit	--Total comprehensive income	Cash flow from operating activities	Operating income	Net Profit	--Total comprehensive income	Cash flow from operating activities
Shanghai Songcheng World Expo Performance Development Co., Ltd	73,962,925.49	-51,954,083.54	-51,954,083.54	309,304,761.73	436,837.02	-20,682,857.98	-20,682,857.98	190,165,248.17
Guilin Lijiang Romance Performance Development Co., Ltd	91,145,694.57	860,548.22	860,548.22	42,511,148.59	56,586,027.07	-14,052,004.66	-14,052,004.66	-135,213,013.79
Xi'an Romance Performance Development Co., Ltd	16,784,668.25	-35,484,534.44	-35,484,534.44	-198,698,474.76	25,002,178.14	-11,935,323.79	-11,935,323.79	479,044.63

2. Equity in joint venture arrangements or affiliates

(1) Important joint ventures or associates

Names of associates and joint ventures	Main Place of Business	Registered Address	Business Nature	Shareholding Percentage		Method for accounting the investment in associates and joint ventures
				Direct	Indirect	
Huafang Group Inc. (formerly known as Beijing Huafang Technology Co., Ltd.)	Beijing	Beijing	Internet information service, performance brokerage business, business on music entertainment products through information network, competition activities	37.06%		Equity method
Beijing Beite Shengdi Technology Development Co., Ltd.	Beijing	Beijing	Technical development, system integration, installation and commissioning of stage machinery, stage machinery control, lighting, and sound equipment; stage craft design and consultation;		20.00%	Equity method

(2) Main financial information of important associates

Unit: RMB

	Closing balance / accrual of current period		Opening balance / accrual of previous period	
	Huafang Group Inc. (formerly known as Beijing Huafang Technology Co., Ltd.)	Beijing Beite Shengdi Technology Development Co., Ltd.	Beijing Huafang Technology Co., Ltd. (formerly known as Beijing Six Rooms Technology Co., Ltd.)	Beijing Beite Shengdi Technology Development Co., Ltd.
Current Assets:	1,799,207,570.53	307,299,025.07	1,396,296,667.81	379,808,015.42
Non-current Assets:	492,406,372.49	22,685,816.27	486,246,315.46	3,393,303.08
Total assets	2,291,613,943.02	329,984,841.34	1,882,542,983.27	383,201,318.50
Current Liabilities:	330,886,258.97	188,283,989.40	367,981,352.22	240,656,075.91
Non-current Liabilities:	48,377,202.42	35,344,150.95	10,851,396.40	1,300,010.10

Total Liabilities	379,263,461.39	223,628,140.35	378,832,748.62	241,956,086.01
Minority Shareholders' Equity				-4,903.84
Equity attributable to shareholders of the parent company	1,912,350,481.63	106,356,700.99	1,503,710,234.65	141,250,136.33
Share of net assets calculated based on shareholding ratio	708,717,088.49	21,271,340.20	557,275,012.96	28,250,027.27
Adjustments	935,652,356.70	11,912,562.29	935,652,356.70	13,362,228.18
--Goodwill	935,652,356.70	16,825,620.50	935,652,356.70	16,825,620.50
Unrealized Profit from Internal Transactions		-4,913,058.21		-3,463,392.32
Book value of equity investment in associates	1,644,369,445.19	33,183,902.49	1,492,927,369.66	41,612,255.45
Operating income	4,539,988,143.60	468,421,976.73	3,777,442,691.41	321,940,699.67
Net Profit	320,716,642.08	3,637,982.99	-10,799,124.63	5,477,097.14
Net profit from discontinued operations				
Other Comprehensive Incomes	1,178,348.91		3,431,790.00	
--Total comprehensive income	321,894,990.99	3,637,982.99	-7,367,334.63	5,477,097.14

Explanation of other matters: The above data of statement was presented based on the fair value of the identifiable assets and liabilities of the investee when the investment was obtained.

X. Risks Relating to Financial Instruments

The company faces various financial risks in the course of its operations: credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risks). The Board of Directors of the company is fully responsible for the determination of risk management objectives and bears the corresponding ultimate responsibility. The Board of Directors requires the management to design and implement procedures that can ensure the effective implementation of risk management objectives and policies. The company's management reviews the effectiveness of the implemented procedures and the rationality of risk management objectives and policies through quarterly reports submitted by the Financial Department. The Treasury Department of the company audits the risk management policies and procedures, and report relevant findings to the company's management.

The overall objective of the Company's risk management is to formulate risk management policies that can minimize risks without affecting the Company's competitiveness and adaptability to changes too much.

The company diversifies the risk of financial instruments by appropriate diversified investment and business portfolio. In addition, corresponding risk management policy is formulated to reduce the risk of concentration in single industry, specific region or specific counter party.

(I) Credit risk

Credit risk refers to the risk of the company's financial losses due to the failure of the counterparty to perform its contractual obligations.

The company's credit risk mainly arises from monetary funds, notes receivable, accounts receivable, accounts receivable financing, other receivables, debt investments, other debt investments and financial guarantee contracts, investments in debt instruments and derivative financial assets recognized in impairment testing scope, which are measured at fair value and related changes are recognized in the current profit and loss, etc., On the Balance Sheet date, the book value of the company's financial assets has represented its maximum credit risk exposure.

The company's monetary funds are mainly bank deposits deposited in state-owned banks and other large and medium-sized listed banks with high credit ratings. The company believes that there is no major credit risk, and there is almost no significant loss resulting from breach of contract of the banks.

In addition, for bills receivable, accounts receivable, financing receivables and other receivables, the company sets relevant policies to control credit risk exposure. Before signing contracts, the company assesses the credit risk of new customers. The company sets up credit limit and credit period according to different sales scale Generally, the company adopts more prudent credit policy for new customers and increases the proportion of advance receipts. The company promptly collects the accounts receivable from customers, and shortens or cancels the credit period for customers with bad credit records. At the same time, the company ensures that the overall credit risk of the company is under control through quarterly review of the aging analysis of accounts receivable of existing customers.

(II) Liquidity risk

Liquidity risk refers to the risk of a shortage of funds when an enterprise fulfills its obligation of settlement by cash or other financial assets. The Company's policy is to ensure that there is sufficient cash to repay the liabilities due. The liquidity risk is under the concentrated control of the Company's Financial Department. Through monitoring the balance of cash and securities cashable at any time and rolling forecasting the cash flow in the next 12 months, the Financial Department ensures that the Company has sufficient funds to repay its debts under all reasonable predictions. At the same time, the Finance Department constantly monitors whether the company complies with the provisions of the loan agreement, and obtains commitments from major financial institutions to provide sufficient reserve funds to meet short-term and long-term funding needs.

(III) Market Risk

The market risk of financial instruments refers to the risk of fluctuation at fair value of financial instruments or future cash flows with the change of market prices, including exchange rate risks and interest rate risks.

1. Interest rate risk

The interest rate risk refers to the risk in which the fair value or future cash flow of financial instruments changes due to the change of market interest rate.

Interest-bearing financial instruments with fixed and floating interest rates expose the company to fair value interest rate risk and cash flow interest rate risk, respectively. The company determines the proportion of fixed and floating interest rate instruments based on the market environment, and maintains appropriate combination of fixed and floating interest rate instruments through regular review and monitoring.

As of December 31, 2021, when other variables remain unchanged, if the borrowing rate calculated at the floating interest rate increases or decreases by 100 base points, the net profit of the Company will decrease or increase by RMB 2,197,937.50 (Thursday, December 31, 2020: RMB 1,235,208.33). The management believes that 100 basis points reasonably reflect the range of possible changes in interest rates in the coming year.

2. Exchange rate risk

Exchange rate risk refers to the risk that the fair value of financial instruments or future cash flows will fluctuate due to changes in foreign exchange rates.

The company tries its best to match foreign currency income with foreign currency expenditures. At the same time, it constantly monitors the scale of foreign currency transactions and foreign currency assets and liabilities to minimize foreign exchange risks. In

addition, the company signs forward foreign exchange contracts or currency swap contracts to achieve the purpose of avoiding exchange rate risks.

The foreign exchange risks faced by the company are mainly from financial assets and financial liabilities in U.S. dollars, Hong Kong dollars, Australian dollars, and Thai baht. The amounts of foreign currency financial assets and liabilities converted into RMB are listed as follows:

Item	Balance at the End of the Period				
	USD	HKD	AUD	THB	Total
Cash and Bank Balances	277,141,274.37	1,866,529.03	4,204,232.95	716,245.07	283,928,281.42
Trading financial assets (financial assets that are measured at fair value and related changes are recognized in current profit and loss)	2,670,942.90				2,670,942.90
Other Equity Instruments	9,026,036.59				9,026,036.59

Item	Balance at the end of the previous year				
	USD	HKD	AUD	THB	Total
Cash and Bank Balances	106,339,810.45	2,516,908.66	6,672,956.60	831,764.35	116,361,440.06
Trading financial assets (financial assets that are measured at fair value and related changes are recognized in current profit and loss)	172,445,378.26		6,589,730.08		179,035,108.34
Other Equity Instruments	9,291,430.32				9,291,430.32

The foreign exchange risk arising from the above-mentioned foreign currency balance assets may have certain impact on operating performance of the company. The company pays close attention to the impact of exchange rate changes on foreign exchange risks of the company, and takes corresponding measures to avoid foreign exchange risks.

XI. Disclosure of Fair Values

The input values applied in fair value measurement are divided into three levels:

The first-level input value is the unadjusted quotation of the same asset or liability in the active market that can be obtained on the measurement date.

The second-level input value is the directly or indirectly observable input value of related assets or liabilities other than the first-level input value.

The third-level input value is the unobservable input value of related assets or liabilities.

The level of the fair value measurement result is determined by the lowest level of the input value which is of great significance to the fair value measurement as a whole.

1. Fair values of the assets and liabilities at the end of the period

Unit: RMB

Item	Fair values at period-end			
	First level measurement at fair value	Second level measurement at fair value	Third level measurement at fair value	Total
I. Constant measurement at fair value	--	--	--	--
(I) Trading Financial Assets	2,670,942.90			2,670,942.90
1. Financial assets at fair value through profit or loss in this period	2,670,942.90			2,670,942.90
(1) Investment in debt instruments				
(2) Investment in equity instrument				
(3) Derivative Financial Assets	2,670,942.90			2,670,942.90
2. Designated financial assets that are measured at fair value and whose changes are included in the current profit and loss				
(1) Investment in debt instruments				
(2) Investment in equity instrument				
(II) Investment in Other Creditor's Rights				
(III) Investment in Other Equity Instruments			86,485,836.59	86,485,836.59
(IV) Investment Property				
1. Land use rights for lease				
2. Rental buildings				
3. Land use rights held and prepared to transfer after appreciation				
(V) Biological assets				
1. Consumable biological assets				
2. Productive Biological Assets				
Total assets constantly measured at fair value	2,670,942.90		86,485,836.59	89,156,779.49
(6) Transactional financial liabilities				
Including: issued trading bonds				
Derivative Financial Liabilities				
Others				
(7) Financial Liabilities measured in fair value with changes recognized in current profit and loss				

Total amount of liabilities constantly measured at their fair values				
II. Non-constant measurement at fair values	--	--	--	--
(I) Holding for-sale assets				
Total amount of assets with non-constant measurement at fair values				
Total amount of liabilities with non-constant measurement at fair values				

2. The basis for determining the market price of constant and non-constant first-level fair value measurement items

It is confirmed in accordance with the closing price of open market transactions or the quotation amount provided by securities and fund companies as of December 31, 2021.

3. For the continuous and non-continuous third-level fair value measurement items, the valuation techniques adopted and the qualitative and quantitative information of important parameters

For non-listed equity investment, fund investment and stock investment without public market quotation, the company applies valuation techniques to determine its fair value, including cash flow discount method and market comparison method. Its fair value is measured using important unobservable parameters, such as liquidity discount, fluctuation rate, risk-adjusted discount and market multiplier. The fair value of non-listed equity investments, fund investments, and other investments has no significant sensitivity to reasonable changes in these unobservable input values.

In 2021, the valuation techniques used by the company for the above-mentioned constant third-level fair value measurement have not been changed.

4. Sensitivity analysis on adjustment information between the opening and closing book value and unobservable parameters for constant third-level fair value measurement items

Item	Balance at the end of the previous year	Transfer to the third level	Transfer from the third level	Total current gain or loss		Acquisition, issuance, sale and settlement				Balance at the End of the Period	For assets held at the end of the reporting period, the current unrealized gains or changes recognized in the profit and loss
				Recognized in profit and loss	Recognized in other comprehensive income	Acquisition	Issuance	Sale	Settlement		
◆ Trading financial assets	156,182,449.34			9,027,268.94		910,000,000.00		1,075,209,718.28			
Financial assets at fair value through profit or loss in this period	156,182,449.34			9,027,268.94		910,000,000.00		1,075,209,718.28			
— Investment in debt instruments											
— Investment in equity instrument											
— Derivative Financial Assets											
— Bank financial products	156,182,449.34			9,027,268.94		910,000,000.00		1,075,209,718.28			
Designated financial assets that are measured at fair value and whose changes are included in the current profit and loss											
— Investment in debt instruments											
— Others											
◆ Receivables Financing											
◆ Investment in other bonds											
◆ Investment in other equity instruments	224,266,596.74				-45,020,144.84			92,760,615.31		86,485,836.59	
◆ Other non-current financial assets											
Financial assets at fair value											

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Item	Balance at the end of the previous year	Transfer to the third level	Transfer from the third level	Total current gain or loss		Acquisition, issuance, sale and settlement				Balance at the End of the Period	For assets held at the end of the reporting period, the current unrealized gains or changes recognized in the profit and loss
				Recognized in profit and loss	Recognized in other comprehensive income	Acquisition	Issuance	Sale	Settlement		
through profit or loss in this period											
— Investment in debt instruments											
— Investment in equity instrument											
— Derivative Financial Assets											
— Others											
Total	380,449,046.08			9,027,268.94	-45,020,144.84	910,000,000.00		1,167,970,333.59		86,485,836.59	

5. The fair value of financial assets and financial liabilities not measured at fair value

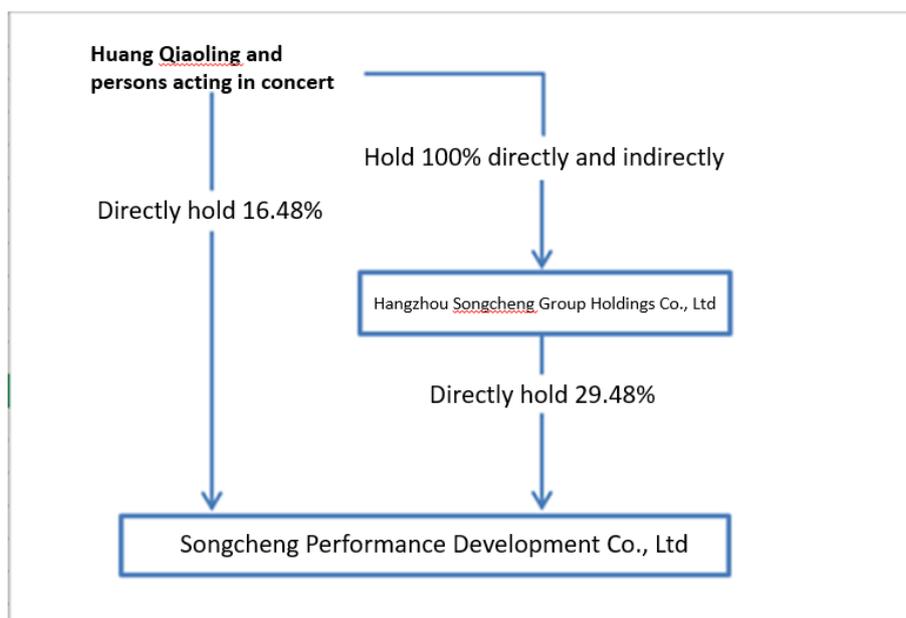
There is no significant difference between the book value and fair value of the company's financial assets and financial liabilities that are not measured at fair value.

XII. Related Parties and Related-party Transactions

1. The Company's Parent Company

Name of parent company	Registered Address	Business Nature	Registered Capital	Shareholding ratio of the parent company	Proportion of voting rights of the parent company
Hangzhou Songcheng Group Holdings Co., Ltd	Hangzhou	Industrial investment, educational services, tourism project development	RMB 100 million	29.48%	29.48%

Description of the parent company



Huang Qiaoling and related persons acting in concert directly hold 16.48% of the shares of the company. Hangzhou Songcheng Group Holdings Co., Ltd., the controlling shareholder of the company, holds 29.48% of the shares. Huang Qiaoling and related persons acting in concert directly and indirectly hold 100.00% of the shares of Hangzhou Songcheng Group Holdings Co., Ltd. Huang Qiaoling and related persons acting in concert: Huang Qiaolong, Liu Ping, Huang Qiaoyan and Dai Yinqin. Huang Qiaoling and related persons in concert control the company by directly and indirectly holding of the shares. The ultimate controlling party of the company is Huang Qiaoling.

2. Information about the Company's subsidiaries

See "IX. Interest in Other Entities" in the notes for details of subsidiaries of the Company.

3. Information about the Company's joint ventures and affiliates

See "IX. Equities in other entities" in the notes for details of significant joint ventures and associates of the Company.

Information about other joint ventures or associated enterprises that have related transactions with the Company in the current period, or have balance resulting from related transactions with the Company in the last period is as follows:

Names of joint ventures and affiliates	Relationship with the Company
Beijing Beite Shengdi Technology Development Co., Ltd.	Affiliate

4. Information about other related parties

Names of other related parties	Relationship between the Company and other related parties
Huang Qiaolong	Related natural person of Huang Qiaoling
Liu Ping	Related natural person of Huang Qiaoling
Huang Qiaoyan	Related natural person of Huang Qiaoling
Dai Yinqin	Related natural person of Huang Qiaoling
Hangzhou World Leisure Expo Park Co., Ltd	Under the control of Huang Qiaoling
Hangzhou Songcheng Industry Co., Ltd	Under the control of Huang Qiaoling
Hangzhou First World Hotel Co., Ltd.	Under the control of Huang Qiaoling
Xi'an International Horticultural Exposition Investment (Group) Co., Ltd.	Holds 20% of the company's holding subsidiary
Shanghai World Expo Dongdi Cultural Development Co., Ltd.	Holds 12% of the company's holding subsidiary
Guangzhou Gening Green Engineering Co., Ltd.	Holds 35% of the company's holding subsidiary
Zhongshan Dehua Green Engineering Co., Ltd.	Holds 10% of the company's holding subsidiary

5. Information about related-party transactions

(1) Related-party transactions involving purchase and selling of merchandise and provision and acceptance of labor services

Merchandise purchase and acceptance of labor services

Unit: RMB

Related parties	Content of the related - party transaction	This Period's Amount of Occurrence	Approved transaction limit	Over the transaction limit or not	Previous Period's Amount of Occurrence
Beijing Beite	Delegation of the scenic	15,631,222.17		No	29,155,963.23

Shengdi Technology Development Co., Ltd.	spot-related projects				
Shanghai World Expo Dongdi Cultural Development Co., Ltd.	Brand usage fee	3,773,584.81		No	9,433,962.00

Sales of merchandise and provision of services

Unit: RMB

Related parties	Content of the related - party transaction	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Hangzhou First World Hotel Co., Ltd.	Ticket sale and e-commerce service fees	2,872,060.20	1,602,205.39
Hangzhou Songcheng Industry Co., Ltd	Ticket sale and e-commerce service fees	3,998,902.82	2,509,701.38

Related-party transactions involving purchase and selling of merchandise and provision and acceptance of labor services

(2) Related leasing

The company as the lessee:

Unit: RMB

Name of Lessor	Type of the leased assets	Rental fee confirmed in the current period	Rental fee confirmed in the previous period
Hangzhou Songcheng Industry Co., Ltd	Parking Lot at No. 148, Zhijiang Road (Area of 27,667 square meters)	10,783,037.03	6,225,062.50
Hangzhou Songcheng Industry Co., Ltd	American City parking lot at No. 148, Zhijiang Road (Area of 13,185 square meters)	5,138,780.09	2,966,625.00
Hangzhou Songcheng Industry Co., Ltd	Operation of the scenic spot of the American City teaching building at No. 148 Zhijiang Road (Area of 3,322 square meters)	2,849,912.04	1,423,690.48
Hangzhou Songcheng Industry Co., Ltd	Operation of scenic spots in American City at No. 148, Zhijiang Road (Area of 7,730 square meters)	3,315,801.99	1,656,428.58
Hangzhou Songcheng Industry Co., Ltd	Office building at No. 148, Zhijiang Road (Area of 5,591.53 square meters)	4,796,998.46	2,396,369.06

Hangzhou Songcheng Industry Co., Ltd	President Hill supporting housing and dormitory rooms of Huamei apartment at No. 148, Zhijiang Road, (Area of 7,114 square meters)	3,204,095.64	1,600,625.00
Hangzhou First World Hotel Co., Ltd.	Office space of north building of the First World Hotel (Area of 3,000 square meters)	2,668,866.11	472,500.00
Hangzhou World Leisure Expo Park Co., Ltd	Parking lot at No. 92 Xianghu road (Area of 19,192 square meters)	8,644,052.01	4,318,187.50
Hangzhou World Leisure Expo Park Co., Ltd	Staff dormitory of Water City of Creative Park at No. 92 Xianghu Road (Area of 3,010 square meters)	1,355,704.03	677,250.00
Xi'an International Horticultural Exposition Investment (Group) Co., Ltd.	The European style and international exhibition area of Xi'an World Expo Park, at Shibo Avenue, Chanba Ecological Zone, Xi'an City (Total area of 78,743.94 square meters)	2,752,293.60	1,444,954.14
Shanghai World Expo Dongdi Cultural Development Co., Ltd.	Shanghai World Expo Stage (total area: 18,039 square meters)	7,594,814.56	

Explanations of other matters: The New Lease Standard should apply in the current period. The lease fee recognized in the current period should be the amortization of right-of-use assets and interest expense on lease liabilities.

(3) Remuneration for key management personnel

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Salary of key management personnel	4,220,700.00	3,808,500.00

6. Receivables and payables of the related parties

(1) Receivables

Unit: RMB

Item Name	Related parties	Balance at the End of the Period		Balance at the Start of the Period	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Other Receivables					
	Shanghai World Expo Dongdi Cultural Development Co., Ltd.			10,000,000.00	200,000.00

(2) Payables

Unit: RMB

Item Name	Related parties	Closing balance	Opening balance
Accounts Payable			
	Beijing Beite Shengdi Technology Development Co., Ltd.	5,213,409.47	3,797,469.47
Other Payables			
	Xi'an International Horticultural Exposition Investment (Group) Co., Ltd.	379,021.00	355,000.00
	Guangzhou Gening Green Engineering Co., Ltd.		2,531,680.00
	Zhongshan Dehua Green Engineering Co., Ltd.		686,011.00
	Beijing Beite Shengdi Technology Development Co., Ltd.	13,172,055.00	
Other non-current liabilities due within one year			
	Hangzhou World Leisure Expo Park Co., Ltd	3,393,481.86	
	Hangzhou First World Hotel Co., Ltd.	894,390.44	
	Shanghai World Expo Dongdi Cultural Development Co., Ltd.	2,533,788.67	
	Hangzhou Songcheng Industry Co., Ltd	17,434,147.53	
Lease Liabilities			
	Hangzhou World Leisure Expo Park Co., Ltd	98,266,967.49	
	Hangzhou First World Hotel Co., Ltd.	25,750,021.28	
	Shanghai World Expo Dongdi Cultural Development Co., Ltd.	65,526,253.71	
	Hangzhou Songcheng Industry Co., Ltd	180,855,294.86	

XIII. Share-based payment**1. Overview of share-based payment**

Applicable Not applicable

2. Situation of equity-settled share-based payment

Applicable Not applicable

3. Situation of cash-settled share-based payment

Applicable Not applicable

XIV. Commitments and contingencies**1. Important commitments**

Important commitment on the balance sheet date

On Monday, June 21, 2021, the 11th Meeting of the Seventh Board of Directors of the Company reviewed and approved the "Proposal on Using Idle Self-owned Funds to Invest in Securities and Wealth Management Products". It agreed that the Company may use idle self-owned funds to invest in securities and financial products, so as to maintain and increase the value of idle funds on the basis of ensuring safety and liquidity, provided that the capital is secured, that the operation is legal and compliant, and that normal production and operation are not affected. The amount should not exceed RMB 1.5 billion. The funds within this limit can be used on a rolling basis. The valid period is 2 years from the date of approval by Board of Directors. The management of the Company is authorized to exercise the right to make investment decisions and sign relevant legal documents within the limit.

2. Contingencies**(1) Important contingent matters on the balance sheet day**

The company has no important contingencies that need to be disclosed.

(2) If no important contingent matter to be disclosed by the Company, it should also be noted accordingly

No important contingent matter needs to be disclosed by the Company.

XV. Events after the Balance Sheet Date**1. Distribution of profits**

Unit: RMB

Profits or dividends to be distributed	130,734,702.00
Profits or dividends reviewed and approved for releasing	130,734,702.00

2. Description of other matters after the balance sheet date

(1) Distribution of profits

According to the 2021 Annual Profit Distribution Plan adopted at the 15th Meeting of the Seventh Board of Directors of the Company held on Friday, April 22, 2022, the Company plans to distribute RMB 0.50 dividend (Including tax) in cash for every 10 shares to all shareholders based on the total share capital of 2,614,694,040 shares at the end of 2021. Total cash dividend of RMB 130,734,702 was distributed.

(2) Transfer of post-period equity

1. According to the Share Transfer Agreement dated April 22, 2022 between the Company and Hangzhou Songcheng Group Holdings Co., Ltd. (hereinafter referred to as "Songcheng Group") and the Proposal on the Transfer of Equity of Hong Kong Subsidiary and Related Transaction reviewed and approved at the 15th Meeting of the 7th Board of Directors of the Company on the same day, as affected by COVID-19, geopolitical and other factors which make the current overseas assets uncertain, in order to improve the Company's financial security and promote the healthy development of its business, after full consultation with Hangzhou Songcheng Group Holdings Co., Ltd., the controlling shareholder of the Company, the Company plans to arrange Songcheng Group to acquire 100% equity and claims of Songcheng Performance International Development Co., Ltd., a Hong Kong wholly-owned subsidiary of Songcheng Performance. After the auditing and evaluation of the acquisition price, both parties agreed after negotiation to set the transaction price of equity transfer at RMB 574 million and measured the debt formed before acquisition at RMB 20.05 million, and thus the total transaction consideration mounted to RMB 594.05 million. This equity transfer needs to be reviewed and approved by the General Meeting of Shareholders of Songcheng Performance.

2. According to the Share Transfer Agreement dated April 22, 2022 between the Company and Hangzhou Songcheng Group Holdings Co., Ltd. and the Proposal on the Transfer of Equity of Zhuhai Subsidiary and Related Transaction reviewed and approved at the 15th Meeting of the 7th Board of Directors of the Company on the same day, Zhuhai Project has a high investment amount, a large project scale and a long construction period. Since the outbreak of the COVID-19, the Company's operation and cash flows have changed due to changes in the external environment. In order to enhance the Company's sustainable operation and anti-risk ability, after full consultation with Hangzhou Songcheng Group Holdings Co., Ltd., the controlling shareholder of the Company, the Company plans to arrange Songcheng Group to acquire 100% equity and claims of Zhuhai Songcheng Performance Kingdom Co., Ltd., a wholly-owned subsidiary of Songcheng Performance. After the auditing and evaluation of the acquisition price, both parties agreed after negotiation to set the transaction price of equity transfer at RMB 451 million and measured the debt formed before acquisition at RMB 6.9261 million, and thus the total transaction consideration mounted to RMB 457.9261 million. Songcheng Group will be responsible for the follow-up investment and construction of Zhuhai Songcheng Performance Park Project, while Songcheng Group will entrust Songcheng Performance to operate and manage theme parks. This equity transfer needs to be reviewed and approved by the General Meeting of Shareholders of Songcheng Performance.

XVI. Other Significant Events

1. Segment information

(1) Basis for determining the report segment and accounting policies

The company determines the operating segment based on the internal organizational structure, management requirements, and internal reporting system and then determines the reporting segment based on operating segment.

Operating segment refers to the component within the company that meets the following conditions at the same time: (1) The component can generate income and expenses in daily activities; (2) The management of the company can regularly evaluate the operating results of such component so as to determine the allocation of resources to it and evaluate its performance; (3) The company can obtain the accounting information of the component, such as the financial status, operating results and cash flow

etc.,.

The company reporting segment includes:

- 1) Live performance: refers to all business related to on-site parks and theaters as the reporting segment, including Hangzhou Songcheng Park, Hangzhou Crazy Appleland Hangzhou Paradise Park, Sanya Romance Park, Lijiang Romance Park, Jiuzhai Romance Park, Tibetan Mystery Theater, Guilin Romance Park, Zhangjiajie Romance Park, Xi'an Romance Park, and Shanghai Romance Park;
- 2) Tourism service industry: refers to the reporting segment of e-commerce, design and planning.

(2) Financial information of the report segment

Unit: RMB

Item	Live performance	Tourism service industry	Inter-segment offset	Total
The revenue from main business	960,863,721.01	172,196,745.54	94,339.62	1,132,966,126.93
Main business cost	573,261,525.94	4,507,352.09	436,468.07	577,332,409.96
Total assets	9,195,621,252.65	2,035,931,535.94	1,405,044,758.75	9,826,508,029.84
Total amount of liabilities	2,910,199,291.47	313,375,164.28	1,352,276,626.05	1,871,297,829.70

XVII. Notes to Main Items in the Financial Statements of the Parent Company

1. Accounts receivable

(1) Categorical disclosure of accounts receivable

Unit: RMB

Category	Balance at the End of the Period					Balance at the Start of the Period				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Accrued proportion		Amount	Percentage	Amount	Accrued proportion	
Including:										
Accounts receivables with the bad debt provision accrued based on combinations	147,558.45	100.00%	31,224.97	21.16%	116,333.48	52,370.14	100.00%	14,145.24	27.01%	38,224.90
Including:										
Combination of credit risk characteristics by age	133,167.24	90.25%	31,224.97	23.45%	101,942.27	38,179.30	72.90%	14,145.24	37.05%	24,034.06
Consolidation scope and accounts receivable from related parties	14,391.21	9.75%			14,391.21	14,190.84	27.10%			14,190.84
Total	147,558.45	100.00%	31,224.97		116,333.48	52,370.14	100.00%	14,145.24		38,224.90

Bad debt provision based on combinations

Unit: RMB

Name	Balance at the End of the Period		
	Book balance	Bad debt provision	Accrued proportion
Within credit period			3.00%
Credit period overdue within 1 year	95,668.44	14,350.27	15.00%
Credit period overdue within 1 to 2 years	27,498.80	6,874.70	25.00%
Credit period overdue within 2 to 3 years			45.00%
Credit period overdue within 3 to 4 years			60.00%
Credit period overdue within 4 to 5 years			80.00%
Credit period overdue for more than 5 years	10,000.00	10,000.00	100.00%
Total	133,167.24	31,224.97	--

Description for basis of determining the group:

Please refer to the disclosing methods of other receivables for the information disclosure of bad debts provisions, if the bad debt provisions of accounts receivable are made according to the general model of expected credit losses:

Applicable Not applicable

Disclosure by age

Unit: RMB

Aging	Book balance
Within 1 year (including 1 year)	110,059.65
1 to 2 years	27,498.80
2 to 3 years	
3 to 4 years	
4 to 5 years	
5 years or above	10,000.00
Total	147,558.45

(2) Provision for bad debts accrued, recovered or reversed in this period

Unit: RMB

Category	Balance at the Start of the Period	Amount of Changes in the Current Period				Balance at the End of the Period
		Accrued	Recovered or Reversed	Written Off	Others	
Provision for bad debts of accounts receivable	14,145.24	17,079.73				31,224.97
Total	14,145.24	17,079.73				31,224.97

(3) Accounts receivable actually written off in this period

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

(4) Accounts receivable of the top five balances at the end of the period collected by the arrears

Unit: RMB

Name of Unit	Accounts receivable at the end of the period	Proportion of the total accounts receivable at the end of the period	Bad debt provision at the end of the period
Henan Longgui Cultural Tourism Development Co., Ltd.	123,167.24	83.47%	21,224.97
Xi'an Romance Performance Development Co., Ltd	14,391.21	9.75%	
He Xiaojuan	10,000.00	6.78%	10,000.00
Total	147,558.45	100.00%	

2. Other receivables

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Interest Receivable		
Dividends Receivable		
Other Receivables	1,195,669,385.02	1,046,160,763.74
Total	1,195,669,385.02	1,046,160,763.74

(1) Other Receivables**1) Other receivables categorized by the nature of the funds**

Unit: RMB

Nature of the funds	Closing balance	Opening balance
Employee loan	210,000.00	1,378,749.73
Incomings and outgoings	1,050,000.00	1,050,000.00
Internal current account within the scope of consolidation	1,195,025,912.64	1,025,718,037.61
Equity transfer fund	79,866,980.26	79,866,980.26
Others	439,972.10	458,024.14
Total	1,276,592,865.00	1,108,471,791.74

2) Bad debt provision

Unit: RMB

Bad debt provision	Phase One	Phase Two	Phase Three	Total
	Expected credit losses in the next 12 months	Expected credit losses for the entire extension (without credit impairment)	Expected credit losses for the entire extension (with credit impairment)	
Balance on Friday, January 1, 2021	18,367.74		62,292,660.26	62,311,028.00
Balance of the current period on Friday, January 1, 2021	---	---	---	---
Provisions of this period	-11,868.02		18,624,320.00	18,612,451.98
Balance on Friday, December 31, 2021	6,499.72		80,916,980.26	80,923,479.98

Book balance changes with significant changes in loss provision in the current period

 Applicable Not applicable

Disclosure by age

Unit: RMB

Aging	Book balance
Within 1 year (including 1 year)	1,195,515,884.74
1 to 2 years	40,000.00
2 to 3 years	
3 to 4 years	100,000.00
4 to 5 years	79,866,980.26
5 years or above	1,070,000.00
Total	1,276,592,865.00

3) Provision for bad debts accrued, recovered or reversed in this period

Unit: RMB

Category	Balance at the Start of the Period	Amount of Changes in the Current Period				Balance at the End of the Period
		Accrued	Recovered or Reversed	Written Off	Others	
Provision for bad debts of other receivables	62,311,028.00	18,612,451.98				80,923,479.98
Total	62,311,028.00	18,612,451.98				80,923,479.98

4) Accounts receivable actually written off in this period

There's no actual written-off accounts receivable in this period.

5) Other receivables of the top five closing balances collected by debtors

Unit: RMB

Name of Unit	Nature of the funds	Balance at the End of the Period	Aging	As a percentage of total other receivables at the end of the period	Bad debt provision at the end of the period
Shanghai Songcheng World Expo Performance Development Co., Ltd	Consolidation of internal current account	498,650,000.00	Within 1 year	39.06%	
Zhangjiajie Romance Performance Development Co., Ltd	Consolidation of internal current account	482,251,809.00	Within 1 year	37.78%	
Zhejiang Songcheng Xitang Performance Valley Performance Development Co., Ltd	Consolidation of internal current account	178,353,003.64	Within 1 year	13.97%	
An Xiaofen (formerly: Horgos Dasheng Legend Venture Capital Co., Ltd.)	Equity transfer fund	79,866,980.26	4-5 years	6.26%	79,866,980.26
Songcheng (Australia) Entertainment Pty Ltd.	Consolidation of internal current account	20,051,100.00	Within 1 year	1.57%	
Total	--	1,259,172,892.90	--	98.64%	79,866,980.26

3. Long-term equity investment

Unit: RMB

Item	Balance at the End of the Period			Balance at the Start of the Period		
	Book balance	Provision for decline in value	Book value	Book balance	Provision for decline in value	Book value
Investment in subsidiaries	6,667,904,199.20		6,667,904,199.20	4,940,162,163.79		4,940,162,163.79
Investment in affiliates and joint ventures				3,307,758,983.34	1,814,682,876.81	1,493,076,106.53
Total	6,667,904,199.20		6,667,904,199.20	8,247,921,147.13	1,814,682,876.81	6,433,238,270.32

(1) Investment in Subsidiaries

Unit: RMB

The invested entity	Balance at the Start of the Period (book value)	Decrease/Increase in the current period				Balance at the End of the Period (book value)	Closing balance of provision for decline in value
		Investments increased	Investment decreased	Provision for impairment accrued	Others		
Hangzhou Paradise Co., Ltd.	638,402,523.46					638,402,523.46	
Sanya Romance Tourism Performance Co., Ltd.	490,000,000.00					490,000,000.00	
Lijiang Chama Ancient City Tourism Development Co., Ltd	250,000,000.00					250,000,000.00	
Aba Zhou Jiuzhai Romance Tourism Development Co., Ltd	258,500,000.00					258,500,000.00	
Hangzhou Songcheng Tourism Development Co., Ltd	10,000,000.00					10,000,000.00	
Jiuzhaigou Tibetan Mystery Culture Co., Ltd	87,000,000.00					87,000,000.00	
Zhejiang Songcheng Longquan Mountain Tourism Development Co., Ltd	120,000,000.00		120,000,000.00				
Hangzhou Songcheng Technology Development Co.,	39,530,000.00					39,530,000.00	

Ltd.							
Songcheng Performance International Development Co., Ltd.	606,367,375.19	13,000.00				606,380,375.19	
Shanghai Songcheng World Expo Performance Development Co., Ltd	132,000,000.00					132,000,000.00	
Songcheng Performance Development (Shanghai) Co., Ltd.	500,000.00					500,000.00	
Guilin Lijiang Romance Performance Development Co., Ltd	455,000,000.00					455,000,000.00	
Zhangjiajie Romance Performance Development Co., Ltd	120,000,000.00					120,000,000.00	
Songcheng Performance Management Co., Ltd.	500,000.00					500,000.00	
Songcheng Dumuqiao Network Co., Ltd.	4,000,000.00					4,000,000.00	
Xi'an Romance Performance Development Co., Ltd	285,000,000.00	195,000,000.00				480,000,000.00	
Zhejiang Songcheng Xitang Performance Valley Performance	100,000,000.00					100,000,000.00	

Development Co., Ltd									
Foshan South Sea Qiao Mountain Cultural Tourism Development Co., Ltd	448,950,800.00							448,950,800.00	
Hangzhou Songguo Cultural Creative Co., Ltd.	2,350,000.00							2,350,000.00	
Zhuhai Southern Film and Television Cultural Industry Co., Ltd.	6,702,418.93							6,702,418.93	
Zhuhai Songcheng Performance Kingdom Co., Ltd	396,297,581.07	33,000,000.00						429,297,581.07	
Hangzhou Songcheng performance Valley technology and Culture Development Co., Ltd	489,061,465.14							489,061,465.14	
Romance Show Management Co., Ltd.		100,000.00						100,000.00	
Global Bacchus Limited		1,619,629,035.41						1,619,629,035.41	
Total	4,940,162,163.79	1,847,742,035.41	120,000,000.00					6,667,904,199.20	

(2) Investment in affiliates and joint ventures

Unit: RMB

Name of Investees	Balance at the Start of the Period (book value)	Decrease/Increase in the current period								Balance at the End of the Period (book value)	Closing balance of provision for decline in value
		Investments increased	Investment decreased	Investment profit and loss recognized under the equity	Adjustment on other comprehensive income	Other changes in equity	Cash dividends or profit declared to distribute	Provision for impairment accrued	Others		

				method							
I . Joint ventures											
II . Affiliates											
Huafang Group Inc. (formerly known as Beijing Huafang Technology Co., Ltd.)	1,493,076,106.53		-1,619,616,198.83	113,757,232.06	-97,880.37	12,880,740.61					
Subtotal	1,493,076,106.53		-1,619,616,198.83	113,757,232.06	-97,880.37	12,880,740.61					
Total	1,493,076,106.53		-1,619,616,198.83	113,757,232.06	-97,880.37	12,880,740.61					

(3) Explanations of other matters:

Huafang Group Inc. (formerly Beijing Huafang Technology Co., Ltd.): The original shareholders of Beijing Huafang Technology Co., Ltd., including Songcheng Performance Development Co., Ltd., signed the VIE agreement, and Global Bacchus Limited, a wholly-owned company subsidiary of the Company, acquired 37.06% equity of Huafang Group Inc. at the price of USD 1,976.4706 (equal to RMB 12,836.58). After signing the above agreement, Global Bacchus Limited, a wholly-owned subsidiary of the Company, holds the 37.06% of the equity of Huafang Group Inc. and has all the rights and obligations pertaining to the 37.06% equity of Beijing Huafang Technology Co., Ltd.

4. Operating income and operating costs

Unit: RMB

Item	This Period's Amount of Occurrence		Previous Period's Amount of Occurrence	
	Income	Cost	Income	Cost
Main Business	5,329,888.31	8,462,698.28	15,832,779.35	19,532,790.64
Other businesses	3,533,799.39		7,059,972.03	
Total	8,863,687.70	8,462,698.28	22,892,751.38	19,532,790.64

Related information of revenue:

Unit: RMB

Contract classification	Culture and art industry-live performance	Other businesses	Total
Product types	5,329,888.31	3,533,799.39	8,863,687.70
Including:			
(1) Art and Culture — Income	5,329,888.31		5,329,888.31

from Hangzhou Songcheng Tourist Area			
(2) Other businesses		3,533,799.39	3,533,799.39
Contract type	5,329,888.31	3,533,799.39	8,863,687.70
Including:			
(1) Revenue from contracts	5,329,888.31	55,076.34	5,384,964.65
Classified by the time of commodity transfer	5,329,888.31	55,076.34	5,384,964.65
Including:			
Confirm at time points	5,329,888.31	9,237.72	5,339,126.03
Confirm within a certain period of time		45,838.62	45,838.62
(2) Revenue from rental business in theme parks		3,478,723.05	3,478,723.05
Total	5,329,888.31	3,533,799.39	8,863,687.70

Information related to performance obligations:

N/A

Information related to the transaction price allocated to the remaining obligations:

At the end of this report period, the amount of income corresponding to the obligations according to the contract signed that have not been performed or completed is RMB 0.00.

5. Investment income

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Long-term equity investment income calculated by cost method		432,000,000.00
Long-term equity investment income measured by equity method	113,303,617.66	-2,931,524.95
Investment income from disposal of long-term equity investment	-10,800,700.00	-6,520,482.12
Investment income from disposal of trading financial assets	7,586,792.45	2,412,380.45
Total	110,089,710.11	424,960,373.38

XVIII. Supplementary Information

1. Breakdown of non-recurring gains and losses for this period

Applicable Not applicable

Unit: RMB

Item	Amount	Note
Gains and losses from disposal of non-current assets	25,044,233.19	
Government subsidies included in the current profits and losses (except those closely related to the Company's normal business, and continuously granted in accordance with a certain standard quota or quantity set by national policies and regulations)	4,656,601.31	
In addition to the effective hedging business related to normal business of the Company, the profits and losses from the changes in fair value for holding trading financial assets and trading financial liabilities, and investment income from disposal of trading financial assets, trading financial liabilities, and available-for-sale financial assets.	13,096,973.83	
Non-Operating Revenue and expenses other than the above	3,502,874.67	
Less: Impact of income tax	-2,293,110.04	
Impact of minority equity	1,272,744.78	
Total	47,321,048.26	--

Details of other gain and loss items that meet the definition of non-recurring gains and losses:

Applicable Not applicable

The Company did not have any details of other gain and loss items that meet the definition of non-recurring gains and losses.

Description of defining the non-recurring gain and loss items, which are listed in *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gains and Losses* as recurring gain and loss items

Applicable Not applicable

2. Return on net assets and earnings per share

Profit for the reporting period	Weighted Average ROE	Earnings per share	
		Basic Earnings per Share (RMB/Share)	Diluted Earnings per Share (RMB/Share)

Net profit attributable to common shareholders of the Company	4.22%	0.1205	0.1205
Net profit attributable to common shareholders of the Company after deducting non-recurring gains and losses	3.58%	0.1024	0.1024

3. Differences in accounting data under domestic and foreign accounting standards

(1) Differences in net profits and net assets in the financial reports disclosed pursuant to international accounting standards and Chinese accounting standards at the same time

Applicable Not applicable

(2) Differences in net profits and net assets in the financial reports disclosed pursuant to foreign accounting standards and Chinese accounting standards at the same time

Applicable Not applicable

Note: This document is a translated version of the Chinese version 2021 Annual Report (“2021 年年度报告”), and the published annual report in the Chinese version shall prevail. The complete published Chinese 2021 Annual Report may be obtained at www.cninfo.com.cn.