



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

**2019 Annual Report**

**2020-027**

**April 2020**

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

**Board of directors, board of supervisors, directors, supervisors and senior management of the Company certify that this report does not contain any false or misleading statements or material omissions and are jointly and severally liable for the authenticity, accuracy and integrity of the content.**

**Mr. ZHANG Huali, legal representative, Mr. LIANG Deping, the chief financial officer, and Mr. YANG Enjie, the head of accounting department (the person in charge of accounting), certify the authenticity, accuracy and integrity of the financial statements contained in the annual report for the current year.**

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

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

**This report is prepared in Chinese and English both. In the event of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.**

**The proposal for profit distribution approved by the Board is as follows: all shareholders are paid with RMB 1.00 cash dividend (including tax) and 0 bonus shares (including tax) for each 10 shares on the basis of 1,780,377,511 shares in**

**total, and awarded with 0 shares for each 10 shares with corresponding consideration paid by capital reserve.**

## Content

<b>Section I Important Notes, Content and Definitions.....</b>	<b>2</b>
<b>Definitions.....</b>	<b>5</b>
<b>Section II General Information and Financial Indicators of the Company.....</b>	<b>7</b>
<b>Section III Overview of the Company’ s business.....</b>	<b>12</b>
<b>Section IV Discussion and Analysis of Business Conditions.....</b>	<b>17</b>
<b>Section V Important Events.....</b>	<b>43</b>
<b>Section VI Share Changes and Information of Shareholders.....</b>	<b>75</b>
<b>Section VII Preferred Shares.....</b>	<b>87</b>
<b>Section VIII Convertible Bonds.....</b>	<b>88</b>
<b>Section IX Directors, Supervisors, Senior Management and Employees.....</b>	<b>89</b>
<b>Section IX Directors, Supervisors, Senior Management and Employees.....</b>	<b>103</b>
<b>Section X Governance.....</b>	<b>117</b>
<b>Section XI Corporate Bonds.....</b>	<b>125</b>
<b>Section XII Financial Report.....</b>	<b>126</b>
<b>Section XIII List of Documents Available for Inspection.....</b>	<b>260</b>

## Definitions

Words	Refers to	Definition
Mango Excellent Media, Company, the Company or Listed Company	Refers to	Mango Excellent Media Co., Ltd.
Mango Excellent Media Co., Ltd.	Refers to	The full name of 芒果超媒股份有限公司 in English
MANGO	Refers to	The abbreviated name of 芒果超媒股份有限公司 in English
Happy Sunshine	Refers to	Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd., a wholly-owned company of the Listed Company
Mango Studios	Refers to	Mango Studios Culture Co., Ltd., a wholly-owned company of the Listed Company,
Mango Entertainment	Refers to	Hunan Mango Entertainment Co., Ltd., a wholly-owned company of the Listed Company,
EE-Media	Refers to	Shanghai EE-Media Co., Ltd., a wholly-owned company of the Listed Company,
Mangofun	Refers to	Shanghai Mangofun Technology Co., Ltd., a wholly-owned company of the Listed Company,
Happigo	Refers to	Happigo Co. Ltd., a wholly-owned company of the Listed Company,
Happy Money	Refers to	Hunan Happy Money Microfinance Co., Ltd., a wholly-owned company of the Listed Company,
Mango TV	Refers to	A internet video platform subordinated to the Listed Company and operated by Happy Sunshine
Mango CE Pay	Refers to	A supply-chain financial credit product of Happy Money focused on cultural and entertainment field
Mango Wallet	Refers to	A product of Mango TV based on financial app scenarios
Mangoli	Refers to	The Internet financial system platform researched and developed by Happy Money independently
China Mobile	Refers to	China Mobile Communications Group Co., Ltd.
CM Capital	Refers to	China Mobile Capital Holding Co., Ltd.
IPTV	Refers to	Internet Protocol Television, a technology integrated with internet, multimedia, communication and other technologies through broadband network to provide family users a variety of interactive services including digital television.
OTT	Refers to	Over The Top, which provides a variety of video and data services to users via the Internet

IP	Refers to	Intellectual property, the property rights of an obligee to the results of his or her intellectual work
APP	Refers to	Application
PAD	Refers to	Portable Device
PC	Refers to	Personal computer
TV	Refers to	Television
AR	Refers to	Augmented Reality
VR	Refers to	Virtual Reality
5G	Refers to	5G Network
KOL	Refers to	Key Opinion Leader
PGC	Refers to	Professional Generated Content
UGC	Refers to	User Generated Content

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

### I. Company Profile

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

### II. Contact and Contact information

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

### III. Information disclosure and the locations

Designated newspapers for information disclosure	<i>China Securities Journal, Securities Times, Securities Daily and Shanghai Securities News</i>
Website designated by CSRC for the publication of	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

the Company's annual report	
The Company's annual report is available at	Golden Eagle TV Culture City, Changsha City, Hunan Province

## VI. Other relevant information

The certified public accountants engaged by the Company

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

Sponsor performing continuous supervision duties in the reporting period

☐ Applicable ☒ N/A

Financial advisor performing continuous supervision duties in the reporting period

☒ Applicable ☐ N/A

Financial advisor	Office Address	Person in charge	Supervision Period
China International Capital Corporation Limited	27/F & 28/F, Tower 2, China China Beijing World Towers, No.1 Jianguomen Outer Street, Chaoyang District, Beijing	YAO Xudong, QI Fei	From June 21, 2018- December 31, 2019
Fortune Securities Co., Ltd.	26/F, Shuntian International Wealth Center, No. 80, Sec. 2, Furong Middle Road, Changsha City, Hunan Province	XU Xinggang, CHEN Yixin	From June 21, 2018- December 31, 2019

## V. Major accounting data and financial indicators

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

☒ Yes ☐ No

Reasons for retrospective adjustment or restatement

Business combination involving enterprises under common control

	2019	2018		Year-on-year increase or decrease	2017	
		Before adjustment	After adjustment		Before adjustment	After adjustment
Operating income (in RMB)	12,500,664,232.05	9,660,661,413.72	9,660,661,413.72	29.40%	2,983,760,658.38	8,271,005,101.01
Net profit attributable to shareholders of the listed company (in RMB)	1,156,285,253.73	865,568,532.45	865,568,532.45	33.59%	72,537,442.51	715,151,479.15
Net profit attributable to shareholders of the listed company net of	1,093,036,165.68	287,569,612.17	287,569,612.17	280.09%	46,470,285.49	46,470,285.49



non-recurring profit or loss (in RMB)						
Net cash flows from operating activities (in RMB)	292,866,711.18	-376,920,617.58	-376,920,617.58		-60,071,336.96	164,840,432.20
Basic earnings per share (RMB/share)	0.66	0.92	0.54	22.22%	0.18	0.46
Diluted earnings per share (RMB/share)	0.66	0.92	0.54	22.22%	0.18	0.46
Weighted average return on equity	15.68%	17.43%	17.43%	-1.75%	4.41%	18.33%
	At the closing of 2019	At the closing of 2018		Year-on-year increase or decrease	At the closing of 2017	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Total assets (in RMB)	17,078,206,149.68	12,111,376,784.55	12,111,376,784.55	41.01%	2,274,279,673.54	9,576,955,616.29
Net asset attributable to shareholders of the listed company (in RMB)	8,783,859,219.07	5,639,373,295.72	5,639,373,295.72	55.76%	1,678,939,962.70	4,303,978,196.10

## VI. Major financial indicators by quarters

In RMB

	Q1	Q2	Q3	Q4
Operating income	2,485,083,035.67	3,018,912,973.85	2,727,837,556.55	4,268,830,665.98
Net profit attributable to shareholders of the listed company	417,932,928.86	385,670,696.84	170,978,239.92	181,703,388.11
Net profit attributable to shareholders of the listed company net of non-recurring profit or loss	411,985,228.15	376,202,278.78	167,229,152.36	137,619,506.39
Net cash flows from operating activities	-494,359,632.28	145,477,528.30	-59,045,477.56	700,794,292.72

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

☐ Yes ☒ No

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

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

☐ Applicable ☒ N/A

There is no difference between net profit and net assets disclosed in the financial report under Chinese Accounting Standards and International Accounting Standards as of the Company's reporting period.

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

☐ Applicable ☒ N/A

There is no difference between net profit and net assets disclosed in the financial report under Chinese Accounting Standards and Oversea Accounting Standards as of the Company's reporting period.

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

☒ Applicable ☐ N/A

In RMB

Items	2019 Amount	2018 Amount	2017 Amount	Note
Profit or loss from disposal of non-current assets (including the offset part of the retained asset impairment provisions)	-253,138.65	-592,600.43	-337,799.90	
Governmental subsidies included in the current profit or loss (except for those closely related with the normal operation of the Company and gained at a fixed amount or quantity according to certain standards based on State policies)	57,599,556.19	30,084,939.12	10,378,372.52	
Profit or loss from entrusting others with investment or asset management	7,344,704.18	29,283,549.28	15,945,590.99	
Enterprises' reorganization fees, such as staffing expenses and integration fees		-6,109,972.47		
Current net profit or loss of the subsidiaries established by merger of enterprises under common control from the opening of the accounting period to the merger day		633,706,593.00	741,738,950.64	
Reversal of impairment provisions of accounts receivable and contract assets that have undergone impairment test separately	1,800,000.00			
Other non-operating income and expenses besides the above items	-111,786.45	-31,529,319.92	1,041,594.95	
Less: impact on income tax	2,138,585.88	2,610,651.01		
Impact on minority equity (after tax)	991,661.34	74,233,617.29	100,085,515.54	
Total	63,249,088.05	577,998,920.28	668,681,193.66	--

Explanation:

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

non-recurring profit or loss pursuant to the *Information Disclosure and Explanation Announcement No. 1 for Companies with Publicly Offered Securities- Non-recurring Profit or Loss*.

☐ Applicable    ☒ N/A

The Company has no cases described above during the reporting period.

## Section III Overview of the Company's business

### I. Company's Main Business within the Reporting Period

#### (I) About Main Business

During the reporting period, the Company operates its main business through the New Media Platform Operation, the New Media Interactive Entertainment Content Production, the Media Retail and other segments. As a state-owned new type mainstream media, the Company sustains the self-produced content and gives full play to the strengths of industrial synergy by leveraging its distinctive green media convergence. Also, it pursues coordinated development of upstream and downstream businesses. With these efforts, it ultimately develops an entire media industry chain around the internet video platform operation, covering membership system of internet video, advertising, IPTV operation, movie and TV drama and variety show production, artists agency, music copyright operation, game and IP content interactive operation, media retail and internet finance.



#### 1. New Media Platform Operation

This segment attracts more members by rationally arranging the high-quality content and creating the membership system at Mango TV internet video platform. The increase in members and the advertising reinforce each other. Meanwhile, it attains the goal of integrated development of internet video and operator business segments by providing content and relevant value-added service at IPTV channel.

(1) Internet video business. The Company can precisely conduct the target customers positioning and establishes its brand influence. It focuses on exclusively broadcasting, carefully selecting and producing by itself boutique movie and TV dramas, and featuring “youth” the main theme. By doing so, it provides the global customers with content-on-demand services through Mango TV internet video platform and sees the value realization of advertising, membership and other value-added business.

(2) Comprehensive operator business. During the reporting period, the Company integrates the operator network center and intelligent hardware center and creates a smart large-screen center. To be specific, it offers the comprehensive content service and value-added application services to the operator platforms and the customized content services to end customers, and shares with operators the payment from users in terms of the above basic and value-added services.

#### 2. New Media Interactive Entertainment Content Production

(1) Content production and operation. The Company produces the quality content geared towards the needs of the target customers in a sustainable way by virtue of its distinctive content ecosystem. On one hand, it attracts audience to pay for content through broadcasting the quality content at the internet video platform, while the advertising related to the content also generates

indirect revenue. On the other hand, it completes the closed business loop from investment in and production of movie and TV dramas and variety shows to the sale of copyright as a final link.

(2) Artists agency. The Company has established its mature echelon composed of stars with different levels and diverse types. It arranges activities suitable for stars in order to maximize their value. For example, the Company enables stars in different fields (such as music, movie and TV) to participate in the corresponding activities, including movie, TV and variety shows, commercial performances, brand concerts, brand endorsements, derivative product authorization and internet platform cooperative marketing.

(3) Music copyright. The Company's music IP resources are abundant through long-term accumulation of artists agency and are being updated continuously, so it conducts the authorization business of online music platform, movie/TV program music dubbing, and so on around the digital music.

(4) Game and IP content interactive marketing. The Company develops and releases the customized games to generate revenue by making use of Mango TV platform and its own IP resources. In addition, it provides technology and operation support and integrated marketing services for interactive TV content. Through the derived license of Mango series IP and the cooperation of IP offline entertainment projects, it also provide e-sports channels with value-added services and others for value realization.

### 3. Media Retail Business

The Company gives its priority to Mango media creativity and content production and publishes the quality goods information precisely to the target groups through “multi-screen and multi-terminal” layout. Moreover, it burrows deep into big data, long-tail membership operation, internet celebrity MCN media e-commerce and other integrated marketing methods to stimulate the consumption demand of core audience with high value and realize the commercialization of content flow. In terms of TV shopping, it optimizes cable TV coverage, expands IPTV and OTT channels and improves comprehensive operation ability; in the media e-commerce sphere, it not only cooperates with famous artists but also discovers and cultivates internet celebrities to display the goods in the best scenarios and therefore drive sales of goods.

### 4. Other Businesses

The Company pursues the cooperation with TV and smart hardware manufactures by taking advantage of internet TV license, successfully enters OTT and other smart hardware innovation R&D and design production fields and cashes the value. Also, it relies on its diversified consumption scenes, membership database resources and license advantages to proactively expand internet consumer finance and supply chain finance business.

#### (I) About Industry

##### 1. Internet video members exceeding 100 million and self-produced content becoming a competitive key

The number of internet video members has exceeded 100 million and the total paid users keep increasing across this industry. As the most efficient channel for value realization between the content and the customers, the internet video platform experiences its continuous enhancement of commercial value as the users grow steadily. The subsequent increase of valid members at the internet video platforms will further depend on the different content produced by the platforms. Only by prioritizing self-produced content, continuously refining needs of users, improving user experience and optimizing the content and platform operation model, can internet video platforms continue to expand the users, successfully retain them and cash the value.

##### 2. Content industry integration speeding up and convergence platforms among the entire industry chain winning superiority

Affected by economic fluctuations and stricter regulatory procedures, the platforms having the superior content will win out, or else they will get knocked out. Meanwhile, the integration restructuring is speeding up. If a company has a good team mechanism, excellent content selection and competent policy research and judgement ability, it will obtain the lion's share of the market. In particular, a comprehensive new media platform integrating the content creativity, production, distribution and operation will have more prominent advantages in the coordinated and sustainable development.

##### 3. Short video growth rate moderating and long-short video integration growth becoming a main trend

Short video has shifted from early explosive expansion gradually to the steady growth. Both user size and penetration rate get saturated. The pattern of industry magnates is being formed and the vertical, subdivided and professional content is at the core of the

flow. By using the short video and live broadcasting to sustain the development of MCN internet celebrity economy, the entertainment communication value and marketing capabilities will win the recognition of the market. Meanwhile, short video platforms start to engage in the micro variety, short play, movie and other professional fields; on the other hand, the long video platforms continue to explore the diversification of short video business. In a word, the long-short video integrated development will become an important trend.

4. 5G network in place improving the speed, and ultra-high-definition video and smart big screen embracing for new development opportunities

5G network has been put in place, featuring high-speed internet access, large bandwidth, low latency and other technical features. For this reason, we should make use of the ultra-high-definition video and smart large screen. Due to the constant promotion by operators and other 5G commercial relevant parties, the ultra-high-definition video will become an important 5G application scenario and business driving engine. The smart large-screen terminal with its own 5G module breaks through the content distribution model, and its commercial value further enhances. With the complete and green content and license assets, one will successfully seize the opportunities of ultra-high-definition video and smart large-screen development in the era of 5G.

5. Digital economy keeping buoyant and afloat and a new technology and application being an important driving engine

In the era of digital economy, the new technologies are emerging constantly, such as 5G, artificial intelligence, big data, cloud computing and the Internet of Things. Their integrated innovation and convergence application drive the continuous improvement of a new digital supply chain. As a new generation of information technology has been put in place, the social management and economic industry structure is undergoing profound changes. Currently, the core forces boosting the growth mainly cover online administration, education, medical care, entertainment and office, economy sharing, platform economy and other new applications.

## II. Significant changes on major assets

### 1. Significant changes on major assets

Major assets	Explanation on significant changes
Fixed assets	The fixed assets at the closing of the period decreased by RMB 26,400,900.00 compared to the opening of the period, which is mainly caused by the accrual of depreciation.
Intangible assets	The intangible assets at the closing of the period increased by RMB 1,994,758,300.00 compared to the opening of the period, which is mainly caused by the rise in the reserves of purchased copyright resources.
Prepayments	The prepayments at the closing of the period decreased by RMB 882,359,100.00 compared to the opening of the period, which is mainly caused by the transfer-out after the completion of prepaid copyright projects.
Cash and bank balances	The cash and bank balances at the closing of the period increased by RMB 2,537,815,000.00 compared to the opening of the period, which is mainly caused by the rise in the raised matching funds for the current period.
Accounts receivable	The accounts receivable at the closing of the period increased by RMB 1,656,133,600.00 compared to the opening of the period, which is mainly caused by fast increase of income in operation of new media platform and production and release of content for the current period.

### 2. Major overseas assets

☐ Applicable    ☒ N/A

### III. Analysis of Core Competitiveness

#### 1. Competitive advantages of convergence media taking “Mango Mode” as the core

As the typical example of converged media development in China, the Company's new media platform Mango TV has experienced difference stages of development, from exclusive broadcasting, to unique contents, and to independent original production, and finally forms the “Mango Mode” characterized by media convergence which has great advantages in content innovation, brand building, mechanism innovation, and platform operation, etc. The “Mango Mode” characterized by media convergence, on the one hand, can continuously expand the position of the public opinions on the mainstream media; on the other hand, can lay a solid foundation for the Company to create a new media group with strong communication capacity, guidance and influence in the background of the Company's further exploration in innovative development of linking businesses of new and old media under the current media industry pattern.

#### 2. Advantages of systematic content production featured by self-made programs

With distinctive media attributes and content genes, the Company is keen to capture social ideological trends, public sentiment and content innovation trends, and can deeply control the value of the IP. Mango TV owns sixteen teams of self-made variety shows. It plays the leading role in creating the system of self-made variety shows with the most competitiveness and the biggest market value within the whole industry and it is the biggest leading production organization of variety shows. Happy Sunshine, Mango Studios and Mango Entertainment all have the TV drama production permit (Type A) and they are heavyweight producers of movies and TV dramas on the market. The Company has established and continues to improve a whole process system composed of program research and development, content evaluation, creativity production and procurement and distribution, which constructs the unique content moat with “Mango” features.

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

The innovation spirit of the Company and Hunan Broadcasting System come down in one continuous line. The Company always insists the innovative idea of “Innovation or Death”. Based on the open and innovative incentive mechanism and unique hematopoietic system, the Company continuously perfects the talent reserve system and echelon construction system, encourages bold innovation, supports “Youth CEO Club”, “Qingmang Plan” and other youth training plans by setting up special funds and establishes the compound and sustainable “Mango Talent Pool” with high growth. The Company makes great efforts to carry out the studio system to fully offer to content production teams diversified incentive measures from many aspects such as resource allocation, program research and development, and process control as to keep the relative independence of the studios, and minimize the risk in content innovation for continuously releasing the vitality of these teams and activating the sources of innovation.

#### 4. Advantages of full industry chain ecosystem taking synergistic effect as the link

Centering on the whole industrial chain of media internet from upstream and downstream, the Company continues to create the closed ecological cycle of new media: the upstream mainly includes the artist management and video production business; the middle stream includes multi-channel content operation and distribution through the internet video platform depending on strong self-production ability of contents and good content products; the downstream includes multi-channel cashing of IP contents and derivatives online and offline centered on the classified adaptation and development of IP contents in Mango series. Strong coordinative and complementary relations existing among each link of the industrial chain formed the advantages of coexisting and unique Mango full industrial chain ecosystem under the media convergence. ;

#### 5. Advantages of differential positioning featured by “Youth, City and Females”

The Company, relying on a unique content strategy, consolidate the positioning of platform users featured by “Youth, City and Female” to ensure all aspects including clear user group, accurate content products, and targeted advertisers are closely linked with and highly consistent with each other. In overall, the users of Mango TV have distinctive characteristics of “Vitality, Fashion and Quality”, with female proportion higher than the industrial level. The clear user profile and platform positioning not only strengthen the Company's ability to cash the compound value of IP contents in multiple channels under multiple methods, but also enlarge the Company's unique advantage in the construction of fan-based member operating system.

#### 6. Advantages in the whole process control of content production

In respect of the whole process control of content production, the Company formed a risk control mechanism for pre-communication, a quality control mechanism for multi-department and multi-team evaluation, and a business control mechanism taking marketing development in prior. The whole process control starts from the idea of an program, and comes in play in every component of the whole business chain, including production, distribution, scheduling and broadcasting. The control over the whole process of content production, can give more advantageous premium to product placement at the same time of effectively decreasing the risk of content production, which will established a solid foundation for the Company to develop a diversified advertising business.

#### 7. The advantage of full-screen coverage of large and small screens supported by multiple license plates

Mango TV is an actual operator of IPTV and OTT licenses of Hunan Broadcasting System and also the only market competitor in the internet video industry that has two operator licenses. Mango TV, by relying on its license advantage, has become the first video media in this industry realizing the full terminal coverage of “large and small screens” in a real sense. Within the reporting period, Mango TV has established a smart big screen center for further strengthened deep linkage and coordinated operation of “big screen” and “small screen”, which will bring to users a better and more convenient product experience, and further expand the coverage of people and influence.

#### 8. Advantages of virtuous business mode taking sustainable profitability as the basis

Mango TV, the internet video platform subordinated to the Company, has taken the leading in realizing and continuously keeping the profitability within interne video industry and established a unique industry-leading virtuous business model by relying on strong content self-production ability, differentiated user positioning, refined member operation system and universe advertising system.



## Section IV Discussion and Analysis of Business Conditions

### I. Overview

Within the reporting period, the Company has realized the operating income of RMB 12.5006642 billion Yuan, a year-on-year growth of 29.40%, and it has realized a net profit of RMB 1.1562853 billion Yuan belonging to the shareholders of the Listing Company, a year-on-year growth of 33.59%. At the end of the reporting period, the total assets reached RMB 17.0782061 billion Yuan, wherein a net asset of RMB 8.7838592 billion Yuan belonging to the shareholders of the Listing Company. Within the reporting period, Happy Sunshine - the main platform of the Company has realized the operating income of RMB 8.109 billion Yuan, a year-on-year growth of 44.63%, and net profit of RMB 969 million Yuan, a year-on-year growth of 36.45%. The Company was awarded as “Eleventh Top 30 National Cultural Enterprises”; Mango TV rose to the 20<sup>th</sup> in “2019 Chinese Top 100 Internet Enterprises”, it was the sole state-holding enterprise among top 20 and meanwhile it ranked the first among Hunan provincial internet enterprises for five consecutive years; Happy Sunshine and Mango Studios were selected into “2019-2020 National Key Cultural Export Enterprises”; the self-built global cultural export platform of Mango TV was selected into “2019-2020 National Key Cultural Export Projects”.

The year 2019 was the first complete accounting year after major assets restructuring of the Company. Facing the new trend of microeconomy, new requirements of the industrial policies and new changes in the industrial competition, the Company always insists on the missions and responsibilities of the state-owned new type mainstream media group in media convergence and development to continuously promote the innovation upgrade of the internet video business and the coordinated development of the upstream and downstream business of the whole industrial chain and realize the sustainable and steady increase in the performance of the Company. Meanwhile, the Company proactively arranges the new business and new technologies and lays a good foundation for its development in the future.

#### 1. New media convergence grows increasingly and missions and responsibilities of mainstream media are of increasing

At the end of the reporting period, the number of paying members of Mango TV has reached 18.37 million and the loyalty of the users is also promoted significantly. The new media platform has stronger competitiveness. On this basis, as a state-owned new type mainstream media group, the Company always insists on the principle of fairness and innovation, and actively integrates, implements and responds to national themes, continuously innovates the program communication voice, creates diverse perspectives, increases the youth's sense of resonance to the theme works, and makes the voice of the mainstream media clearer, with more powerful influence and increasing significance in missions and responsibilities.

The output of the innovative theme contents of the Company in 2019: First, continue to deepen the construction of the platform “Learning Time · First Page First Screen First Article” of Mango TV, closely center on Xi Jinping's thoughts on socialism with Chinese characteristics and important current political activities in the new era and create online special column of learning videos. Second, release “Mango News” during the two sessions through the new media platform of Mango TV and combining the traditional media and innovatively create the new form of convergence media for news propaganda. Third, plan the special topic of “Our 70 Years” and release a series of the theme competitive programs which are deeply favored by the youth and praised by the public. *My Youth Is on the Silk Road (season 3)*, *the Ever-Changing World – I Love You China (season 3)*, *Live Up to Youth*, *Live Up to Village (season 2)* and other series of theme programs were listed into the first batch of the *List of Excellent Original Programs to Celebrate the 70th Anniversary of the Founding of New China*.

#### 2. The supply of excellent contents is upgraded and the strong resultant force driving the platform is formed

The producers of the self-made contents of the Company are more than 1,500. Establish unique hematopoietic system and open and innovative incentive mechanism as well as special content evaluation system to promote external strategic cooperation and other

measures to create the innovative and leading industrialized content production system. In 2019, the Company continues to consolidate the core competitiveness of the self-made variety shows, actively expands the ecological advantages of the whole industrial chain in movie and teleplay content production, adds excellent content supply through self-production, linked production and copyright introduction and forms the strong resultant force of the content driven platform.

In respect of the production of variety shows, Happy Sunshine possesses 16 production teams of variety shows and launches 33 self-made variety shows throughout the year and forms the self-made variety show situation with Mango features taking “Kinship Variety Shows” as the core and coordinated with featured vertical variety shows: It includes the observation type slow variety shows *Wife’s Romantic Travels* and *Daughters’ Loves*, real scene experience show *Escape From the Secrete Chamber*, weight loss life observation reality show *Oops! Good Figure*, pregnancy life reality show *New Life Diary* as well as the new type outdoor trip variety shows *My Dearest Ladies*, *Growing Up All the Way*, *Master in the House*, *The Small Pursuit* etc. Meanwhile, it releases the interaction mini play *The Number One Suspect* derived from the core IP *Big Star Detective* and it adopts the integrated and embedded long video and short video to add the stereo perception in the form and the diversity in the contents of the program and start the brand new dimension for the innovation of the variety shows.



In respect of TV play production and investment, Happy Sunshine vigorously carries out the strategy of external strategic cooperation on the basis of the self-built studios and realizes the new mode upgrading from the copyright procurement to IP whole industrial chain cooperation. Within the reporting year, it has 15 studios, including self-owned studios and external film and TV studios, and its quantity and quality of excellent film and television plays are both improved. In 2019, Mango TV released over 30 self-made plays, wherein *Hello*, *Opposite Debater*, *Accompany You to the Top of the World*, *Fighting, Boys!*, *My Poseidon*, *Hai Tang's Rouge Shines Through In the Rain*, *Well-Intended Love* and *One Night Bride* performed remarkably. *The Thrill*, *The Frist Love*, *The Little Thing*, *You are My Answer*, *Top Speed Rescue*, *The Emergence of First Love*, etc. released by Mango Entertainment had obtained good reputation and audience rating. *The Family of the City* released by EE-Media acquired the “Five Top Project” award of the fifteenth spiritual civilization construction of the Publicity Department of the Communist Party of China and multiple domestic and overseas big prizes and it had a profound social effect. *Investiture of the Gods* and *Youth Legend in the Song Dynasty* released by Mango Studios were broadcasted in the first round in Hunan Satellite TV, and then ranked the first in the rating for the same time period comprehensively in the whole network and GSM city network; *I’m Waiting for You in Beijing* and *Airborne Edge* were listed into the “List of Recommended Reference Plays to Celebrate the 70th Anniversary of the Founding of New China”.



### 3. Internet video business grows rapidly and business contribution degree of members improves

Within the reporting period, the Company innovates and upgrades the operation of membership and advertising business through forming the strong resultant force of content driven platform on the basis of the precise positioning of the users on the platform, forms the benign interactions and promotes the rapid growth of the internet video business. In 2019, the internet video business has realized an operating income of RMB 5.044 billion Yuan, a year-on-year growth of 56.46%; wherein the income from advertising is RMB 3.35 billion Yuan, a year-on-year growth of 39%; the income from members is RMB 1.69 billion Yuan, a year-on-year growth of 102%. The growth speed in the income from members is the fastest and its contribution degree is improved.

(1) Membership business. Within the reporting period, the Company supplies common platform users with excellent and accurate contents and accelerates them to migrate and transform into paying member users; continues to consolidate the membership benefits system of “1+9” offline and promotes the loyalty and value contribution of current members; realizes online and offline overall three-dimensional smoothness through “Youth mango Festival”, “Open Day for Members” and other brand activities and absorbs new members to join; reinforces the cooperation with different industries and expands the increase channels of the members. At the end of 2019, the number of paying members reached 18.37 million, a year-on-year growth of 70.88%.



(2) Advertising business. Within the reporting period, the Company’s income from advertising has realized the growth against the trend. This is mainly attributed to its rise in the scale of supplies of excellent and accurate contents and the rapid growth in the number of the members and it forms benign interactions with the development of the advertising business. Meanwhile, construct the universe advertising marketing system and offer personalized and customized comprehensive marketing plan integrating the brand with effect through IP+KOL influencer marketing for advertising customers; organically combine the demands of the advertising customers and the full procedures of the program production, deeply integrate the advertising contents with IP and video scenarios and apply the big data analysis to realize accurate advertisement placement and promote the effect transformation of the advertising. In 2019, the number of the advertising brands placed by the Company reached 489, a year-on-year growth of 50.93%. The



cooperation amount from top 5 advertising customers reached RMB 0.69 billion Yuan.

#### 4. The operator business keeps steady growth and starts the key arrangement of intelligent big screen

Within the reporting period, the operator business of the Company has realized an operating income of RMB 1.275 billion Yuan, a year-on-year growth of 33.31%. The Company integrates the operator network center and intelligent hardware center of Happy Sunshine, newly establishes the intelligent big screen center and enables the key layout of multi-screen interactions taking the intelligent big screen as the core and promotes the internet video business to extend toward the content consumption field of multiple family scenarios. Increase the market development efforts, and promote the experiences of Hunan IPTV accumulated in experience, content, technology and other aspects on three platforms - Mobile, Unicom and Telecom to the nationwide market. As of the end of the reporting period, IPTV business covers 31 provincial level administrative regions such as Guangdong, Fujian and Zhejiang and covers 0.148 billion users. Meanwhile, give play to the advantages of content cooperation in education, e-sports and other vertical fields, reinforce the ecological linkage in content innovation and realize win-win development with the operator partners.

#### 5. Take efforts at upstream and downstream multiple points over full industrial chain and preliminarily display the ecological

Within the reporting period, the Company relies on the internet video platform of Mango TV, gives play to its ecological advantages of the layout of whole industrial chain, takes efforts at multiple points in many fields such as artist agency, music copyright, game publication, interaction play, IP derivative development, media retail and internet finance and preliminarily displays the ecological synergistic effect on the whole industrial chain.

The artist agency has a high synergy with the production of variety shows, movies and teleplays in the business of the Company. Within the reporting period, the Company relies on the internet video platform of Mango TV, innovates the market-oriented business synergy mechanism, focuses on creating super IP for the artists and promotes the brand value of the artists. In addition to original movies and teleplays, variety shows, music and advertising, expand the cooperation with the operators and e-commerce platforms and help the artists realize multi-channel income generation. As of the end of the reporting period, the Company has 96 signed artists: Hua Chenyu, Ou Hao, Zhang Xincheng, Yu Menglong, Jiang Chao, Dany Lee, Bai Jugang, Wei Xun etc. under EE-Media; Tong Mengshi, Lv Xiaoyu, Xing Fei, Ji Sijun etc. under Mango Entertainment; Xu Xiaonuo, Luo Yutong, Dai Yunfan, Zhao Zhaoyi, Wanyan Luorong etc. under Happy Sunshine; Zheng Wei, Liu Yuhan etc. under Mango Studios; it forms the artist structure with rich levels of leading artists + middle artists + new artists.



Music copyright business. The Company establishes the complete copyright system covering recorded music, movie and television music and variety shows music and increases the investment to develop the business of production of excellent movies and teleplay songs and records through establishing good cooperation relations with famous musicians, music production teams and movie and teleplay production companies within the industry. In 2019, the Company newly added 106 songs and the accumulative quantity of the online songs in music libraries is 1,321. In addition, the Company has realized strategic cooperation with various

music platforms and achieved the sustainable benign development in the value of the music copyright.

Game publication, interaction entertainment and IP derivative development. Within the reporting period, the Company relies on the platform of Mango TV and its own IP resources to strengthen the customized game development conforming to its own features and releases *Yesterday Once More* (interactive game), *Audition* and other games; relies on its operator channel to create the Golden Eagle e-sports channel and establish the brand of e-sports competition through organizing IEF2019 Hunan · Malanshan international E-Culture Festival; explores the new field of real scene entertainment products and realizes the implementation of IP derivative development business; develops multiple interactive marketing products and services multiple brand customers.

The media retail implements the innovative transformation towards the media e-commerce. Media e-commerce business: Expand IPTV +OTT multi-channel marketing, explore the business realization of the intelligent big screen and enter Hunan Province and other 16 provinces (including municipalities directly under the Central Government) and cover 0.109 billion users; innovate the live broadcast of star e-commerce and become the leading star e-commerce organization for Taobao; produce perfect product, offer full solutions for the supply chain and develop 3,500 new products throughout the year. The TV shopping is based on core members with innovative operation and basically stable business. Within the reporting period, the media retail business has achieved initial success with innovation and upgrading and its operation has turned losses into gains.

Internet finance. Within the reporting period, on the basis of the platform of self-researched internet system, the Company continuously consolidates the risk control ability, closely focuses on the ecology of Mango to develop its own business, develops the change management product “Mango Wallet” and customizes and develops “Mango CE Pay” for the cooperated suppliers of IPTV and Hapigo upstream and downstream suppliers.

#### 6. Prospectively apply new technologies and the system of new business + new marketing + new operation steadily upgrades

Insist on promoting the product R&D and innovation with technologies and accelerating the operation upgrading of the platform with product iteration. Within the reporting period, the Company has established the joint laboratory with Shanghai Tech University to conduct the research cooperation focusing on intelligent image vision, light field technology, AR/VR, 5G hologram etc. Meanwhile, the Company makes in-depth researches into the application of intelligent algorithm, AI application and big data analysis in the aspect of improving the operation efficiency of the platform and has achieved evident effect in reducing the information reach cost of the users, improving the accuracy rate of the content delivery and the user watching length of the users and other aspects.

Within the reporting period, Mango TV implements the “Damang Plan” to create the new marketing mode with excellent KOLs, comprehensively upgrade the marketing system of the platform and satisfy the one-stop demands of the advertising customers. Meanwhile, “Damang Plan” enriches the content matrix of the platform through enabling the “user creation center” and the operation strategy of combining UGC and PGC. Mango Entertainment creates its own short video MCN matrix and forms the self-made mini play type account matrix represented by @Jia Xing Zhi Shi, @Xiao Yang You Dian Meng, @A Mo You Dian Guai etc.

#### 7. Actively “build the ship to go abroad”, international convergence media communication helps Chinese cultures go abroad

The Company spares no effort to create the overseas new media platform of “Self-owned, Independent and Self-Controlled”. As of the end of the reporting period, the international version APP of Mango TV has covered more than 195 countries and regions across the world. Make oriented operation to improve the international influence through setting “Chinese Culture” area and culture channel. Mango TV unceasingly expands its cooperation modes and accelerates overall content output. On the one hand, it has reached the cooperation with Singaporean Sky Vision Media for the joint researches of overseas output mode of *Wife's Romantic Travels* and produced the reality show *Kung Fu Apprentice* with Discovery through cooperation across borders, output excellent contents and enabled the excellence creation cooperation mode. On the other hand, it actively explores the innovation and cooperation channels, strengthens the communication intensity and reaches the strategic cooperation with Middle East Broadcasting Center (MBC) while cooperating with international mainstream internet and other similar platforms to construct special areas.

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

## II. Analysis on principal businesses

### 1. Overview

Refer to “I. Overview” in “Discussion and Analysis of Business Conditions”.

### 2. Revenue and cost

#### (1) Composition of operating income

Overall description of operating income

In RMB

	2019		2018		Year-on-year increase or decrease
	Amount	Proportion to operating income	Amount	Proportion to operating income	
Total operating income	12,500,664,232.05	100%	9,660,661,413.72	100%	29.40%
By industries					
New media platform operation	6,318,231,214.48	50.54%	4,179,715,871.19	43.26%	51.16%
New media interactive entertainment content production	3,902,187,958.57	31.22%	3,248,616,437.82	33.63%	20.12%
Media retail	2,007,314,831.02	16.06%	1,990,048,116.86	20.60%	0.87%
Other principal businesses	56,234,849.86	0.45%	11,432,829.49	0.12%	391.87%
Other business income	216,695,378.12	1.73%	230,848,158.36	2.39%	-6.13%
By products					
New media platform operation	6,318,231,214.48	50.54%	4,179,715,871.19	43.26%	51.16%
New media interactive entertainment content production	3,902,187,958.57	31.22%	3,248,616,437.82	33.63%	20.12%
Media Retail	2,007,314,831.02	16.06%	1,990,048,116.86	20.60%	0.87%
Other principal businesses	56,234,849.86	0.45%	11,432,829.49	0.12%	391.87%
Other business income	216,695,378.12	1.73%	230,848,158.36	2.39%	-6.13%
By regions					
Within Hunan	4,354,887,302.09	34.84%	3,181,754,127.39	32.94%	36.87%

Outside Hunan	8,145,776,929.96	65.16%	6,478,907,286.33	67.06%	25.73%
---------------	------------------	--------	------------------	--------	--------

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

√ Applicable    □ N/A

In RMB

	Operating income	Operating costs	Gross profit margin	Year-on-year increase or decrease of operating income	Year-on-year increase or decrease of operating costs	Year-on-year increase or decrease of gross profit margin
By industries						
New media platform operation	6,318,231,214.48	3,818,414,397.48	39.57%	51.16%	49.32%	0.75%
Including: internet video business	5,043,611,544.30	3,399,238,963.61	32.60%	56.46%	54.62%	0.80%
Operator business	1,274,619,670.18	419,175,433.87	67.11%	33.31%	16.81%	4.64%
New media interactive entertainment content production	3,902,187,958.57	2,856,465,390.47	26.80%	20.12%	46.18%	-13.05%
Media retail	2,007,314,831.02	1,468,987,207.33	26.82%	0.87%	1.10%	-0.17%
Others	272,930,227.98	140,873,954.14	48.38%	12.65%	18.87%	-2.70%
By products						
New media platform operation	6,318,231,214.48	3,818,414,397.48	39.57%	51.16%	49.32%	0.75%
Including: internet video business	5,043,611,544.30	3,399,238,963.61	32.60%	56.46%	54.62%	0.80%
Operator business	1,274,619,670.18	419,175,433.87	67.11%	33.31%	16.81%	4.64%
New media interactive entertainment content production	3,902,187,958.57	2,856,465,390.47	26.80%	20.12%	46.18%	-13.05%
Media retail	2,007,314,831.02	1,468,987,207.33	26.82%	0.87%	1.10%	-0.17%
Others	272,930,227.98	140,873,954.14	48.38%	12.65%	18.87%	-2.70%

By regions						
Within Hunan	4,354,887,302.09	3,088,776,003.99	29.07%	36.87%	39.09%	-1.14%
Outside Hunan	8,145,776,929.96	5,195,964,945.43	36.21%	25.73%	34.54%	-4.18%

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

☐ Applicable ☒ N/A

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

☐ Yes ☒ No

(4) Performance to significant sales contracts concluded by the Company as of the reporting period

☐ Applicable ☒ N/A

(5) Composition of operating costs

By industries

In RMB

By industries	Items	2019		2018		Year-on-year increase or decrease
		Amount	Proportion to operating costs	Amount	Proportion to operating costs	
New media platform operation	Internet video business	3,399,238,963.61	41.03%	2,198,377,500.25	36.14%	54.62%
New media platform operation	Operator business	419,175,433.87	5.06%	358,842,187.09	5.90%	16.81%
New media interactive entertainment content production	Copyright and production costs	2,616,039,876.07	31.58%	1,754,521,521.22	28.84%	49.10%
New media interactive entertainment content production	Employee benefits and others	240,425,514.40	2.90%	199,493,416.88	3.28%	20.52%
Media retail	Media retail	1,468,987,207.33	17.73%	1,453,022,421.90	23.89%	1.10%
Other principal businesses	Other principal businesses	37,320,352.51	0.45%	9,132,634.34	0.15%	308.65%
Other business costs	Other business costs	103,553,601.63	1.25%	109,383,069.69	1.80%	-5.33%

Explanation

(6) If there is any change in the scope of consolidation during the reporting period



☐ Yes ☒ No

Description on significant changes or adjustments on the Company's businesses, products or services

☐ Applicable ☒ N/A

## (8) Major clients and suppliers

Major clients of the Company

Total sales of top 5 clients (in RMB)	4,143,925,949.79
Proportion of total sales of top 5 clients to total annual sales	33.15%
Proportion of sales of the affiliates among top 5 clients to total annual sales	28.50%

Information of top 5 clients of the Company

S.N.	Name of Clients	Sales (in RMB)	Proportion to total annual sales
1	The First	2,309,720,903.56	18.48%
2	The Second	741,360,400.00	5.93%
3	The Third	510,790,103.89	4.09%
4	The Fourth	343,132,075.47	2.74%
5	The Fifth	238,922,466.87	1.91%
Total	--	4,143,925,949.79	33.15%

Other information of major clients of the Company

☒ Applicable ☐ N/A

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

Major suppliers of the Company

Total purchase amount of top 5 suppliers (in RMB)	2,057,648,824.88
Proportion of total purchase amount of top 5 suppliers to total annual purchase amount	24.84%
Proportion of the purchase amount of the affiliates among top 5 suppliers to the total purchase amount	7.55%

Information of top 5 suppliers of the Company

S.N.	Name of suppliers	Purchase amount (in RMB)	Proportion to total annual purchase amount
1	The First	625,526,183.54	7.55%
2	The Second	566,037,735.85	6.83%
3	The Third	387,169,811.15	4.67%

4	The Fourth	245,424,528.30	2.96%
5	The Fifth	233,490,566.04	2.82%
Total	--	2,057,648,824.88	24.84%

Other information of major suppliers of the Company

√ Applicable    □ N/A

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

## 2. Expenses

In RMB

	2019	2018	Year-on-year increase or decrease	Explanation on significant changes
Selling expenses	2,140,684,155.45	1,801,461,805.40	18.83%	Mainly caused by the increase in promotion and advertising agency fees, resulted from increased program releases and advertising revenue, and by the enhancement of marketing and sale team incentives.
Administrative expenses	610,138,439.92	461,222,685.56	32.29%	Mainly caused by the increase in human resources investment and office support costs.
Financial expenses	-36,576,566.73	-24,198,811.58	51.15%	Mainly caused by the increase in interest income.
Research and development expenses	239,299,331.86	220,884,196.32	8.34%	Mainly caused by the increase in the R&D projects and investment in technology procurement.

## 4. Research and development expenditures

√ Applicable    □ N/A

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

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

	2019	2018	2017
Number of R&D personnel (person)	645	645	570
Proportion of number of R&D personnel	15.41%	15.49%	14.82%
R&D investments (in RMB)	280,287,866.02	225,112,126.76	190,054,324.09
Proportion of R&D investments to operating income	2.24%	2.33%	2.30%
Amount of R&D expenditure capitalization (in RMB)	40,988,534.16	4,556,241.12	0.00

Proportion of R&D expenditure capitalization to R&D investments	14.62%	2.02%	0.00%
Proportion of R&D expenditure capitalization to current net profit	3.54%	0.49%	0.00%

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

☐ Applicable ☒ N/A

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

☐ Applicable ☒ N/A

## 5. Cash flow

In RMB

Items	2019	2018	Year-on-year increase or decrease
Sub-total of cash inflows from operating activities	11,017,337,848.86	11,141,024,663.37	-1.11%
Sub-total of cash outflows from operating activities	10,724,471,137.68	11,517,945,280.95	-6.89%
Net cash flow from operating activities	292,866,711.18	-376,920,617.58	
Sub-total of cash inflows from investing activities	922,908,322.83	3,795,929,389.64	-75.69%
Sub-total of cash outflows from investing activities	813,567,045.02	2,722,104,143.65	-70.11%
Net cash flow from investing activities	109,341,277.81	1,073,825,245.99	-89.82%
Sub-total of cash inflows from financing activities	2,380,419,369.03	255,657,600.00	831.10%
Sub-total of cash outflows from financing activities	255,743,249.75	376,215,807.15	-32.02%
Net cash flow from financing activities	2,124,676,119.28	-120,558,207.15	
Net increase in cash and cash equivalents	2,526,488,344.91	576,793,458.26	338.02%

Explanation for main factors of significant differences between data compared on a year-on-year basis

☒ Applicable ☐ N/A

The Company's net cash flow from operating activities reached RMB 292,866,700, down 328.66% comparing with RMB

-376,920,600 in the previous period, mainly due to decreased cash outflows for product purchases.

The subtotal of cash inflows from investment activities decreased by 75.69%, mainly due to the reduction in matured wealth management products.

The subtotal of cash outflows from investment activities decreased by 70.11%, mainly due to declined investments in wealth management products.

The net cash flow from investment activities decreased by 89.82%, mainly due to declined investments in wealth management products in the current period.

The subtotal of cash inflows from financing activities increased by 831.10%, mainly due to the receipt of matching funds in the current period.

The subtotal of cash outflows from financing activities decreased by 32.02%, mainly due to reduced loan repayments.

The Company's cash flow from financing activities reached RMB 2,124,676,100 in the current period and RMB -120,558,200 in the previous period, which was mainly due to the receipt of matching funds in the current period.

The net increase in cash and cash equivalents climbed by 338.02%, mainly due to the receipt of matching funds in the current period.

Explanations for significant differences between the net cash flow from the Company's operating activities of the reporting period and the net profit for the year

☐ Applicable ☒ N/A

### III. Non-principal business

☒ Applicable ☐ N/A

In RMB

	Amount	Proportion to total profits	Reasons	Continual or not
Investment income	6,466,901.43	0.55%	Mainly due to financial management income and long-term equity investment income calculated by equity method.	No
Profit or loss from changes in fair value	-1,370,986.18	-0.12%	Mainly due to changes in investments in film and television plays that the investors have no copyrights	No
Impairment of assets	-51,866,951.63	-4.40%	Mainly due to provision for bad debts and inventory impairment.	No
Non-operating income	25,843,091.28	2.19%	Mainly due to rights protection income .	No
Non-operating expenses	26,039,218.71	2.21%	Mainly due to expenses for donation, rights protection and settlement in economic cases.	No
Income from disposal of assets	-168,797.67	-0.01%	Mainly due to losses from disposal of fixed assets	No

### IV. Assets and liabilities

## 1. Significant changes in asset composition

The Company adopted new standards of financial instruments, revenue and lease for the first time in 2019, with adjustments to the opening balance of relevant items in the financial statements

√ Applicable    □ N/A

In RMB

	At the end of 2019		At the beginning of 2019		Increase or decrease	Explanation for significant changes
	Amount	Proportion to total assets	Amount	Proportion to total assets		
Cash and bank balances	5,064,224,581.46	29.65%	2,526,409,541.40	20.86%	8.79%	Mainly due to the receipt of matching funds in the current period.
Accounts receivable	2,997,010,508.82	17.55%	1,340,876,919.84	11.07%	6.48%	Mainly due to the enlargement of business scope
Inventories	1,916,375,338.89	11.22%	2,214,812,395.09	18.29%	-7.07%	Mainly due to the decrease of movies and TV dramas produced
Long-term equity investments	210,436,179.18	1.23%	215,541,625.97	1.78%	-0.55%	Mainly due to the increasing investment losses certified by equity method.
Fixed assets	180,606,150.34	1.06%	207,007,011.52	1.71%	-0.65%	Mainly due to the increase of depreciation.
Short-time borrowings	349,816,947.83	2.05%	196,321,826.31	1.62%	0.43%	Mainly due to the increase in bank credit loans.

## 2. Assets and liabilities measured at fair value

√ Applicable    □ N/A

In RMB

Items	Opening balance	Current profit or loss from changes in fair value	Accumulated changes in fair value included in the equity	Current impairment accrued	Current purchase amount	Current sales	Other changes	Ending balance
Financial assets								
1. Held for trading financial assets (excluding derivative financial assets)	96,836,483.33	-1,370,986.18			5,531,720.70	94,050,751.25		6,946,466.60
Total	96,836,483.33	-1,370,986.18			5,531,720.70	94,050,751.25		6,946,466.60

Financial liabilities	0.00							0.00
-----------------------	------	--	--	--	--	--	--	------

Other changes

If there is any significant change in the measurement of the Company's major assets in the reporting period

☐ Yes ☒ No**3. Restricted asset rights as of the end of the reporting period**

As of the end of the reporting period, the Company's assets with restricted asset rights amounted to RMB 23,149,100, in which RMB 21,178,100 were frozen due to subrogation recourse of the third parties, and RMB 1,177,300, RMB 791,600, and RMB 2,000 were used as note deposits, automobile loan deposits, and ETC deposit respectively.

**V. Analysis on investment****1. Profile**☒ Applicable ☐ N/A

Investments in the reporting period (in RMB)	Investment of the same period in the previous year	Change %
50,000,000.00	606,400,000.00	-91.75%

**2. Significant equity investments acquired during the reporting period**☒ Applicable ☐ N/A

In RMB

Investee	Principal businesses	Investment method	Investment amount	Proportion of shareholding	Source of funds	Partner	Investment period	Product type	Estimated income	Profit or loss from investment of the current period	If involved in litigation	Disclosure date (if any)	Disclosure index
Hunan Happy Star Light Interactive Entertainment Media Co., Ltd.	Advertising	Establishment	50,000,000.00	100.00 %	Own funds	Nil	Long-term	Equity	0.00	-2,140,012.26	No.		
Total	--	--	50,000,000.00	--	--	--	--	--	0.00	-2,140,012.26	--	--	--

**3. Significant non-equity investments proceeding during the reporting period**☐ Applicable ☒ N/A**4. Financial assets measured at fair value**☐ Applicable ☒ N/A

## 5. Use of financing funds

√ Applicable    □ N/A

### (1) Overall introduction

√ Applicable    □ N/A

In RMB 0'000

Year	Financing modes	Total financing funds	Total financing funds used	Total financing funds accumulatively used	Total financing funds used whose usage is changed within the reporting period	Total financing funds accumulatively used whose usage is changed	Proportion of total financing funds accumulatively used whose usage is changed	Total financing funds not used	Usage and whereabouts of total financing funds not used	Financing funds which have been idle for more than two years
2015	IPO of stocks	56,357	279.16	49,957.32		19,952.19	35.40%	6,399.68	Deposited in the special account for financing funds	0
2019	Non-public offering of stocks	198,232	212.3	212.3				198,019.7	Deposited in the special account for financing funds	0
Total	--	254,589	491.46	50,169.62	0	19,952.19	7.84%	204,419.38	--	0

#### Explanation for general use of financing funds

Upon approval by Zheng Jian Xu Ke [2015] No. 29 Document issued by China Securities Regulatory Commission (the "CSRC"), Happigo publicly issued 70,000,000.00 RMB ordinary shares (China A-shares) at the price of RMB 9.06 per share at the Shenzhen Stock Exchange on January 21, 2015. The stock price totals RMB 634,200,000.00 and after RMB 57,080,000.00 of underwriting, referral and online issue costs were deducted, the Company actually received the aforesaid A-shares financing funds in the amount of RMB 577,120,000.00; and after other issue fees the Company paid were deducted, the Company actually received the net financing funds in the amount of 563,570,000.00. The above financing funds were all received on January 16, 2015 and issued the Capital Verification Report (De Shi Bao (Yan) Zi (15) No. 0018) by Deloitte Touche Tohmatsu Certified Public Accountants LLP. The Company had used RMB 496,781,600.00 of financing funds in previous years (including RMB 491,634,800.00 of original financing funds and RMB 5,146,800 of the interest income permanently used as working capital), and received RMB 11,443,900.00 as the bank deposit interest net of bank handling fees in the previous years; in 2019, the Company actually used the financing funds in the amount of RMB 2,791,600.00. As at December 31, 2019, the Company's balance of special funds in financing items was RMB 76,430,100.00 (including the principal amounting to RMB 69,143,600.00 and the interest amounting to RMB 7,286,500.00). The Company's accumulative financing funds in respect of investment were RMB 499,573,100.00 (including financing funds actually used amounting to RMB 494,426,300.00 and the interest income permanently used as working capital amounting to RMB 5,146,800.00).

With the *Official Reply on Approval of Purchase of Assets and Raising of Matching funds Through Issuing Shares by Happigo Inc. to Mango Media Co., Ltd. and Other Companies* (Zheng Jian Xu Ke [2018] No. 999) issued by the CSRC, the Company issued

57,257,371 shares at the price of RMB 34.39 per share through non-public offering, and raised the matching funds totaling RMB 1,999,999,969.03, and after the RMB 17,299,299.41 as the costs for underwriting, attorney and capital verification was deducted, the Company actually received the net financing funds in the amount of RMB 1,982,700,669.62. The aforesaid financing funds were all received on May 21, 2019, and issued the Capital Verification Report (Tian Jian Yan [2019] No. 2-16) by Pan-China Certified Public Accountants. In 2019, the Company actually used RMB 2,123,000.00 of financing funds and received the 17,704,800.00 of bank deposit interest net of bank handling fee; as of December 31, 2019, the balance in the Company's special account for financing funds was RMB 1,997,901,800.00 (including RMB 1,980,197,000.00 as the principal and RMB 17,704,800.00 as the interest).

## (2) Committed items of financing funds

√ Applicable    □ N/A

In RMB 0'000

Committed investment items and investment direction of excess financing funds	Change items or not (incl. partial change)	Total commitments of financing funds	Total after-adjusted investments (1)	Investments within the reporting period	Accumulative investments as of the end of the period (2)	Investment progress as of the end of the period (3) = (2)/(1)	Date when the items reach the expected availability	Revenues achieved within the reporting period	Revenues accumulatively achieved as of the end of the period	Achieve expected revenues or not	Significantly change item feasibility or not
Committed investment items											
1. Happigo e-commerce platform construction project	Yes	12,800	3,114.08		3,114.08	100.00%	August 31, 2017			Yes	No
2. Call center expansion project	No	3,700	3,700		3,101.94	100%	December 31, 2019			Yes	No
3. IT system platform upgrade project	No	8,300	8,300		6,725.3	100%	December 31, 2019			Yes	No
4. Happigo HDTV program system project	Yes	9,600	3,763.73		3,763.73	100.00%				Yes	No
5. Smart TV Interactive shopping system construction	No	8,700	4,270		2,864.37	100%	December 31, 2019			Yes	No



system											
6.New media project	No	6,000	6,000	279.16	3,682.14	100%	December 31, 2019			Yes	No
7. Supply chain logistics construction project	No	7,257	7,257		6,238.89	100%	December 31, 2019			Yes	No
8. Mango TV copyright library expansion project	No	148,674	148,674			0.00%				No	No
9. Mango TV cloud storage and multi-screen broadcast platform	No	49,558	49,558	212.3	212.3	0.43%				No	No
Supplementary working capital			19,952.19		20,466.87						
Subtotal of committed investment items	--	254,589	254,589	491.46	50,169.62	--	--	0	0	--	--
Investment direction of excess financing funds											
No.											
Supplementary working capital (if any)	--		1				--	--	--	--	--
Subtotal of investments of excess financing funds	--		19,952.19			--	--	0	0	--	--
Total	--	254,589	254,589	491.46	50,169.62	--	--	0	0	--	--
Failure to	The call center expansion, IT system platform upgrade, smart TV interactive shopping system construction, new media										

reach the expected progress or revenues and reasons therefor	and supply chain logistics construction items are in the construction stage and yields no revenues. On February 28, 2018, the Company held the 9th meeting of the third board of directors to adopt the Proposal on Extension of Investment Items of Financing Funds, and the aforesaid items were postponed until December 31, 2019 to reach the expected usable state.  Mango TV Cloud Storage and Multi-screen Broadcast Platform Construction: this project was planned in 2017 and implemented in 2019 upon receipt of the raised funds. Due to significant changes in technological environment and technological needs during the biennium, the Company made adjustments to the plan for the use of the funds upon receipt of the raised funds, resulting a material difference between the progress of the actual use of the funds in the reporting period and the original disclosed plan for the use of funds. In accordance with the provisions of the <i>Rules Governing the Listing of Shares on the Chinext of the Shenzhen Stock Exchange</i> , the Company made adjustments to the plan for the use of the funds with respect to the cloud storage and multi-screen broadcast platform construction, and extended the use period of the funds to 2021.
Explanation for significant changes to item feasibility	No
Amount, usage and use progress of excess financing funds	N/V
Changes to implementation locations of investment items of financing funds	Applicable  Occurred in the previous years  Among the Company's committed items, the originally planned implementation location of the new media, smart TV interactive shopping system construction and call center expansion items was Qingzhuhu Convention and Exhibition Center, No. 399 Qingzhuhu Road, Kaifu District, Changsha, Hunan. However, according to the actual implementation situation, the Company decided to transfer the new media item to its wholly-owned subsidiary Shanghai Happivision Advertising Communication Co., Ltd. to be in charge of the implementation with the implementation location changed to 25/F, No. 99 Wuning Road, Shanghai; to transfer the smart TV interactive shopping system construction item to its wholly-owned subsidiary Happigo (Beijing) New Media Technology Co., Ltd. to be in charge of implementation with the implementation location changed to Building C15, Dongyi International Media Industrial Park Phase II, No. 8 Gaojing Wenhuyuan Road, Chaoyang District, Beijing; and to change the implementation location of the call center expansion item to Wohucheng, No. 368, 2 <sup>nd</sup> Section of North Wanjiali Road, Changsha, Hunan. The aforementioned events, in the form of a proposal, were approved by the Company's 11th meeting of the second board of directors on May 13, 2015. The Company's independent directors expressly agreed on such proposal, its board of supervisors gave review opinions and its sponsor China International Capital Corporation Limited ("CICC") issued the relevant verification opinions thereon. Relevant details can refer to the announcements published at the ChiNext Market information disclosure website as designated by the CSRC.
Adjustment	N/V

on implementat ion methods of committed items	
Advance investment of committed funds and swap	<p>Applicable</p> <p>In order to ensure the smooth implementation of committed items, the Company invested its self-raised funds in the committed items in advance according to actual demand, and as of March 31, 2015, the Company had beforehand invested its self-funds funds in the amount of RMB 110,388,346.24 in the committed items. The Company decided to swap the financing funds for the self-raised funds above used for committed items. The aforesaid matters were adopted by the 11<sup>th</sup> meeting of the second board of directors of the Company through deliberation. The Company's independent directors issued the independent opinions, its board of supervisors gave review opinions and its sponsor CICC issued the relevant verification opinions on such proposal. The <i>Announcement on the Company's Use of Financing Funds to Swap for Self-raised Funds Beforehand Invested in the Committed Items</i> and the opinions or the specific contents of the reports issued by the independent directors, the board of supervisors and the sponsor refer to the announcements published at the ChiNext Market information disclosure website as designated by the CSRC.</p>
Temporally using idle funds raised as working capital	N/A
Balance of financing funds in the implementat ion of items and the reasons therefor	<p>Applicable</p> <p>1. Call center expansion item: the balance is RMB 5,980,600.00; the reason is that the Company heavily promoted a variety of convenient self-service methods such as IVR self-ordering, WeChat self-ordering, Gouxiao'er online service and website self-ordering, which have diverted the demand for manual services offered by the call center to a certain extent. The Company optimized the technical implementation plan of this item based on its overall strategic planning.</p> <p>2. IT system platform upgrade item: the balance is RMB 15,747,000.00; the main reason is that the actual software and hardware equipment models purchased for this item in the course of implementation were adjusted, and some R&amp;D projects had been to be implemented by external manufacturers according to the original plans and then were finally completed by the personnel of the Company's IT center due to the growth of its IT team.</p> <p>3. Smart TV interactive shopping system construction item: the balance is RMB 14,056,300.00; the main reason is that both the construction content of "Smart Recommendation System" of this item and construction content of "Commercial Smart Project" of the e-commerce platform item are based on the big data application of customers of Happigo Co., Ltd. as the Company's wholly-owned subsidiary, their underlying technology has a large overlap and the server hardware resources can also be shared in part.</p> <p>4. New media item: the balance is RMB 23,178,600.00; the main reason is the savings of costs in terms of cooperation with stars, precise matching, product development and operation and marketing network construction of this item.</p> <p>5. Supply chain logistics construction project: the balance is RMB 10,181,100.00; the main reason is that the Company further strengthened project management and cost control through refined management, optimized each link of investment items and saved the investments under the premise of fully using the resources.</p>
Usage and	The unused financing funds were all deposited in the special account for the financing funds to be used for subsequent

whereabouts of unused financing funds	investment in committed items.
Problems and other matters occurring in the use and disclosure of financing funds.	None

### (3) Changes in committed items

√ Applicable    □ N/A

In RMB 0'000

Changed items	Corresponding original committed items	Total financing funds to be invested in changed items (1)	Actual investments within the reporting period	Actual accumulated investments as of the end of the period (2)	Investment progress as of the end of the period (3)=(2)/(1)	Date when the items reached the expected availability	Revenues achieved with the reporting period	Achieve expected revenues or not	Significantly change feasibility of changed items or not
Happigo e-commerce platform construction	12,800.00	3,114.08		3,114.08		August 31, 2017		Yes	No
Happigo HDTV program production system	9,600.00	3,763.73		3,763.73		August 31, 2017		Yes	No
Permanently supplementary working capital	0	19,952.19		20,466.87				N/V	No
<b>Total</b>	--	26,830	0	27,344.68	--	--	0	--	--
Reasons for changes, decision-making procedures and information disclosure explanation (by items)			According to actual progress of committed items and in view of the Company's growth demand, the Company held the 19 <sup>th</sup> meeting of the second board of directors on April 21, 2016 to adopt the <i>Proposal on Company's Adjustment of Investment Scale of Committed Items</i> , the Company originally planned to invest RMB 1,470,557,600.00 in the committed items, among which, RMB 563,570,000.00 of financing funds was used; after adjustment, the Company planned to invest RMB 666,406,200.00 in the committed items, among which, RMB 519,270,000.00 of financing funds was used. After adjusting the investment scale and using the aforesaid financing funds for Happigo smart TV interactive shopping system construction item, the financing funds had a balance in the amount of RMB 44,300,000.00, which would be adjusted for proper usage (if any) through necessary						

	deliberation procedures. The Company's independent directors and the board of supervisors gave their consent and the Company's sponsor CICC issued the relevant verification opinions on such Proposal. Such Proposal was approved at the 2015 annual general meeting of shareholders dated May 31, 2016. On July 20, 2017, the Company held the 2 <sup>nd</sup> meeting of the third board of directors and the 2 <sup>nd</sup> meeting of the third board of supervisors to adopt the <i>Proposal on Termination of Selected Committed Items</i> and the <i>Proposal on Change of Usage of Selected Funding Funds for Permanently Supplementary Working Capital</i> through deliberation, agreeing that the Company terminates the e-commerce platform construction and HDTV program production system items and intends to use the remaining financing funds of such both items, respectively being RMB 99,998,000.00 and 60,370,700.00 (including RMB 5,146,800.00 as the interest income), as well as the uncommitted financing funds in the amount of RMB 44,300,000.00, totaling 204,668,700.00 as the permanently supplementary working capital. The Company's independent directors and the board of supervisors gave their consent and its sponsor CICC issued the relevant verification opinions on such Proposals and such Proposals were also adopted at the 4 <sup>th</sup> extraordinary general meeting of 2017 dated August 25, 2017.
Failure to reach the expected progress or revenues and reasons therefor	None
Explanation for significant changes to feasibility of changed items	None

## VI. Disposal of major assets and equities

### 1. Disposal of major assets

☐ Applicable    ☒ N/A

No major assets were disposed by the Company as of the reporting period

### 2. Disposal of major equities

☐ Applicable    ☒ N/A

## VII. Analysis on companies which the Company controls or where the Company holds shares

☒ Applicable    ☐ N/A

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

In RMB

Name	Type	Principal business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd.	Subsidiary	Internet video, operator business and content operation	242,470,013.00	11,375,304,359.07	5,811,474,853.06	8,108,820,676.97	970,183,015.40	968,763,630.04
Happigo Co., Ltd.	Subsidiary	Media retail	401,000,000.00	1,042,020,187.25	550,437,755.01	2,189,042,125.67	13,302,863.23	7,771,041.16
Shanghai EE-Media Co.,	Subsidiary	Artists agency, program and movie	90,000,000.00	1,236,159,790.58	613,560,533.09	823,467,374.91	50,050,380.26	36,697,450.64

Ltd.		and TV dramas production and copyright business						
Mango Studios Culture Co., Ltd.	Subsidiary	Movie and TV dramas production	80,000,000.00	1,278,469,266.26	281,526,901.13	963,982,922.27	55,687,434.49	56,596,263.07
Hunan Mango Entertainment Co., Ltd.	Subsidiary	Programs, movie and TV dramas production and artist agency	48,306,424.00	1,845,066,492.97	251,204,639.63	874,632,757.70	65,529,210.91	65,551,293.80
Shanghai Mangofun Technology Co., Ltd.	Subsidiary	Games and interactive marketing	72,968,014.00	296,760,153.14	267,118,673.55	138,935,040.92	54,711,431.26	53,856,685.14
Hunan Happy Money Microfinance Co., Ltd.	Subsidiary	Financing services	300,000,000.00	477,253,898.05	299,949,973.32	39,993,417.24	-195,458.50	-195,158.50

Acquisition and disposal of subsidiaries as of the reporting period

☐ Applicable ☒ N/A

Description of major shareholding companies

During the reporting period, Happy Sunshine's business continued to maintain rapid growth, with significant growth in advertising and membership revenue, and operating income and net profits up 44.63% and 36.45% respectively.

## VIII. Structured entities controlled by the Company

☐ Applicable ☒ N/A

## IX. Company Development Outlook

### (I) Company Development Outlook

The year 2020 is the final year for building a moderately prosperous society in all respects and implementing 13th Five-Year Plan. In the context of more complicated macroeconomic situation and more varied industrial competition pattern, the Company will be guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and fully implement the guiding principles of the Party's 19th National Congress and the second, third and fourth plenary sessions of its 19th Central Committee. Never forget why you started, and you can accomplish your mission. The Company will continue to advocate the media convergence development strategies and expand a new chapter of Mango model. Further, it will keep fostering a new State-owned mainstream media group that adapts to the development trend of all-media era and wins strong influence and competitiveness.

#### 1. Continuing to pursue the Party leadership and do full justice to the role of political core and leadership core

Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company will unwaveringly uphold and improve Party leadership, and perfect the corporate governance while strengthening the Party leadership. It will clarify and implement the legal status of the Party in the corporate legal person governance structure, and apply the powers and responsibilities of the Party in the Company's decision-making, implementation, supervision and other links. In addition, it will fully pay to the roles of the Party's political core and leadership core, and by exerting the Party's political and organizational advantages, obtain the competition and growth advantages.

#### 2. Remaining committed to holding "four disciplines in awe and respect" and not crossing "four lines" in order to improve

the growth quality of the listed company

The Company will focus on sound and long-term growth, continue to revere the market, rule of law, specialized knowledge and investors, keep standardizing and optimizing the decision-making procedures and improving its internal control system and further enhance its ability to standardized operations. It will also advocate the entrepreneurship and craftsmanship, and strengthen its risk control ability. By actively pursuing the equity culture, constantly optimizing the investor return mechanism and establishing a good image of capital market, the Company will upgrade its growth quality as a whole.

### 3. Devoting more energy to “Mango model” and keeping expanding new opportunities of media convergence development

The Company will always pursue innovation and take the Mango TV convergence platform as its key position. It will keep fostering a new State-owned mainstream media group that adapts to the development trend of all-media era and wins strong influence and competitiveness by innovating the interactive convergence mechanism within the Mango ecosystem, exploring new ways of media integration and optimizing resource allocation. It will continue the expansion of a new chapter of Mango model

### 4. Strengthening top-level strategic design to further release ecological synergy

The Company will give priority to making Mango TV new media platform more powerful and improve its top-level design and organizational structure. It will work on the integration of business lines including TV drama production, artists agency, music copyright, IP derivative development and medial retail, strengthen business synergy and complementation and efficiently connect the whole industry chain to further release ecological synergy effects.

### 5. Continue the optimization of the self-produced content system to win and cement development advantages with the quality contents

The Company will uphold the core concept of innovative consent-driven platform growth, and establish a more efficient and orderly green content system. It will continuously improve its mechanisms for talent training, consent appraisal system, self-produced process and external innovative cooperation, and perfect the industrial content production system with Mango characteristics to win and cement the growth advantages with quality content.

### 6. Developing creative technology and laying a new foundation for the era of digital economy

The digital economy is thriving, and the consent production and communication fields are undergoing profound changes. The Company should encourage opening and innovation to embrace for technological change. It will keep exploring the new technologies, applications and ecosystems in the 5G era through self-research, joint research and strategic cooperation and use creative IT to lead and force management innovation and efficiency in order to enhance its overall competitiveness.

## (II) Potential Risks and Countermeasures

### 1. Risks on changes to industry policies

The Company's business belongs to cultural media industry. Currently, the State mainly establishes both license system and content management system to regulate the cultural media industry. The Company must strictly comply with the relevant supervisory national laws, regulations and policies in this industry in conducting its business. Possible change to industry supervisory policies could happen and make the Company face the uncertainty. Therefore, the Company prepares two countermeasures to the uncertainty: first, it will conduct the movie and TV dramas production in strict accordance with the national policies and guidance requirements, prudently develop the materials involving policy risks, and adopt its internal perfect quality management and control system to avert the violations of laws, regulations and supervisory policies from affecting normal operation; second, it will make great efforts to study the polices, integrate, manage and share the market information so as to prepare precautionary measures and quickly respond to policy changes.

### 2. Risks on business qualifications

In accordance with the provisions of the relevant national laws, regulations and policies on the industry concerning the Company's main business, the Company shall obtain and maintain the license of specific business qualifications necessary for conducting its business. If the Company fails to renew the license or obtain a new license of business qualifications upon expiration of the original license or fails to obtain the corresponding business qualifications as required by the new policies of the State when

the regulation departments issue new policies, change business qualification or licensing requirements, which would have adverse impact on the Company's business development and profitability. For the above reasons, the Company will strictly manage its business qualifications, smoothly communicate with the business qualification management department and timely obtain the renewal necessary for the conduct of its business upon expiration.

### 3. Control risks on the cooperative production of movie and TV dramas

In terms of the movie and TV dramas production industry, it is characterized by large single investment, long return period and high risks, so the cooperative production becomes a common model in the movie and TV drama production industry. This model not only pools the social funds and quality resources, but also effectively spreads investment risks. Within the reporting period, the Company is engaged in the business of cooperative production. All parties to the cooperative production have common interests, but the executive producer controls the production and its work quality directly decides the quality of works; if the quality of works is poor, the Company's interests would be affected. Regarding these risks, the Company will mainly participate in the projects which it has the right to produce or release so as to reduce its proportion in pure investment projects and minimize the risks of cooperative production.

### 4. Risks on higher uncertainty of return on investment in the movie and TV dramas

The movie and TV dramas are a cultural product. There are many factors affecting the audience's acceptance of this product, including subjective preference, life experience and public opinion environment, etc., so their broadcasting results are relatively uncertain. In addition, the return on investment cannot be measured because of the large single investment in movie and TV dramas, the long return period, the revenue directly depending on the box office profits and audience rating, and the difficulty in predicting the market response. To guard against the risks on investment in movies and TV dramas, the Company establishes a scientific pre-initiation and initiation mechanism to control these risks at the stage of script development. Further, it sets up a professional and independent assessment department to track and fully assess the pre-initiation script development projects. Regarding the platforms and partners with higher collection and finance risks, the Company also establishes the early warning system.

### 5. Risks on the failure of movie and TV dramas to obtain the approval

The State establishes the release license system for the TV dramas. A finished TV drama will not be released unless it has been approved by the National Radio and Television Administration and the provincial branch and obtained the *TV Drama Release License*. In producing movie and TV dramas, the Company would encounter the following circumstances, for example, failure to pass the filing review, to obtain the production license, to obtain the release license due to materials and other problems after the production license is obtained, or to be broadcast after the release license is obtained. The Company's business performance will be affected by any of the above circumstance. Therefore, the Company should conduct the movie and TV dramas production in strict accordance with the review processes of the competent authority and the requirements of the national policies. It will also pursue both social and economic benefits. To be specific, it should select materials of movies and TV dramas which are encouraged and advocated by the State and it should produce the positive idol dramas.

### 6. Risks on copyright defects & infringement and privacy

The Company's business covers the production and release of movie and TV dramas and audiovisual products. It has set the copyright protection system regarding the complexity of the development of movie and TV dramas and audiovisual products and of their copyright protection, but it still cannot completely fend off the risks on infringement upon the interests of the legal holder. In China, the State implements the voluntary registration system for the copyright, and the registration is not used as a prerequisite for acquisition and validation of the copyright. For this reason, the Company cannot completely prevent the possible defects of purchased copyright and infringing the interests of the legal holder despite the system for management of copyright procurement. These risks would result in the Company assuming the obligation of infringement compensation, having adverse impact on its finance and business.

There are acts of infringement and privacy concerning the movie and TV dramas and audiovisual products on the market. On one hand, the infringing and pirated movie and TV dramas attract some audience, lowering TV drama ratings and the movie box



office revenue and on the other hand, the infringing and pirated audiovisual products largely affect the release and sales of genuine products. In recent years, the relevant authorities have improved the copyright protection system, devoted serious energy to battle the infringement and piracy acts and regulated steps by steps the use of copyright at the video and audio platforms. Although the above work produces some effective results, these acts still exist. Thus, the Company still faces the risks on infringement and piracy by other persons.

#### 7. Risks on brain drain

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

#### 8. Risks on technology innovation

The Company's internet video business largely relies on the internet access and is susceptible to telecommunications failures, hacker attacks, viruses and other factors. If the Company fails to promptly find and curb the external interference, its website or game operation would be interrupted, its user data would be lost and even other severe events would occur, and finally, its normal operation would be affected and the market reputation would be damaged. Additionally, the internet industry has such features as fast product iteration, high imitability and low user transfer costs. To confidently respond to risks brought by the technology innovation, the Company will build its innovation research institution to study future industry trend, apply new technologies and models, conduct the research and judgement and prepare preventive measures.

#### 9. Risks on economic cycle

The consumption of the film and TV entertainment industry is highly correlated to the economic cycle. As the economy grows, the individual incomes and consumption capacities will increase and the spending for film and TV entertainment will rise accordingly, or else this spending will drop accordingly. In other words, the economic cycle has a certain effect on the Company's entertainment business. Recently, China's economy continues to grow rapidly, and its individual incomes and living standards have gradually improved; the internet and smart device have been fully popularized, and cultural entertainment has become a new area of consumer demand, all the above factors drive the rapid growth of the film and TV entertainment market. However, the macro economy has an inherent law of cyclical fluctuations, affecting the Company's business development to a certain degree.

### X. Registration form of reception survey, communication, interviews, and among others

#### 1. Registration form of reception survey, communication, interviews, and among others in the reporting period

√ Applicable    □ N/A

Reception date	Reception survey	Type of Object in reception	Index of basic information
June 14, 2019	Field Survey	Institution	Record form of investor relation activity of Mango Excellent Media Co., Ltd. (code 201901)
July 10, 2019	Field Survey	Institution	Record form of investor relation activity of Mango Excellent Media Co., Ltd. (code 201902)
July 25, 2019	Field Survey	Institution	Record form of investor relation activity of Mango Excellent Media Co., Ltd.

			(code 201903)
August 30, 2019	Field Survey	Institution	Record form of investor relation activity of Mango Excellent Media Co., Ltd. (code 201904)
December 13, 2019	Field Survey	Institution	Record form of investor relation activity of Mango Excellent Media Co., Ltd. (code 201905)

## Section V Important Events

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

Policies of dividend distribution of ordinary shares during the reporting period, especially the development, implementation or adjustment of cash dividend distribution.

☐ Applicable ☒ N/A

During the reporting period, the Company formulated and implemented 2019 semi-annual capital reserve capitalization plan: all shareholders are awarded with 7 shares for each 10 shares on the basis of 1,047,280,889 shares in total, with corresponding consideration paid by the balance of capital reserve within the scope of consolidated financial report, resulting to an addition of 733,096,622 shares in total. Except above share awards, all shareholders are paid with no bonus shares and cash dividends.

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

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

☒ Yes ☐ No ☐ N/A

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

Description of the profit distribution and capitalization of capital reserve

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

distribution proposal	
Amount of cash dividends (in RMB) (including tax)	178,037,751.10
Amount of cash dividends through other methods (e.g. repurchase of shares) (in RMB)	0.00
Total cash dividends (including those distributed through other methods) (in RMB)	178,037,751.10
Retained profits (in RMB)	527,578,703.45
Proportion of total cash dividends (including those distributed through other methods) to the total profits distributed	100.00%
Cash dividends distributed this time	
If the Company is at the growth period and has any major asset arrangement, then at the time of distribution of profits, its cash dividends shall account for at least 20% of profits distributed this time.	
Descriptions on proposal of profit distribution and capitalization of capital reserve	
In accordance with the relevant provisions of the CSRC's the <i>Notice Concerning Further Implementation of Matters on Distribution of Cash Dividends of Listed Companies</i> , the <i>No. 3 Regulatory Guideline for Listed Companies—Distribution of Cash Dividends of Listed Companies</i> and the <i>Articles of Associations</i> , through seeking opinions and demands from minority shareholders and independent directors and in view of the Company's actual situation, the Company intends to distribute to all shareholders the cash dividends in the amount of RMB 1.00 (including tax) for each 10 shares, 0 bonus shares and 0 shares transferred from capital reserve for each 10 shares on the basis of 1,780,377.51 shares in total, and the remaining undistributed profits will be carried forward to the following year. Such proposal has been adopted at the 29 <sup>th</sup> meeting of the third board of directors of the Company through deliberation, and the independent directors gave their consent independently, which is to be deliberated by the general meeting of shareholders.	

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

1. 2019 profit distribution plan: all shareholders are paid with RMB 1.00 (including tax) and 0 bonus shares (including tax) for each 10 shares on the basis of 1,780,377,511 shares in total, and awarded with 0 shares for each 10 shares with corresponding consideration paid by capital reserve, in which the remaining undistributed profits will be carried forward to the following year.
2. 2019 semi-annual capital reserve capitalization plan: all shareholders are awarded with 7 shares for each 10 shares on the basis of 1,047,280,889 shares in total, with corresponding consideration paid by the balance of capital reserve within the scope of consolidated financial report, resulting to an addition of 733,096,622 shares in total. Except above share awards, all shareholders are paid with no bonus shares and cash dividends.
3. 2018 profit distribution plan: all shareholders are paid with RMB 0.00 (including tax) and 0 bonus shares (including tax) for each 10 shares on the basis of 990,023,518 shares in total, and awarded with 0 shares for each 10 shares with corresponding consideration paid by capital reserve, in which the remaining undistributed profits will be carried forward to the following year.
4. 2017 profit distribution plan: all shareholders are paid with RMB 0.50 (including tax) and 0 bonus shares (including tax) for each 10 shares on the basis of 401,000,000 shares in total, and awarded with 0 shares for each 10 shares with corresponding consideration paid by capital reserve, in which the remaining undistributed profits will be carried forward to the following year.

Cash dividend distribution of ordinary shares of the Company in recent three years (including the reporting period)

In RMB

Year	Cash dividends distributed (including tax)	Net profit in the consolidated statements attributable to ordinary shareholders of the listed company	Proportion of cash dividends distributed to net profit in the consolidated statements attributable to ordinary shareholders of the listed company	Cash dividends distributed through other methods (e.g. repurchase of shares)	Proportion of cash dividends distributed through other methods to net profit in the consolidated statements attributable to ordinary shareholders of the listed company	Total cash dividends distributed (including those distributed through other methods)	Proportion of total cash dividends distributed (including those distributed through other methods) to net profit in the consolidated statements attributable to ordinary shareholders of the listed company
2019	178,037,751.10	1,156,285,253.73	15.40%	0.00	0.00%	178,037,751.10	15.38%
2018	0.00	865,568,532.45	0.00%	0.00	0.00%	0.00	0.00%
2017	20,050,000.00	715,151,479.15	2.80%	0.00	0.00%	20,050,000.00	2.80%

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

☐ Applicable ☒ N/A

## II. Performance on commitment matters

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

☒ Applicable ☐ N/A

Sources of Commitments	Promisor	Type	Content	Date	Deadline	Performance
Commitments made in the Acquisition Report or Equity Change Report						
Commitments made at the time of assets restructuring	Mango Media Co., Ltd.	Commitments on Share Lock-up	1. Within thirty-six months of the end of this offering, we will not transfer the listed company's shares acquired by us in this restructuring in any form (including but not limited to the public transfer through securities market or transfer by agreement), nor will we entrust others with management of the listed company's shares held by us. Within six months of completion	July 12, 2018	2021-07-12	Outstanding

		<p>of this restructuring, if the daily closing price of the listed company's shares is lower than the issue price for twenty consecutive trading days, or the daily closing price of the listed company's shares at the end of a six-month period is lower than the issue price, then the lock-up period of the listed company's shares acquired by us in this restructuring will automatically extended for six months; 2. the aforesaid share lock-up arrangements shall also apply to the increase in holdings of consideration shares acquired by us in this restructuring due to placement of shares, bonus share distribution and capitalization of capital reserve by the listed company and other reasons within the lock-up period; 3. if the aforesaid commitments on the lock-up period are inconsistent with the latest regulatory opinions issued by the securities regulatory authority, then we agree to make adjustments accordingly pursuant to the regulatory opinions issued by the competent securities regulatory authority; after the expiry of the aforesaid lock-up period, the relevant regulations of CSRC and Shenzhen Stock Exchange shall apply; 4. if we are suspected of providing or disclosing any information containing misrepresentations, misleading statements or materials omissions in this transaction and are therefore investigated by the judicial authority or the CSRC, we will not transfer the beneficial interest held by us in the listed company. before</p>			
--	--	---	--	--	--

			the investigation conclusion of the case is determined.			
	Mango Media Co., Ltd.; and Hunan Hi-tech Investment Group Co., Ltd.	Commitments on Share Lock-up	1. Within twelve months of completion of registration of consideration shares involved by the listed company's issue of shares this time to purchase assets (i.e. the date when China Securities Depository and Clearing Co., Ltd Shenzhen Branch completes registration of consideration shares), we will not transfer the listed company's shares held by us as of the date when this Letter of Commitments is issued in any form (including but not limited to the public transfer through securities market or transfer by agreement), nor will we entrust others with management of the listed company's shares above held by us; 2. the aforesaid share lock-up arrangements shall also apply to the increase in holdings of shares by us due to placement of shares, bonus share distribution and capitalization of capital reserve by the listed company and other reasons within the aforesaid lock-up period; 3. if the aforesaid commitments on share lock-up arrangements are inconsistent with the latest regulatory opinions issued by the securities regulatory authority, then we agree to make adjustments accordingly pursuant to the regulatory opinions issued by the competent securities regulatory authority; after the expiry of the aforesaid lock-up period, the relevant regulations of CSRC and Shenzhen Stock Exchange shall apply.	July 12, 2018	2019-07-12	Fulfilled
	Beijing Zhonghe Dingyuan Equity	Commitments on Share	1. Within twelve months of the end of this offering, we will not transfer	July 12, 2018	2019-07-12	Fulfilled

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



	Cultural Industry Equity Investment Fund (L.P.); and Zhongnan Red Cultural Group Co., Ltd.					
	Mango Media Co., Ltd.	Earnings Commitment and Compensation Arrangement	<p>Mango Media Co., Ltd. makes the specific commitments as follows with respect to the net profit within the earnings commitment period of the target companies of this restructuring including Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd. (“Happy Sunshine”), Shanghai Mangofun Technology Co., Ltd. (Mangofun), Shanghai EE-Media Co., Ltd. (“E.E. Media”), Mango Studios Culture Co., Ltd. (“Mango Studios”) and Hunan Mango Entertainment Co., Ltd. (“Mango Entertainment”) (“net profit” refers to the net profit net of non-recurring profit or loss attributable to the owners of the parent companies of target companies in each of the target companies’ consolidated statements): (1) the committed net profit of Happy Sunshine is RMB 315,494,700.00 in 2017, RMB 679,457,800.00 in 2018, RMB 910,215,000.00 in 2019 and 1,293,696,000.00 in 2020; (2) the committed net profit of Mangofun is 41,329,100.00 in 2017, RMB 50,708,100.00 in 2018, RMB 48,765,400.00 in 2019 and RMB 50,915,600.00 in 2020; (3) the committed net profit of E.E. Media is 95,486,200.00 in 2017, RMB 20,874,600.00 in 2018, RMB 25,389,600.00 in 2019 and 28,444,100.00 in 2020; (4) the committed net profit of Mango</p>	July 12, 2018	2020-12-31	Outstanding

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

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

			<p><i>Regulating Related-party transactions</i> with the contents as follows: we and the channels and other public institutions or economic organizations controlled by us will take measures to avoid dealing with the related-party transactions with the listed company and its controlled companies as far as possible; regarding the related-party transactions that cannot be avoided or are definitely necessary (including but not limited to product transactions, mutual offer of services/labor and etc.), we undertake that we will follow and urge the channels and other public institutions or economic organizations controlled by us to follow the principles of market fairness, justice and openness, legally sign agreements and perform the legal procedures in accordance with the provisions on the decision-making and abstention of related-party transactions of the relevant laws and regulations, normative documents and the listed company to guarantee the fairness and compliance of the related-party transactions, will not harm the legitimate rights and interests of shareholders of the listed company and its controlled subsidiaries as well as shareholders of the listed company through related-party transactions, and will promptly disclose the information as required by the relevant laws and regulations and normative documents; we and the channels and other public institutions or economic organizations controlled by us will eliminate any illegal use of assets</p>			
--	--	--	---	--	--	--

			and funds of the listed company.			
Commitments made at the time of IPO or re-financing	China Life Asset Management Company Limited; and China Mobile Capital Holding Co., Ltd.	Commitments on Share Lock-up	A-share stocks non-publicly issued by Mango Excellent Media Co., Ltd. this time that we acquire will not be transferred within twelve months from the date of the issue completion, including but not limited to the public transfer through securities market or the transfer by agreement, unless otherwise provided for in the laws and regulations.	May 30, 2019	2020-05-30	Outstanding
	Hunan Hi-tech Investment Group Co., Ltd.; Mango Media Co., Ltd.; and No. 2 Account for Accepted Shares of National Council for Social Security Fund, PRC	Commitments on Share Stock-up	Mango Media Co., Ltd. ("Mango Media") as the Company's controlling shareholder and its party acting in concert Hunan Hi-tech Investment Group Co., Ltd. make the following commitments with respect to circulation restrictions and voluntary lock-up: (1) within thirty-six months from the listing date of the shares of the listed company, we will not transfer or entrust others with management of any pre-IPO shares of the issuer held by us, nor propose the repurchase of such shares by the Company. (2) If, within six months of the listing of the issuer, the daily closing price of its shares is lower than the issue price for 20 consecutive trading days, or the daily closing price of the listed company's shares is lower than the issue price at the end of a six-month period of the listing (i.e. July 21, 2015, not the extended trading day), then the lock-up period of the issuer's shares held by us will automatically extended for six months. (3) If we reduce our shareholdings within two years after the expiry of lock-up period, the reduction price will not be lower	January 21, 2015	2018-01-21	Fulfilled

			than 100% of the issue price. If we fail to fulfill these commitments, the proceeds from reduction of shareholdings in the Company will belong to the Company. During the period from the listing of the Company's shares until reduction of shareholdings, if the Company has paid dividends, given bonus shares, capitalized capital reserve, issued new shares or had other ex-right and ex-dividend matters, the floor reduction price and number of reduced shares will be adjusted accordingly.			
	Hongyi Investment Industry Phase I Fund (Tianjin) (L.P.); Mianyang Science and Technology Industry Investment Fund (L.P.); Tianjin Sequoia Capital Investment Fund Center (L.P.); and Tibet Hongzhi Investment Consulting Partnership Enterprise (L.P.)	Commitments on Share Stock-up	Within twelve months from the listing date of the issuer, we will not transfer or entrust others with management of any pre-IPO shares of the issuer held by us, nor propose the repurchase of such shares by the listed company.	January 21, 2015	2016-01-21	Fulfilled
	Mango Media Co., Ltd.	Commitments on Reducing Shareholdings	Mango Media Co., Ltd., as the Company's controlling shareholder, makes the following commitments with respect to the intention to reduce shareholdings: (1) If we intend to reduce our shareholdings in the Company after the expiry of the lock-up period of shares held by us in the Company, we will legally do same, and make a public announcement within three trading days prior to reduction through the Company. The shareholdings we	January 21, 2015	2018-01-21	Outstanding

			<p>reduce in aggregate within two years after the expiry of the lock-up period will not exceed 5% of the total IPO shares of the Company held by us and the reduction price will not lower than 100% of the IPO price of the Company. If we reduce our shareholdings after two years upon expiry of the lock-up period, the price for the shareholdings reduced through the centralized quotation trading system of the stock exchange will not lower than the daily closing price for one trading day prior to the public announcement of reduction. (2) The reduction period will be six months after the public announcement of the reduction plan, if we continue to reduce our shareholdings after expiry of the reduction period, we will make the public announcement anew in accordance with the aforesaid arrangements.</p>			
	Hunan Hi-tech Investment Group Co., Ltd.	Commitments on Reducing Shareholdings	<p>Hunan Hi-tech Investment Group Co., Ltd., as the party acting in concert of the Company's controlling shareholder Mango Media, makes the following commitments with respect to the intention to reduce shareholdings:</p> <p>(1) If we intends to reduce our shareholdings in the Company after the expiry of the lock-up period of shares held by us in the Company, we will legally do same, and make a public announcement within three trading days prior to reduction through the Company. If the Company's shareholders intend to reduce their shareholdings in within two years after the lock-up period, the number of reduced shares will not exceed the issuer's shares held</p>	January 20, 2015	2018-01-21	Outstanding

			<p>in total by the Company's shareholders; (2) Mode of reduction: the shareholdings will be reduced through the centralized quotation or block trading system of the stock exchange or through transfer by agreement (but if the number of the released lock-up shares in stock the Company's shareholders expect to publicly sell within one coming month accumulatively exceeds 1% of total shares of the Company, the shares will not be transferred through centralized quotation trading system of the stock exchange), or will be transferred in accordance with the provisions of other laws and regulations then in effect or the rules of the stock exchange; (3) Reduction price: if we reduced our shareholdings within two years upon expiry of the lock-up period, the reduction price will not lower than 100% of the issue price (if the Company has paid dividends, given bonus shares, capitalized capital reserve, issued new shares or had other ex-right and ex-dividend matters, the issue price will be adjusted accordingly).</p>			
	<p>Hongyi Investment Industry Phase I Fund (Tianjin) (L.P.); Mianyang Science and Technology Industry Investment Fund (L.P.); and Tianjin Sequoia Capital Investment Fund Center (L.P.)</p>	<p>Commitments on Reducing Shareholdings</p>	<p>"Hongyi Investment Industry Phase I Fund (Tianjin) (L.P.) ("Hongyi Investment"), Mianyang Science and Technology Industry Investment Fund (L.P.) ("Mianyang Fund"), Tianjin Sequoia Capital Investment Fund Center (L.P.) ("Sequoia Capital Tianjin"), as other existing shareholders of the Company, make the following commitments with respect to the intention to reduce shareholdings:</p>	<p>January 21, 2015</p>	<p>2018-01-21</p>	<p>Mianyang Fund and Sequoia Capital Tianjin disclosed on November 19, 2016 and Hongyi Investment disclosed on December 10, 2016 the <i>Announcement</i></p>



		<p>(1) We will not transfer or entrust others with management of any pre-IPO shares of the issuer held by us, nor propose the repurchase of such shares by the Company within twelve months from the listing date of the issuer. (2) If we intend to reduce our shareholdings in the Company after the expiry of the lock-up period of shares held by us in the Company, we will legally do same, and make a public announcement within three trading days prior to reduction through the Company. The shareholdings we reduce in aggregate within two years after the expiry of the lock-up period will equal the issuer's shares held in total by us and the reduction price will not lower than 80% of the IPO price of the Company. The reduction period will be six months after the public announcement of the reduction plan, and if we continue to reduce our shareholdings after expiry of the reduction period, we will make the public announcement anew in accordance with the aforesaid arrangements. During the period from the listing of the Company's shares until reduction of shareholdings, if the Company has paid dividends, given bonus shares, capitalized capital reserve, issued new shares or had other ex-right and ex-dividend matters, the floor reduction price and number of reduced shares will be adjusted accordingly. If the Company's shareholders fail to fulfill these commitments, the proceeds from reduction of shareholdings in the Company will belong to the listed</p>			<p>on Prompt of Shareholdings Reduction Plan for Shareholders Holding 5% or More of Shares Prior to IPO through the Company, and as of the end of 2017, all of them have completed reduction of their shareholdings.</p>
--	--	--	--	--	--

			Company.			
	Mango Excellent Media Co., Ltd.	Commitments on Use of Financing Funds	<p>1. Strengthening the management of financing funds. After financing funds issued this time are received, the Company's directors will strictly comply with the requirements of the <i>Measures for Management of Financing Funds of Happigo Inc.</i>, open the special account for financing funds, ensure the funds are used exclusively and strictly control all links in the use of financing funds. 2. Actively implementing committed projects. The funds raised this time will closely focus on the Company's principal business, conforming to the Company's future growth strategy and facilitating improvement of the Company's sustainable profitability. The Company has fully demonstrated the investment projects of the financing funds, and invest its own or self-raised funds in the aforesaid projects in advance before the financing funds are received so as to yield profits as soon as possible.</p>	January 21, 2015	9999-12-31	Fulfilled, and all IPO committed projects have been closed.
		Commitments on Distributing Dividends	<p>Improving the profit distribution system, in particular cash dividends policy. The Company improved the <i>Articles of Associations (Draft)</i> at the 1<sup>st</sup> extraordinary general meeting of shareholders, stipulating the Company's profit distribution policy, the procedures of decision-making and implementation of the profit distribution policy, preparation and adjustment mechanism of the profit distribution policy, and the plan for shareholders' dividend returns in order to enhance the protection over minority shareholders. The <i>Articles</i></p>	January 21	9999-12-31	Outstanding

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

			<p>any form that competes or would compete with the business of the issuer and/or its subordinate enterprises directly or indirectly, or holding any interests or benefits in such business; (2) supporting any other persons other than the issuer and/or its subordinate enterprises in any form in engagement in any business or activity that competes or would compete with the business being conducted or to be conducted by the issuer and/or its subordinate enterprises. (3) If Mango Media and its subordinate enterprises have any commercial opportunity to engage, join or participate in any business or activity that would compete with the business of the issuer and/or its subordinate enterprises, then the issuer and/ its subordinate enterprises will have a priority with respect to the aforesaid commercial opportunities. (4) Mango Media, as the shareholder of the issuer, will not use the status of the shareholder and the rights and information which the shareholder is entitled to and obtains according to the relevant laws, regulations and the Articles of Association, including but not limited to the trade secrets of the issuer and/or its subordinate enterprises, to engage in any business or activity that damages or would damage the interests of the issuer and/or its subordinate enterprises. Mango Media agrees to bear and be liable for all losses, damage and costs caused to the issuer and its subordinate enterprises due to breach of the aforesaid commitments.” 2. Commitments Avoiding Horizontal</p>			
--	--	--	---	--	--	--

			<p>Competition and Constraint Measures of the De Facto Controller: (1) Letter of Overall Commitments Issued by Hunan Broadcasting System: On March 29, 2012, Hunan Broadcasting System, as the de facto controller of the Company, issued the <i>Letter of Commitments on Avoiding Horizontal Competition</i>, undertaking that: ① Hunan Broadcasting System and its subordinate enterprises (excluding the issuer) are not engaged in any business or activity in any form that competes or would compete with the business of the issuer and/or its subordinate enterprises directly or indirectly. ② Mango Media will take and procure any enterprises controlled by Mango Media to take effective measures to avoid: (A) engaging in any business or activities directly or indirectly in any form that competes or would compete with the business of the issuer and/or its subordinate enterprises directly or indirectly, or holding any interests or benefits in such business; (B) supporting any other persons other than the issuer and/or its subordinate enterprises in any form in engagement in any business or activity that competes or would compete with the business being conducted or to be conducted by the issuer and/or its subordinate enterprises. ③ If Hunan Broadcasting System and its subordinate enterprises have any commercial opportunity to engage, join or participate in any business or activity that would compete with the business of the issuer and/or its</p>			
--	--	--	---	--	--	--

			subordinate enterprises, then the issuer and/or its subordinate enterprises will have a priority with respect to the aforesaid commercial opportunities. Hunan Broadcasting System agrees to bear and be liable for all losses, damage and costs caused to the issuer and its subordinate enterprises due to breach of the aforesaid commitments. (II) Letter of Commitments on Avoiding Fund Use: The controlling shareholders and de facto controllers of the Company undertake that: they will strictly comply with the provisions of the laws, regulations, normative documents and the Company's relevant rules and systems, not appropriate or use the Company's assets or resources in any form, nor do anything directly or indirectly which harms or would harm the interests of the Company and other shareholders. If the rights and interests of the Company or other shareholders are harmed due to violations of the aforesaid commitments and undertakings, the controlling shareholders and de facto controllers will be liable for compensation according to law."			
	CHEN Gang; JIANG Yingxing; Happigo Inc.; LI Niu; LI Xiang; Mango Media Co., Ltd.; OUYANG Wen, TANG Liang; TANG Weimin; WU Junyun; ZHANG Xiaoxue; ZHANG Yong; ZHANG Zhifang; and ZHU	Commitments on Stabilizing IPO Stock Price	"Specific measures to stabilize the stock: 1. Shareholding increases by the controlling shareholders: (1) The controlling shareholders shall, within 10 trading days after triggering the obligations of shareholding increases, notify the Company in writing as to whether or not they have the specific plan to increase A-share stocks of the Company, and the Company will make the public announcement; if increasing	January 21, 2015	2018-01-21	Fulfilled

	Deqiang		<p>shareholdings, they shall disclose the range of shares to be increased, range of price, date of competition and other information, and the amount of shares to be increased this time will not exceed 30% of cash dividends received from the Company in aggregate after the listing of the Company. (2) If the Company's stock price has not met the conditions for starting measures to stabilize stock price of the Company before the plan on shareholding increases of the controlling shareholders is implemented, such plan may cease. (3) The price of shares increased by the controlling shareholders will not exceed audited net asset per share for the latest period. 2. Repurchase by the Company: (1) If the controlling shareholders fail to announce the aforesaid specific plan on shareholding increases on time, or clearly state that they have no plan to increase their shareholdings, the Company's board of directors shall, within 20 trading days after the obligations of shareholding increases are triggered firstly, make the public announcement as to whether there is the specific share repurchase plan, and if there is, they shall disclose the range of shares to be repurchased, range of price, date of completion and other information, and total repurchase amount will not exceed 30% of audited net profit attributable to the parent company's shareholders for the previous fiscal year. (2) After the Company's general meeting of shareholders deliberates and approves the share purchase plan,</p>			
--	---------	--	--	--	--	--

			<p>the Company will notify the creditors according to law, and submit the relevant materials to the securities supervisory management department, stock exchange and other competent authorities for going through approval or filing formalities. (3) If the daily closing price of the Company's shares has not met the conditions for starting the measures to stabilize the stock price before the Company's share repurchase plan is implemented, the issuer may cease to implement the aforesaid measures to stabilize the stock price. (4) The share repurchase price of the Company will not exceed the audited net asset per share for the latest period. 3. Shareholding increases by the directors and senior officers: (1) If the Company's board of directors fails to announce the aforesaid share repurchase plan on time, or the aforesaid share repurchase plan fails to be approved at the general meeting of shareholders for any reason, then the directors (excluding independent directors and directors nominated by non-controlling shareholders, same below) and senior officers shall, within 30 trading days after the obligations of shareholding increases are triggered firstly (or if the directors and senior officers are restricted to trade shares for N days during this period, within 30+N trading days after the obligations of shareholding increases are triggered firstly) or within 10 trading days after the aforesaid share repurchase plan fails to be approved at the general meeting of shareholders (or if the</p>			
--	--	--	---	--	--	--



			<p>directors and senior officers are restricted to trade shares for N days during this period, within 10+N trading days after the aforesaid share repurchase plan fails to be approved at the general meeting of shareholders), unconditionally increase the Company's A-share stocks, and the amount of shares to be increased in aggregate by each of the directors and senior officers will not exceed 30% of the accumulative amount of after-tax remunerations or allowances received from the Company for the previous fiscal year. (2) If the daily closing price of the Company's shares has not met the conditions for starting the measures to stabilize the stock price before the plan on shareholding increases by the directors and senior officers is implemented, the directors and senior officers may cease to implement the aforesaid measures to stabilize the stock price. (3) The price of shareholding increases by the directors and senior officers will not exceed the audited net asset per share for the latest period."</p>			
Commitments on equity incentives						
Other commitments made to the Company's minority shareholders						
Fulfill the commitments on time or not	Yes					

## 2. Explanation of the original profit estimate with respect to the assets or projects of the

## Company and reasons for realization if the Company makes a profit estimate for its assets or projects which is still in progress during the reporting period

√ Applicable    □ N/A

Asset or project with profit estimates	Commence date of forecast	End date of forecast	Current estimated performance (in 0'000)	Current achieved performance(in 0'000)	Reason for not achieve the estimate (if applicable)	Disclosure date of the original estimate	Index of the original estimate
Happy Sunshine	January 1,2017	December 31,2020	91,021.5	92,704	N/A	June 22,2018	Announcement : Report for Issuance of Shares for Purchase of Assets and Raising of Matching Funds and Related Party Transactions, disclosed in <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
Mango Fun,	January 1,2017	December 31,2020	4,876.54	5,009.87	N/A	June 22,2018	
EE-Media,	January 1,2017	December 31,2020	2,538.96	2,587.62	N/A	June 22,2018	
Mango Studios	January 1,2017	December 31,2020	4,531.96	4,846.76	N/A	June 22,2018	
Mango Entertainment	January 1,2017	December 31,2020	6,432.91	6,532.12	N/A	June 22,2018	

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

√ Applicable    □ N/A

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

In RMB 0'000

Target Company	Committed net profits in 2017	Committed net profits in 2018	Committed net profits in 2019	Committed net profits in 2020
Happy Sunshine	31,549.47	67,945.78	91,021.50	129,369.60

Mango Fun,	4,132.91	5,070.81	4,876.54	5,091.56
EE-Media,	9,548.62	2,087.46	2,538.96	2,844.41
Mango Studios	4,150.39	4,944.67	4,531.96	4,688.07
Mango Entertainment	2,773.74	7,451.30	6,432.91	7,495.76

#### Completion of performance commitments and their impacts on goodwill impairment

In 2019, all of 5 targeted companies in asset restructuring completed their performance commitments successfully, evidenced by 101.85%, 102.73%, 101.92%, 106.95%, 101.54% performance achieved by Happy Sunshine, Mango Fun, EE-Media, Mango Studios and Mango Entertainment respectively. No impairment on company's goodwill is caused from this restructuring.

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

☐ Applicable ☒ N/A

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

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

☐ Applicable ☒ N/A

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

☐ Applicable ☒ N/A

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

☒ Applicable ☐ N/A

The *Proposal to Changes in Accounting Policies* was discussed and approved in the 21<sup>st</sup> meeting of the third board of directors of the Company in April 27, 2019, with details as below:

(1) Reasons for changes in accounting policies. As at March 31, 2017, the Ministry of Finance issued the Notice on Issuing the Revised Accounting Standard for Business Enterprises No.22 – Financial Instruments: Recognition and Measurement (Cai Kuai [2017] No.7), the Notice on Issuing the Revised Accounting Standard for Business Enterprises No.23 – Transfer of Financial Assets (Cai Kuai [2017] No.8), and the Notice on Issuing the Revised Accounting Standard for Business Enterprises No.24 – Hedge Accounting (Cai Kuai [2017] No.9); and as at May 2, 2017, the Ministry of Finance issued the Notice on Issuing the Revised Accounting Standard for Business Enterprises No.37-Financial Instruments: Presentation (Cai Kuai [2017] No.14) (hereinafter referred to as "new financial instrument standards"), which should be implemented by domestic listed enterprises since January 1, 2019. The Company implemented aforementioned revised accounting standards on January 1, 2019.

(2) Accounting policies prior or subsequent to this change. Prior to this change, the Company implemented its accounting policies in accordance with the *Accounting Standards for Business Enterprises - Basic Standards* and specific standards issued by the Ministry of Finance in the previous periods, as well as the accounting standards for business enterprises, application guidelines and interpretations to accounting standards for business enterprises and other relevant provisions issued and revised subsequently by the Ministry of Finance. Subsequent to this change, the Company implemented such accounting policies in accordance with the Accounting Standard for Business Enterprises No.22 – Financial Instruments: Recognition and Measurement, the Accounting Standard for Business Enterprises No.23 – Transfer of Financial Assets, the Accounting Standard for Business Enterprises No.24 –

Hedge Accounting and the Accounting Standard for Business Enterprises No.37-Financial Instruments: Presentation. For other unchanged parts, the Company still implemented the accounting policies in accordance with the *Accounting Standards for Business Enterprises - Basic Standards* and specific standard issued by the Ministry of Finance in the previous periods, as well as application guidelines and interpretations to accounting standards for business enterprises and other relevant provisions.

Under the transition provisions for the old and the new standards, enterprises are not required to adjust comparative figures in prior periods retrospectively. Therefore, the Company has disclosed its accounting statements as required by the new standards since the first quarter of 2019 without any retroactive adjustments on comparative figures of 2018. This change in accounts policies do not affect the Company's related financial indicators of 2018.

The *Proposal to Changes in Accounting Policies* was discussed and approved in the 24<sup>th</sup> meeting of the third board of directors of the Company in August 2019, 2019, with details as below:

(1) Reasons for changes in accounting policies. As at April 30, 2019, the Ministry of Finance issued the Notice on Issuing the Revised Presentation of Financial Statements for General Business Enterprises for 2019 (hereinafter referred to as "Revision Notice"), which revised the format of financial statements for general business enterprises and require non-financing enterprises implementing the accounting standards for business enterprises to comply with the requirements of the accounting standards for business enterprises and the Revision Notice when they prepare interim financial statements in 2019, and annual financial statements in 2019 or subsequent periods. In accordance with such requirements, the Company implemented the revised accounting policies for the preparation of its interim financial statements in 2019, and annual financial statements in 2019 and subsequent periods.

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

(3) Accounting policies subsequent to this change. Subsequent to this change, the Company implemented such accounting policies in accordance with relevant provisions of the Revision Notice. For other unchanged parts, the Company still implemented the accounting policies in accordance with the *Accounting Standards for Business Enterprises - Basic Standards* and specific standards, as well as application guidelines and interpretations to accounting standards for business enterprises and other relevant provisions issued by the Ministry of Finance.

This change in accounting policies only affects the format of the financial statements and the presentation of some line items, without any effect on the financial position and results of operations of the Company.

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

√ Applicable    □ N/A

In the reporting period, the Company established Hunan Happy Starlight Interactive Entertainment Media Co., Ltd. and deregistered Mamma Mia Global Trading Co., Limited and Happigo Cloud Providers Trading (Hong Kong) Co., Limited, which can refer to Section XII, VIII, Changes in Scope of Consolidation for details.

## VIII. Engagement and Dismissal of the Accounting Firm

Current certified public accountants

Domestic certified public accountants	Pan-China Certified Public Accountants LLP
Remuneration paid to the domestic certified public accountants (in RMB 0'000)	198
Audit period of the domestic accounting firm	4
Name of the engaged certified public accountants	LI Xinkui, ZHANG Hong

Audit period of the engaged certified public accountants	4
--	---

If the certified public accountant is changed

☐ Yes ☒ No

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

☒ Applicable ☐ N/A

In 2018, the Company engaged China International Capital Corporation Limited and Fortune Securities Co., Ltd. as its independent financial advisers with respect to material asset reorganization with a supervision period from July 21, 2018 to December 31, 2019.

## IX. Listing suspension and termination subsequent to the disclosure of the annual report

☐ Applicable ☒ N/A

## X. Bankruptcy and reorganization

☐ Applicable ☒ N/A

The Company has no matters with respect to bankruptcy and reorganization during the reporting period.

## XI. Material litigation or arbitration

☐ Applicable ☒ N/A

The Company has no material litigation or arbitration during the reporting period.

## XII. Penalty and rectification

☐ Applicable ☒ N/A

The Company has no penalty and rectification during the reporting period.

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

☐ Applicable ☒ N/A

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

☐ Applicable ☒ N/A

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

## XV. Significant related-party transactions

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

☒ Applicable ☐ N/A

Related party	Related party relationship	Type	Content	Pricing Principal	Price	Amount (in RMB 0'000)	Proportion of similar trading amount	Approved trading amount (in RMB 0'000)	Exceed the approved amount or not	Mode of settlement	Available market price of similar transactions	Date of disclosure	Disclosure index
Hunan Broadcasting System	De facto controller	Acceptance of labor	Copyright, etc.	Market pricing	47,467.22	47,467.22	5.73%	48,600	No	by transfer	47,467.22	April 30, 2019	Published at: www.cninfo.com.cn, name of announcement: Announcement on

													2018 Daily Related-party Transactions and 2019 Expected Daily Related-party Transactions.
Hunan Broadcasting System	De facto controller	Offer of labor	Advertising release	Market pricing	98,114.38	98,114.38	7.85%	100,000	No	by transfer	98,114.38	April 30, 2019	Published at: www.cninfo.com. cn, name of announcement: Announcement on Increased 2019 Expected Daily Related-party Transactions.
Yunhong Communicati on Technology (Guangzhou) Co., Ltd.	Controlled by the same final controller	Offer of labor	Advertising release	Market pricing	74,136.04	74,136.04	5.93%	80,000	No	by transfer	74,136.04	April 30, 2019	Published at: www.cninfo.com. cn, name of announcement: Announcement on Increased 2019 Expected Daily Related-party Transactions.
Mango Media Co., Ltd.	Parent company	Offer of labor	Movie and film release	Market pricing	57,825.47	57,825.47	4.63%	55,590	Yes	by transfer	57,825.47	April 30, 2019	Published at: www.cninfo.com. cn, name of announcement: Announcement on Increased 2019 Expected Daily Related-party Transactions.
MIGU Culture Technology Co., Ltd.	Sharing the key manager	Offer of labor	Operator revenue	Market pricing	51,079.01	51,079.01	4.09%	48,869	Yes	by transfer	51,079.01	October 29, 2019	Published at: www.cninfo.com. cn, name of announcement: Announcement on Increased

													2019 Expected Daily Related-party Transactions.
Total				--	--	328,622.12	--	333,059	--	--	--	--	--
Details of return of goods with large sales	None												
Actual performance within the reporting period (if any) in the event that the total amount of the daily related-party transactions to occur in the current period is expected by categories	None												
Reasons for the large difference between the trading price and the market reference price (if applicable)	N/A												

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

☐ Applicable    ☒ N/A

The Company has no related-party transactions related to acquisition or disposal of assets and equities during the reporting period.

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

☐ Applicable    ☒ N/A

The Company has no related-party transactions related to joint external investment during the reporting period.

## 4. Credits and debits with related parties

☐ Applicable    ☒ N/A

The Company has no credits and debits with related parties during the reporting period.

## 5. Other significant related-party transactions

☐ Applicable    ☒ N/A

The Company has no other significant related-party transactions during the reporting period.

## XIV. Significant contracts and implementation

### 1. Trusteeship, contracting and leasing

#### (1) Trusteeship

☐ Applicable    ☒ N/A

The Company has no trusteeship during the reporting period.

#### (2) Contracting

☐ Applicable    ☒ N/A

The Company has no contracting during the reporting period.

#### (3) Leasing

☐ Applicable ☒ N/A

The Company has no lease during the reporting period.

## 2. Significant guarantee

☐ Applicable ☒ N/A

The Company has no guarantee during the reporting period.

## 3. Cash asset management by others under entrustment

### (1) Entrusted financing

☒ Applicable ☐ N/A

Specific type	Capital sources of entrusted financing	Amount of entrusted financing	Undue balance	Amount overdue and not recovered
Bank financing product	Own funds	83,370	0	0
Total		83,370	0	0

### (2) Entrusted loans

☐ Applicable ☒ N/A

The Company has no entrusted loan in the reporting period.

## 4. Other significant contracts

☐ Applicable ☒ N/A

The Company has no other significant contracts in the reporting period.

## XVII. Social Responsibilities

### 1. Performance of social responsibilities

Details refer to 2019 social responsibility report disclosed by the Company in [www.cninfo.com.cn](http://www.cninfo.com.cn).

### 2. Description of targeted poverty alleviation activities

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

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

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

For poverty alleviation via contents, the Company is committed to displaying a comprehensive scenario for a better rural life. If the year of 2019 is vital to accelerate the speed of poverty alleviation, the year of 2020 is final to fight against the poverty comprehensively to overcome poverty and achieve prosperity. The Company, as a state-owned mainstream media group, is standing in the front line of poverty alleviation to promote the whole society to focus on, understand, recognize and participate in poverty alleviation, and playing the role of cultivating and educating people morally and intellectually by eulogizing ordinary people's struggle against poverty and difficulties and presenting the most admirable characters during the progress of rural revitalization, so as to encourage people's aspiration for a better life. In season II & III of Mango TV's online documentaries *Live Up to Youth*, *Live Up to Village*, Mango TV is dedicated to documenting and witnessing stories of poverty alleviation in villages during the changing times in multiple dimensions and audio-visual formats. These documentaries presented the mainstream progress of rural revitalization through record of these students' efforts and hard work in poverty alleviation on all fronts. Through these documentaries, more attentions have been paid to the young people, and more young people have been influenced. The two seasons have been broadcasted 81.15 million times on Mango TV accumulatively, and selected as one of the outstanding programs in the original online audiovisual program recommendation and exhibition held by National Radio and Television Administration with the theme of "Promoting Core Socialist Values and Building Chinese Dream Jointly".



For poverty alleviation via e-commerce, the Company focused on improving the marketing ability of “internet celebrity in rural areas”, since the effectiveness of poverty alleviation can be most manifested by the increase in sales of agricultural products in poor and remote areas directly. The Company's media e-commerce shopping platform “Happigo” continued to broadcast the village live program "One County, One Product", using the form of "e-commerce" + "live broadcast" to turn fields and farmers' houses into "live broadcast rooms". The aforementioned live program where farmers sell products has become an effective channel to increase the sales of agricultural and sideline products because of its close-up, intuitive and immersive presentation of marketing products by farmers and freshness brought to the netizens by various rural life scenes which showed the source of products to customers for purchase. Meanwhile, the Company also provides direct accesses to farmers to the large consumer market by taking advantage of Happigo's own supply chain as to support the promotion and sales of agricultural products. On July 26, 2019, Yanling yellow peaches were sold more than 45,500 kilograms in the whole day, realizing a turnover of RMB 1,791,300. In 2019, the Company achieved RMB 160 million sales in terms of poverty alleviation in total.

For target poverty alleviation, the Company conducted twinning activities. Since 2018, Mango TV has been twinning 11 families in Yangmu Village, Lixi Township, Yongshun County, Xiangxi to help them overcome poverty and achieve prosperity, and providing recommendations and assisting in selling agricultural products for Yangmu Village to get out of poverty quickly. In September 2019, Mango TV donated a set of "Xiangxi e-Lutong e-Government System" for Yangmu Village to facilitate the villagers to carry out online business, information inquiry and administrative business. In November 2019, The Company launched the activity of purchasing "Xiangxi black pig" in which all staffs participated to help solve the difficulty in sales of breeding pig encountered by villagers in Yangmu Village. Afterwards, adhering to the principle of "Alleviate poverty indeed, Accurate poverty targeting, and Eradicate Poverty completely ", Mango TV will take advantages of its own new media platform program artist resources to recommend agricultural and sideline products for Yangmu Village to help Yangmu Village to alleviate poverty as soon as possible.

For poverty alleviation via advertising, the Company has assisted in alleviating poverty greatly. The Company has invested a large amount of advertising resources for free promotion and publicity of agricultural products in poor areas. Mango TV has successively broadcasted advertisements for 11 agricultural and sideline products or tourist products, such as Cili Eucommia Flower Tea, Yongfeng Hot Sauce, Qidong Daylily, Anhua Black Tea, Pingjiang Tea Oil, Weishan Poverty Alleviation Tourism, Guilong Linglong Tea, Qidong Daylily, Yongfeng Hot Sauce, Jianghua Snow Pear, and Shimen Citrus Fruit, etc., valued at RMB 42,352,900 in broadcasting.

### (3) Effects of targeted poverty alleviation

Indicator	Unit of measurement	Quantity/Development
I. Overall	——	——
Including: 1.funds	RMB 0'000	28.5
2. Amounts discounted from articles	RMB 0'000	59.76
II. Subdivided investments	——	——
1. Poverty alleviation via industry development	——	——
2. Poverty alleviation via employment transfer	——	——
3. Poverty alleviation via relocation	——	——

4. Poverty alleviation via education	——	——
Including: 4.1 Subsidies to poverty students	RMB 0'000	10
4.2 Investments for improvement of education resources in poverty areas	RMB 0'000	59.76
5. Health poverty alleviation	——	——
6. Ecological poverty alleviation	——	——
7. Underwritten protection	——	——
8. Poverty alleviation via social resources	——	——
8.2 Investments in fixed-point poverty alleviation	RMB 0'000	5.5
9. Other items	——	——
9.2. Investment amounts	RMB 0'000	13
III. Awards (content, level)	——	——

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

In 2020, in response to the national, provincial and municipal calls for poverty alleviation, the Company will continue to actively cooperate with governments at all levels to win the war against poverty, fulfill social responsibility and obligations, and make great achievements in targeted poverty alleviation.

### 3. Environmental protection

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

No

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

### XVIII. Description of other significant matters

☐ Applicable    ☒ N/A

The Company has no other significant matters in need of description in the reporting period.

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

☐ Applicable    ☒ N/A

## Section VI Share Changes and Information of Shareholders

### I. Share changes

#### 1. Share changes

Unit: share

	Before change this time		Increase or decrease this time (+,-)					After change this time	
	Quantity	Ratio	New shares	Bonus shares	Capitalization of capital reserve	Others	Sub-total	Quantity	Ratio
I. Restricted share	784,344,950	79.22%	57,257,371	0	389,676,520	-284,921,578	162,012,313	946,357,263	53.15%
1. Shareholdings by the State	0	0.00%	0	0	0	0	0	0	0.00%
2. Shareholdings by the State-owned legal persons	715,508,048	72.27%	45,805,897	0	381,660,488	-216,084,676	211,381,709	926,889,757	52.06%
3. Other shareholdings by domestic investors	68,836,902	6.95%	11,451,474	0	8,016,032	-68,836,902	-49,369,396	19,467,506	1.09%
Including: shareholdings by domestic legal persons	68,836,902	6.95%	11,451,474	0	8,016,032	-68,836,902	-49,369,396	19,467,506	1.09%
Shareholdings by domestic natural persons	0	0.00%	0	0	0	0	0	0	0.00%
4. Shareholdings by foreign investors	0	0.00%	0	0	0	0	0	0	0.00%
Including: Shareholdings by overseas legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shareholdings by overseas natural persons	0	0.00%	0	0	0	0	0	0	0.00%
II. Unrestricted share	205,678,568	20.78%	0	0	343,420,102	284,921,578	628,341,680	834,020,248	46.85%
1. RMB ordinary share	205,678,568	20.78%	0	0	343,420,102	284,921,578	628,341,680	834,020,248	46.85%
2. Domestic listed foreign share	0	0.00%	0	0	0	0	0	0	0.00%
3. Overseas listed foreign share	0	0.00%	0	0	0	0	0	0	0.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total	990,023,518	100.00%	57,257,371	0	733,096,622	0	790,353,993	1,780,377,511	100.00%

Reason for share changes

√ Applicable    □ N/A

In accordance with the *Official Reply to Issuance of Shares by Happigo Limited to Mango Media Co., Ltd. and Other Entities for Purchase of Assets and Raising of Matching Funds* (Zheng Jian Xu Ke [2018] No.999) issued by the China Securities Regulatory Commission (hereinafter referred to as the "CSRC") on June 11, 2018, the Company is approved to issue shares to Mango Media Co., Ltd. and other entities in order to purchase assets and raise matching funds maximized in RMB 2 billion. On May 30, 2019, the Company completed the private offering of new shares for raising matching funds on the basis of adding 57,257,371 shares in total, after which the Company's total shares were increased to 1,047,280,889 shares.

On September 19, 2019, the *Proposal on Capitalization of the Company's Semi-Annual Capital Reserve in 2019* were approved in the Second Extraordinary General Meeting of Shareholders in 2019, in which it was agreed that all shareholders would be awarded with 7 shares for each 10 shares on the basis of the existing 1,047,280,889 shares in total, with corresponding consideration paid by the balance of capital reserve. On September 28, 2019, the Company issued the Implementation Announcement for Capitalization of Interim Capital Reserve in 2019 (Announcement No. 2019-60), stating that the Company's total shares increased to 1,780,377,511 shares subsequent to the capitalization.

#### Approval of share changes

☒ Applicable    ☐ N/A

In accordance with the *Official Reply to Issuance of Shares by Happigo Limited to Mango Media Co., Ltd. and Other Entities for Purchase of Assets and Raising of Matching Funds* (Zheng Jian Xu Ke [2018] No.999) issued by the China Securities Regulatory Commission (hereinafter referred to as the "CSRC") on June 11, 2018, the Company is approved to issue shares to Mango Media Co., Ltd. and other entities in order to purchase assets and raise matching funds maximized in RMB 2 billion.

On September 19, 2019, the *Proposal on Capitalization of the Company's 2019 Semi-Annual Capital Reserve* were approved in the Second Extraordinary General Meeting of Shareholders in 2019, in which it was agreed that all shareholders would be awarded with 7 shares for each 10 shares on the basis of the existing 1,047,280,889 shares in total.

#### Description of registration of share changes

☒ Applicable    ☐ N/A

The new 57,257,371 shares of the Company were traded officially in private offering on May 30, 2019 according to the *Confirmation of Acceptance of Share Registration Application* issued on May 24, 2019 by Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. which received the Company's relevant registration materials for the private offering of new shares on May 21, 2019.

On September 25, 2019, the company issued the *Implementation Announcement for Capitalization of 2019 Interim Capital Reserve*. On October 8, 2019, the converted shares were credited to the shareholders' securities accounts.

#### Progress of share repurchase

☐ Applicable    ☒ N/A

#### Progress of reducing repurchased shares through centralized competitive pricing

☐ Applicable    ☒ N/A

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

☒ Applicable    ☐ N/A

On May 30, 2019, after the Company's completion of private offering of new shares for raising matching funds on the basis of adding 57,257,371 shares in total, the Company's total shares increased to 1,047,280,889 shares. On September 19, 2019, the *Proposal on Capitalization of the Company's 2019 Semi-Annual Capital Reserve* were approved in the Second Extraordinary General Meeting of Shareholders in 2019, in which it was agreed that all shareholders would be awarded with 7 shares for each 10 shares on the basis of the existing 1,047,280,889 shares in total. On September 28, 2019, the Company issued the *Implementation Announcement for Capitalization of 2019 Interim Capital Reserve* (Announcement No. 2019-60), stating that the Company's total

shares increased to 1,780,377,511 shares subsequent to the capitalization. In 2019, the Company's basic earnings per share and diluted earnings per share both declined to RMB 0.66, and the closing balance of net assets per share attributable to ordinary shareholders decreased to RMB 4.93.

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

☐ Applicable ☒ N/A

## 2. Restricted share changes

☒ Applicable ☐ N/A

Unit: share

Name of Shareholders	Opening restricted shares	Added restricted shares for the current period	Restricted shares released for the current period	Restricted shares at the end of the period	Reasons for restriction	Date of proposed release of restriction
China Life Insurance Company Limited —Dividend— Individual Dividend-005L-F H002 Shen	0	19,467,506	0	19,467,506	Additional 11,451,474 restricted shares are non-publicly issued to the shareholder subscribing for the matching funds raised by the Company, and after the semi-annual plan on capitalization of capital reserve of the Company is implemented, the number of restricted shares is changed to 19,467,506.	May 30, 2020
China Mobile Capital Holding Co., Ltd.	0	77,870,025	0	77,870,025	Additional 45,805,897 restricted shares are non-publicly issued to the shareholder subscribing for the matching funds raised by the Company, and after the semi-annual plan on capitalization of capital reserve of the Company is implemented, the number of restricted shares is changed to 77,870,025.	May 30, 2020
Mango Media Co., Ltd.	672,322,446	349,596,360	172,899,074	849,019,732	The number of opening restricted shares is 672,322,446, including 172,899,074 IPO restricted shares and 499,423,372 restricted shares newly issued to purchase assets; within the reporting period, 172,899,074 IPO restricted shares were all released, and after the semi-annual plan on capitalization	July 12, 2021

					of capital reserve of the Company is implemented, the number of restricted shares is changed to 849,019,732.	
Hunan Hi-tech Investment Group Co., Ltd.	22,422,358	0	22,422,358	0	Within reporting period, 22,422,358 IPO restricted shares were all released.	Released
Mango Wenchuang (Shanghai) Equity Investment Fund (L.P.)	17,927,640	0	17,927,640	0	Within the reporting period, 17,927,640 restricted shares newly issued to purchase assets were all released.	Released
Shanghai Yunyi Business Management Partnership (L.P.)	14,026,664	0	14,026,664	0	Within the reporting period, 14,026,664 restricted shares newly issued to purchase assets were all released.	Released
Guangzhou Yuexiu Lichuang NO.3 Industrial Investment Partnership (L.P.)	10,076,002	0	10,076,002	0	Within the reporting period, 10,076,002 restricted shares newly issued to purchase assets were all released.	Released
Mango Haitong Creative Cultural Investment Partnership (L.P.)	8,952,586	0	8,952,586	0	Within the reporting period, 8,952,586 restricted shares newly issued to purchase assets were all released.	Released
Jiantou Huawei Investment Co., Ltd.	7,538,878	0	7,538,878	0	Within the reporting period, 7,538,878 restricted shares newly issued to purchase assets were all released.	Released
Xiamen C&D Emerging Industry Equity Investment Co., Ltd.	6,764,643	0	6,764,643	0	Within the reporting period, 6,764,643 restricted shares newly issued to purchase assets were all released.	Released
Remaining restricted shareholders	24,313,733	0	24,313,733	0	Within the reporting period, 24,313,733 restricted shares newly issued to other restricted shareholders to purchase assets were all released.	Released
Total	784,344,950	446,933,891	284,921,578	946,357,263	--	--

## II. Shares issuing and listing

### 1. Securities issuing in the reporting period (excluding preferred shares)

√ Applicable    □ N/A

Shares and derivative securities	Issuing date	Issuing price (or interest rate)	Issued quantity	Listing date	Approved quantity for public trading	Date of termination
Shares						
Additional private shares for raising matching funds		RMB 34.93/share	57,257,371	May 30, 2019	57,257,371	
Convertible corporate bonds, convertible corporate bonds in separation deal and those classified as corporate bonds						
Other derivative securities						

Explanation for security offering (excluding preferred shares)

In accordance with the *Official Reply to Issuance of Shares by Happigo Limited to Mango Media Co., Ltd. and Other Entities for Purchase of Assets and Raising of Matching Funds* (Zheng Jian Xu Ke [2018] No.999) on June 11, 2018, the Company is approved to issue shares to Mango Media Co., Ltd. and other entities in order to purchase assets and raise matching funds maximized in RMB 2 billion. In May 2019, the Company completed the private offering of new shares for raising matching funds on the basis of adding 57,257,371 shares in total. The new shares issued were outstanding restricted shares which were traded on May 30, 2019 with a restricted period of 12 months commencing from the trading date.

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

√ Applicable    □ N/A

On May 30, 2019, the Company completed the private offering of new shares for raising matching funds, hence the Company' total shares were increased to 1,047,280,889 shares from 990,023,518 shares; on October 8, 2019, the Company completed the 2019 Semi-Annual Capital Reserve Capitalization by award all shareholders 7 shares transferred from capital reserve for each 10 shares, after which the Company' total shares were increased to 1,780,377,511 shares. Detailed changes in the opening balance and the closing balance of assets and liabilities in the reporting period are set out in the table below in RMB

Account	December 31, 2019	December 31, 2018	Year-on-year change
Total assets	17,078,206,149.68	12,111,376,784.55	41.01%
Total liabilities	8,258,248,765.61	6,437,122,585.56	28.29%

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

□ Applicable    √ N/A

## III. Shareholders and de facto controllers

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

Unit: share

Total ordinary shareholders as	19,407	Total ordinary shareholders	19,041	Total preferred	0	Total preferred shareholders with	0
--------------------------------	--------	-----------------------------	--------	-----------------	---	-----------------------------------	---

of the end of the period		as of the end of the month prior to the disclosure date of annual report		shareholders with recovered voting rights as of the end of the period (if any) (refer to Note 9)		recovered voting rights as of the end of the month prior to the disclosure date of annual report (refer to Note 9)		
Information of shareholders holding 5% or more of shares or top 10 shareholders								
Name of shareholders	Nature of shareholders	Shareholding percentage	Closing shareholding quantity	Increase or decrease	Quantity of restricted shares held	Quantity of unrestricted shares held	Pledged or frozen	
							Status	Quantity
Mango Media Co., Ltd.	State-owned legal person	64.20%	1,142,948,158	470,625,712	849,019,732	293,928,426		
China Mobile Capital Holding Co., Ltd.	State-owned legal person	4.37%	77,870,025	77,870,025	77,870,025	0		
China Merchants Bank Co., Ltd.-Xingquan Heyi Mixed Securities Investment Fund (flexible allocation)	Others	1.37%	24,462,806	24,462,806	0	24,462,806		
Hong Kong Securities Clearing Company Limited	Foreign legal person	1.29%	22,941,423	20,259,630	0	22,941,423		
China Life Insurance Company Limited — Dividends — Individual Dividends-005 L-FH002 Shen	Others	1.16%	20,723,679	20,723,679	19,467,506	1,256,173		
China CITIC Bank Co., Ltd.	Others	0.82%	14,543,853	4,441,204	0	14,543,853		



—BOCOM Schroder New Vigor Mixed Securities Investment Fund (flexible allocation)								
Industrial and Commercial Bank of China Co., Ltd.—China-Europe Times Pioneer Equity Securities Investment Fund	Others	0.82%	14,523,194	10,386,740	0	14,523,194		
Shanghai Yunyi Business Management Partnership (L.P.)	Others	0.67%	11,922,737	-2,103,927	0	11,922,737		
China Postal Savings Bank Co., Ltd.-China-Europe Small and Medium Equity Securities Investment Fund (LOF)	Others	0.63%	11,218,899	3,485,415	0	11,218,899		
China Merchants Bank Co., Ltd.-Xingquan Light Asset Investment Mixed Securities Investment Fund (LOF)	Others	0.61%	10,774,641	7,274,850	0	10,774,641		
Explanation for related-party relationship or concerted	Mango Media Co., Ltd. as the controlling shareholder of the Company has no related-party relationship or concerted action relationship with other top ten shareholders, and it is unknown							

action of above shareholders	whether or not there is a related-party relationship or concerted action relationship among other top ten shareholders.		
Shareholdings of top 10 unrestricted shareholders			
Name of shareholders	Quantity of unrestricted shares held at the end of the reporting period	Type	
		Type	Quantity
Mango Media Co., Ltd.	293,928,426	RMB ordinary shares	293,928,426
China Merchants Bank Co., Ltd.-Xingquan Heyi Mixed Securities Investment Fund	24,462,806	RMB ordinary shares	24,462,806
Hong Kong Securities Clearing Company Limited	22,941,423	RMB ordinary shares	22,941,423
China CITIC Bank Co., Ltd. —BOCOM Schroder New Vigor Mixed Securities Investment Fund	14,543,853	RMB ordinary shares	14,543,853
Industrial and Commercial Bank of China Co., Ltd.— China-Europe Times Pioneer Equity Sponsored Securities Investment Fund	14,523,194	RMB ordinary shares	14,523,194
Shanghai Yunyi Business Management Partnership (L.P.)	11,922,737	RMB ordinary shares	11,922,737
China Postal Savings Bank Co., Ltd.-China-Europe Small and Medium Equity Securities Investment Fund (LOF)	11,218,899	RMB ordinary shares	11,218,899
China Merchants Bank Co., Ltd.-Xingquan Light Asset Investment Mixed Securities Investment Fund (LOF)	10,774,641	RMB ordinary shares	10,774,641
China Construction Bank Co., Ltd.-Southern Quality Optimization Mixed Securities Investment Fund	8,999,341	RMB ordinary shares	8,999,341
National Social Security Fund 117 Combination	8,239,621	RMB ordinary	8,239,621

		shares	
Explanation for related-party relationship or concerted actions between top 10 unrestricted outstanding shareholders, and between top 10 unrestricted outstanding shareholders and top 10 shareholders	There is no related-party relationship or concerted action relationship between the Mango Media Co., Ltd. as the controlling shareholder of the Company and other top 10 unrestricted outstanding shareholders; it's unknown whether or not there is a related-party relationship or concerted action relationship among top 10 unrestricted outstanding shareholders and between top 10 unrestricted outstanding shareholders and top 10 shareholders.		
Explanation for shareholders participating in the margin trading and short-selling (if any) (refer to Note 5)	None		

If the Company's top 10 ordinary shareholders and top 10 unrestricted ordinary shareholders have engaged in an agreed repurchase transaction during the reporting period

☐ Yes ☒ No

The Company's top 10 ordinary shareholders and top 10 unrestricted ordinary shareholders have no agreed repurchase transaction during the reporting period

## 2. The Company's controlling shareholder

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

Type of the controlling shareholder: Legal person

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

Change of the controlling shareholder in the reporting period

☐ Applicable ☒ N/A

The Company has not changed the controlling shareholder in the reporting period.

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

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

Type of the controlling shareholder: Legal person

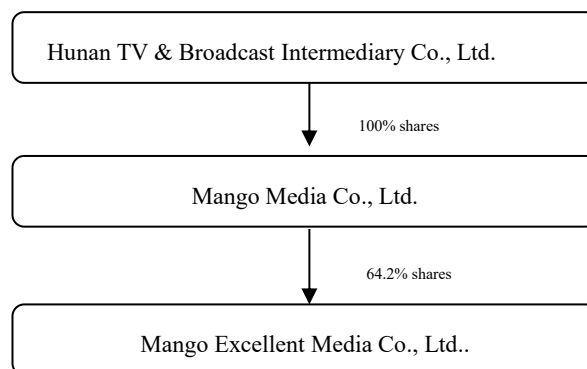
De facto controller	Legal representative/ responsible person	Date of incorporation	Organization code	Principal businesses
Hunan Broadcasting System	LU Huanbin	January 25, 2010	12430000444877954 G	Broadcasting news and other information, and television programs to promote socio-economic and cultural development;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

Change of the de facto controller in the reporting period

☐ Applicable ☒ N/A

The Company has not changed the de facto controller in the reporting period

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



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

☐ Applicable    ☒ N/A

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

☐ Applicable    ☒ N/A

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

☐ Applicable    ☒ N/A

## Section VII Preferred Shares

☐ Applicable    ☒ N/A

The Company has no preferred shares in the reporting period.

## Section VIII Convertible Bonds

☐ Applicable    ☒ N/A

The Company has no convertible bonds in the reporting period.

## Section IX Directors, Supervisors, Senior Management and Employees

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

Name	Position	Status	Gender	Age	Office term from	Officer term to	Number of shares held at the beginning of the period: (unit: share)	Number of increased shares for the current period (unit: share)	Number of reduced shares for the current period (unit: share)	Other increases or decreases (unit: share)	Number of shares held at the end of the period (unit: share)
ZHANG Huali	Chairman of the board	Current	Male	55	November 16, 2017	June 13, 2020	0	0	0	0	0
ZHONG Hongming	Independent director	Current	Male	44	June 14, 2017	June 13, 2020	0	0	0	0	0
XIAO Xing	Independent director	Current	Female	48	January 8, 2019	June 13, 2020	0	0	0	0	0
LIU Yuhui	Independent director	Current	Male	49	January 8, 2019	June 13, 2020	0	0	0	0	0
LUO Weixiong	Director	Current	Male	57	September 19, 2019	June 13, 2020	0	0	0	0	0
ZHANG Yong	Director	Current	Male	57	May 25, 2011	June 13, 2020	0	0	0	0	0
CAI Huaijun	Director, general manager	Current	Male	42	September 12, 2018	June 13, 2020	0	0	0	0	0
LIU Xin	Director	Current	Male	48	September 19, 2019	June 13, 2020	0	0	0	0	0
TANG Liang	Director	Current	Male	43	June 1, 2014	June 13, 2020	0	0	0	0	0
YANG Yun	Chairman of the board of supervisors	Current	Male	46	June 14, 2017	June 13, 2020	0	0	0	0	0
LI Jiaochun	Supervisor	Current	Male	55	June 14, 2017	June 13, 2020	0	0	0	0	0
JIANG Qian	Employee supervisor	Current	Female	50	May 12, 2015	June 13, 2020	0	0	0	0	0
HE Jin	Deputy	Current	Female	48	August 16,	June 13,	0	0	0	0	0



	general manager				2018	2020					
XIAO Ning	Deputy general manager	Current	Female	52	August 16, 2018	June 13, 2020	0	0	0	0	0
ZHENG Huaping	Deputy general manager	Current	Male	43	August 16, 2018	June 13, 2020	0	0	0	0	0
WANG Ke	Deputy general manager	Current	Male	40	August 16, 2018	June 13, 2020	0	0	0	0	0
LIANG Deping	Deputy general manager and finance director	Current	Male	40	August 16, 2018	June 13, 2020	0	0	0	0	0
WU Jun	Secretary of the board of directors	Current	Female	36	April 27, 2019	June 13, 2020	0	0	0	0	0
QIU Jingzhi	Former independent director	Resign	Male	43	April 6, 2016	January 8, 2019	0	0	0	0	0
HUA Xiuping	Former independent director	Resign	Female	41	June 14, 2017	January 8, 2019	0	0	0	0	0
WU Junyun	Former secretary of the board of directors	Resign	Female	42	June 14, 2017	January 28, 2019	0	0	0	0	0
Total	--	--	--	--	--	--	0	0	0	0	0

## II. Changes of directors, supervisors and senior management

√ Applicable    □ N/A

Name	Position	Type	Date	Reasons
QIU Jingzhi	Independent director	Resign	January 8, 2019	Mr. QIU Jingzhi applied for resignation from the independent director of the 3 <sup>rd</sup> board of directors of the Company for his personal reasons, and did not hold any other positions in the Company after resignation.
HUA Xiuping	Independent director	Resign	January 8, 2019	Ms. HUA Xiuping applied for resignation from the independent director of the 3 <sup>rd</sup> board of directors and the

				relevant position of the special commission of the board of directors for her personal reasons, and did not hold any other positions in the Company after resignation. She did not hold shares in the Company, and therefore did not make commitments on shareholding reduction.
XIAO Xing	Independent director	Being appointed	January 8, 2019	Ms. XIAO Xing was elected as the independent director of the 3 <sup>rd</sup> board of directors at the 1 <sup>st</sup> extraordinary general meeting of shareholders of the Company in 2019.
LIU Yuhui	Independent director	Being appointed	January 8, 2019	LIU Yuhui was elected as the independent director of the 3 <sup>rd</sup> board of directors at the 1 <sup>st</sup> extraordinary general meeting of shareholders of the Company in 2019.
WU Junyun	Secretary of the board of directors	Being dismissed	January 28, 2019	Ms. WU Junyun resigned from the secretary of the Company's board of directors due to the work transfer arrangements.
WU Jun	Secretary of the board of directors	Being appointed	April 27, 2019	Upon deliberation by the board of directors, the Company engaged Ms. WU Jun as the secretary of the board of directors.
TANG Liang	Deputy general manager	Being dismissed	June 20, 2019	Upon deliberation by the board of directors, the Company dismissed Mr. TANG Liang from the deputy general manager due to work demand. After dismissal, Ms. TANG Liang still serves as the deputy secretary of the Party Committee of Mango Excellent Media Co., Ltd., the director of the Company, a member of the strategic committee of the board of directors and of the audit committee of the board of directors.
LUO Weixiong	Director	Being appointed	September 19, 2019	Mr. LUO Weixiong was elected as the director of the 3 <sup>rd</sup> board of directors at the 2 <sup>nd</sup> extraordinary general meeting of shareholders of the Company in 2019.
LIU Xin	Director	Being appointed	September 19, 2019	Mr. LIU Xin was elected as the director of the 3 <sup>rd</sup> board of directors at the 2 <sup>nd</sup> extraordinary general meeting of shareholders of the Company in 2019.

### III. Job Titles

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

#### 1. Directors

ZHANG Huali, male, Han nationality, born in December 1964, a member of the Communist Party of China and a first-class literary editor. He graduated from the Chinese Department of Fudan University in 1986 and joined Hunan TV in the same year. His work experiences are as follows: the reporter of the *Hunan News Network* and *Focus*, the producer of *Evening News* and *News Watch*, the deputy director of the News Center of Hunan TV from July 1986 to December 1998; the first deputy director of Hunan TV's Cultural and Sports Channel from December 1998 and January 2001; the director of Hunan TV's Entertainment Channel from January 2001 to September 2002; the director and the deputy secretary of the CPC General Branch of Hunan TV's Entertainment

Channel from September 2002 to October 2004; the director and the deputy secretary of the Party Committee of Hunan TV's Entertainment Channel from October 2004 to December 2006; the deputy general manager of Golden Eagle Broadcasting System and the director of Entertainment Channel and the deputy secretary of the Party Committee of Hunan TV from December 2006 to July 2008; the deputy general manager of Golden Eagle Broadcasting System, the chief editor and deputy head (ranking first) of Hunan TV (headquarters), the director and the deputy secretary of the CPC General Branch of Hunan TV's Entertainment Channel from July 2008 to September 2009; the deputy general manager of Golden Eagle Broadcasting System and the chief editor and deputy head (ranking first) of Hunan TV (headquarters) from September 2009 to March 2010; a member of the Party Committee and the deputy head of Hunan Broadcasting System from March 2010 to August 2020; a member of the Party Committee, the deputy head and the chief editor of Hunan Broadcasting System from August 2010 to December 2010; a member of the Party Committee, the deputy head and chief editor of Hunan Broadcasting System and the director of Hunan Satellite TV Channel from December 2010 to May 2015; a member of the Party Committee, the deputy head and the chief editor of Hunan Broadcasting System and the general manager of Golden Eagle Broadcasting System and the director of Hunan Satellite TV Channel from May 2015 to June 2017; a member of the Party Committee, the deputy head and chief editor of Hunan Broadcasting System, the deputy secretary of the Party Committee and the general manager of Golden Eagle Broadcasting System from June 2017 to present; the chairman of the Company since November 2017 and the secretary of the Party Committee of the Company since November 2018.

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

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

LIU Yuhui, male, born in October 1970, a member of the Communist Party of China, graduated from Chinese Academy of Social Sciences with a doctor's degree of Quantitative Economics. He worked as the head of Key Financing Laboratory in the Institute of Finance of Chinese Academy of Social Sciences from August 2003 to April 2017, joined in the Institution of Economics of Chinese Academy of Social Sciences in April 2017 to serve as a researcher, and now serves as the professor and the doctoral tutor of economics in Chinese Academy of Social Sciences and is also the chief economist in TF Securities, a member of the council of China Chief Economist Forum, a member of the Annuity Council of China National Petroleum Corporation and an independent director in Bank of Jiangsu Co., Ltd.; and from January 2019 to present, he has been serving an independent director of the Company.

LUO Weixiong, male, Han nationality, born in November 1962, a member of the Communist Party of China, obtained a bachelor's degree of Arts and the title of chief editor. His work experiences are as follows: the deputy director of the Managerial Department of Hunan TV and Broadcasting Agency, the deputy director and then director of the Advertising Information Department of Hunan TV and Broadcasting News Agency, the director of the Editor Department of Hunan Radio and TV News Agency, deputy editor-in-chief and then chief editor of Hunan Radio and TV News Agency, the general manager of Hunan TV & Broadcast Intermediary Co., Ltd. Advertising Branch and the director of the Advertising Operation and Management Center of Golden Eagle Broadcasting System from April 1988 to April 2005; the deputy general manager of Golden Eagle Broadcasting System, the deputy

editor-in-chief of Hunan Provincial Radio and Television Bureau and the Editor Committee of Golden Eagle Broadcasting System from April 2005 to March 2010; a director and the deputy general manager of Hunan TV & Broadcast Intermediary Co., Ltd. from April 2005 to April 2012; a member of the Party Committee and the deputy head of Hunan Broadcasting System, and the director of Operation and Industry Management Committee of Hunan Broadcasting System and a director of Mango Media Co., Ltd. from March 2010 to June 2018; a member of the Party Committee of Golden Eagle Broadcasting System in June 2018; a member of the Party Committee and the deputy head of Hunan Broadcasting System, and a member of the Party Committee and the deputy general manager of Golden Eagle Broadcasting System and a director of Mango Media Co., Ltd. from July 2018 to present; and a director of the Company from September 2019 to present.

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

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

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

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

## 2. Supervisors

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

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

JIANG Qian, female, born in July 1969, a member of the Communist Party of China, obtained national second-level psychological counselor and graduated from Xiangtan University with an associate's degree of Law. She worked as the head of the Advertising and Marketing Department, the media director and the manager of the Brand Promotion Department of Happigo Inc. from May 2006; and now she serves as the director of the Party Work Cultural Department and the full-time vice chairman of the Trade Union of Happigo Co., Ltd.; and since May 2015, she has been working as an employee supervisor of the Company.

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

HE Jin, female, born in April 1971, a member of the Communist Party of China, a master of Statistics and Risk Management, University of South Australia. Her work experiences are as follows: worked in Hunan KAMP Medical and Health Products Co., Ltd. from September 1991 to January 1993; worked in Hainan Juchuan Industry Company and Suzhou Shihu Development Co., Ltd. from January 1993 to October 1995; worked in Hunan Economic TV from October 1995 to March 2003 (concurrently worked as the secretary of the Youth League Committee of Hunan Economic TV from July 2000 and March 2003); the manager of the Finance Department of Changsha Colorful World Co., Ltd. from March 2003 to December 2004; the deputy director of the Finance Department of Hunan Economic TV from December 2004 to March 2006; the deputy general manager of Hunan Jingshi Cultural Communication Co., Ltd. from March 2006 to December 2007; the vice chairman of the Trade Union of Hunan Economic TV from December 2007 to August 2010; the general manager of Hunan Jingshi Cultural Communication Co., Ltd. from August 2010 to May 2012; the general manager of Hunan Jingshi Cultural Communication Co., Ltd. from May 2012 to June 2015; the general manager of Mango Studios Culture Co., Ltd. since June 2015; the deputy general manager of the Company since August 2018; and a member of the Party Committee of the Company from November 2018.

XIAO Ning, female, born in December 1967, a member of the Communist Party of China, graduated from China University of Geosciences with a bachelor's degree of Flight Attendant Management. Her work experiences are as follows: worked in Hunan Gordon Theatre from July 1984 to September 1992; studied the Clothing Design at the Department of Fine Arts Foundation in Guangzhou Academy of Fine Arts from September 1992 to September 1993; studied the Clothing Fine Arts and Design in Guangzhou United Workers College from September 1993 and July 1995; worked in the Chief Editor Office of Hunan Economic TV

from November 1995 to February 2000; the deputy director (vice section chief level) of the Chief Editor Office of Hunan Economic TV from February 2000 to January 2001; the manager (section chief level) of Introduction Division of the Marketing Center in Golden Eagle Broadcasting System from January 2001 to October 2005; the first deputy head of the Chief Editor Office of Hunan Economic TV from October 2005 to December 2005; the director of the Chief Editor Office of Hunan Economic TV from December 2005 to December 2007; the director (promoted to the vice divisional level) of the Chief Editor Office of Hunan Economic TV from December 2007 to April 2010; the deputy director of the Satellite Channel Chief Editor Office of Hunan Broadcasting System from April 2010 to June 2011; the deputy director of the TV Channel Chief Editor Office of Hunan Broadcasting System from June 2011 to May 2012; the deputy director of the Program Transaction Management Center of Hunan Broadcasting System from May 2012 to March 2015; the director of the Programming Transaction Management Center of Hunan Broadcasting System from May 2015 to May 2017; the general manager of Shanghai EE-Media Co., Ltd. since December 2016 (a director of Shanghai EE-Media Co., Ltd. from July 2017 to January 2019); the deputy general manager of the Company since August 2018; and a member of the Party Committee of the Company from November 2018.

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

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

LIANG Deping, male, born in February 1979, a member of the Communist Party of China, graduated from Changsha University of Science and Technology with MBA. His work experiences are as follows: the accounting head of the Finance Department of Entertainment Channel of Hunan Broadcasting System from August 1998 to October 2004; the deputy director of the

Finance Department of Hunan TV ' s Entertainment Channel from October 2004 to January 2008; the director of the Finance Department of Hunan TV ' s Entertainment Channel from January 2008 to January 2013 (studied the MBA in Changsha University of Science and Technology from March 2009 to January 2012); the director assistant and the head of the Finance Department of the Entertainment Channel of Hunan Broadcasting System from January 2013 to April 2013; the director assistant of the Entertainment Channel of Hunan Broadcasting System, the head of the Finance Department and the head of the Production Department of the Entertainment Channel of Hunan Broadcasting System from April 2013 to April 2014; the deputy director of Entertainment Channel of Hunan Broadcasting System from April 2014 to November 2014; the deputy director of Entertainment Channel of Hunan Broadcasting System and the deputy general manager of Hunan Mango Entertainment Co., Ltd. from November 2014 to October 2017; the deputy director of Entertainment Channel of Hunan Broadcasting System and the deputy general manager of Hunan Mango Entertainment Co., Ltd. from October 2017 to July 2018; the deputy general manager of Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd. since October 2017; an executive director of Hunan Happy Money Microfinance Co., Ltd. since May 2019; an executive director of Shanghai Mangofun Technology Co., Ltd. since September 2019; the deputy general manager of and the finance director of the Company since August 2018; and a member of the Party Committee of the Company since November 2018.

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

Positions in shareholder entities

√ Applicable    □ N/A

Name	Shareholder entities	Positions in shareholder entities	Office term from	Office term to	Receive remunerations or allowances from shareholder entities or not
ZHANG Huali	Mango Media Co., Ltd.	Director			
LUO Weixiong	Mango Media Co., Ltd.	Director			
ZHANG Yong	Mango Media Co., Ltd.	Director and general manager			
LI Jiaochun	LI Jiaochun	Deputy secretary of the Party Committee, the secretary of the Discipline Inspection Committee and the Chairman of the board of supervisors			

Positions in other entities

√ Applicable    □ N/A

Name	Other entities	Positions in other entities	Office term from	Office term to	Receive remunerations or allowances from other entities or not

ZHANG Huali	Hunan Broadcasting System	Member of the Party Committee, deputy head and chief editor			
ZHANG Huali	Golden Eagle Broadcasting System Co., Ltd.	Deputy secretary of the Party Committee and General Manager			
ZHONG Hongming	Institute of Law, Sichuan Academy of Social Sciences	Associate researcher, and director of Financing Law Government Research Office			
ZHONG Hongming	Dagang Holding Group Co., Ltd.	Independent director			
ZHONG Hongming	FIYTA Precision Technology Co., Ltd.	Independent director			
XIAO Xing	School of Economics and Management of Tsinghua University	Professor, and head of the Department of Accounting			
XIAO Xing	Global Private Equity Research Institute of Tsinghua University	Deputy executive dean			
XIAO Xing	National Accounting Professional Master Education Steering Committee	Member			
XIAO Xing	Accounting Teaching Steering Committee of the Ministry of Education	Member			
XIAO Xing	Agricultural Bank of China Co., Ltd.	Independent director			
XIAO Xing	Bloomage Biotechnology Corporation Limited	Independent director			



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

		instructor for postgraduate students			
--	--	--	--	--	--

Penalty by regulators to the Company's current directors, supervisors and senior management, including those resigned in the reporting period, in recent three years

☐ Applicable ☒ N/A

#### IV. Remuneration of directors, supervisors and senior management

Decision-making process, determination basis and actual payment of remuneration of directors, supervisors and senior management, For independent directors, their remunerations are paid subject to the resolution of the shareholders' meeting; for senior management, their remunerations are determined by the board of directors; for directors, supervisors and senior management who hold positions in the Company, their remunerations are paid by the company; and for directors and supervisors, the Company do not pay allowances separately.

Total remuneration of directors, supervisors and senior management received during the reporting period

In RMB 0'000

Name	Position	Gender	Age	Status	Total remunerations received from the Company (including tax)	Receive the remunerations from the related parties of the Company
ZHANG Huali	Chairman of the board	Male	55	Current	0	
ZHONG Hongming	Independent director	Male	44	Current	22	
XIAO Xing	Independent director	Female	48	Current	21.68	
LIU Yuhui	Independent director	Male	49	Current	21.68	
LUO Weixiong	Director	Male	57	Current	0	
ZHANG Yong	Director	Male	57	Current	0	
CAI Huaijun	Director and general manager	Male	42	Current	500	
LIU Xin	Director	Male	48	Current	0	
TANG Liang	Director	Male	43	Current	250	
YANG Yun	Chairman of the board of supervisors	Male	46	Current	0	
LI Jiaochun	Supervisor	Male	55	Current	0	
JIANG Qian	Employee	Female	50	Current	38.74	

	supervisor					
HE Jin	Deputy general manager	Female	48	Current	270	
XIAO Ning	Deputy general manager	Female	52	Current	320.66	
ZHENG Huaping	Deputy general manager	Male	43	Current	350	
WANG Ke	Deputy general manager	Male	40	Current	320	
LIANG Deping	Deputy general manager and finance director	Male	40	Current	350	
WU Jun	Secretary of the board of directors	Female	36	Current	206.89	
QIU Jingzhi	Former independent director	Male	43	Resign	0.42	
HUA Xiuping	Former independent director	Female	41	Resign	0	
WU Junyun	Former secretary of the board of directors	Female	41	Resign	60.8	
Total	--	--	--	--	2,732.87	--

Equity incentives awarded to the Company's directors and senior officers

☐ Applicable    ☒ N/A

## V. Employees

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

Employees of the parent company (person)	23
Employees of main subsidiaries (person)	4,162
Total of employees on active duty (person)	4,185
Total of employees receiving remuneration for the current period (person)	4,185
Retired employees whose expense is undertaken by parent company and main subsidiaries (person)	2
Composition of employees by specialization	
Areas of specialization	Headcounts

Production personnel	1,778
Sales personnel	1,313
Technical personnel	645
Finance personnel	132
Administrative personnel	317
Total	4,185
Composition of employees by education background	
Education background	Headcount
Master degree or above	428
Bachelor degree	2,680
Junior college or below	1,077
Total	4,185

## 2. Remuneration policy

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

## 3. Training plan

The Company continuously establishes and improves a systematic employee training system and cultivation system, and carries out training work by categories and levels to strengthen the management ability of middle and senior staff, improve the professional ability of key personnel and the job skills of basic staff. In terms of content, based on an in-depth understanding of the training needs of employees, the Company has developed interesting and practical courses for employees of different functions, and established a comprehensive training system covering vocational training, theoretical education, professional training, marketing, new technology, new media operation, etc., to support the comprehensive development of the Company's talents and enhance the Company's brand as an employer and employees' sense of belonging. During the reporting period, the Company and its subsidiaries conducted more than 200 training sessions covering different types.

## 4. Outsourcing

√ Applicable    □ N/A

Total outsourced working hours (in hour)	1,005,196
Total compensation paid for outsourced work (in RMB)	43,628,183.00

## Section IX Directors, Supervisors, Senior Management and Employees

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

Name	Position	Status	Gender	Age	Office term from	Officer term to	Number of shares held at the beginning of the period: (unit: share)	Number of increased shares for the current period (unit: share)	Number of reduced shares for the current period (unit: share)	Other increases or decreases (unit: share)	Number of shares held at the end of the period (unit: share)
ZHANG Huali	Chairman of the board	Current	Male	55	November 16, 2017	June 13, 2020	0	0	0	0	0
ZHONG Hongming	Independent director	Current	Male	44	June 14, 2017	June 13, 2020	0	0	0	0	0
XIAO Xing	Independent director	Current	Female	48	January 8, 2019	June 13, 2020	0	0	0	0	0
LIU Yuhui	Independent director	Current	Male	49	January 8, 2019	June 13, 2020	0	0	0	0	0
LUO Weixiong	Director	Current	Male	57	September 19, 2019	June 13, 2020	0	0	0	0	0
ZHANG Yong	Director	Current	Male	57	May 25, 2011	June 13, 2020	0	0	0	0	0
CAI Huaijun	Director, general manager	Current	Male	42	September 12, 2018	June 13, 2020	0	0	0	0	0
LIU Xin	Director	Current	Male	48	September 19, 2019	June 13, 2020	0	0	0	0	0
TANG Liang	Director	Current	Male	43	June 1, 2014	June 13, 2020	0	0	0	0	0
YANG Yun	Chairman of the board of supervisors	Current	Male	46	June 14, 2017	June 13, 2020	0	0	0	0	0
LI Jiaochun	Supervisor	Current	Male	55	June 14, 2017	June 13, 2020	0	0	0	0	0
JIANG Qian	Employee supervisor	Current	Female	50	May 12, 2015	June 13, 2020	0	0	0	0	0
HE Jin	Deputy general	Current	Female	48	August 16, 2018	June 13, 2020	0	0	0	0	0

	manager										
XIAO Ning	Deputy general manager	Current	Female	52	August 16, 2018	June 13, 2020	0	0	0	0	0
ZHENG Huaping	Deputy general manager	Current	Male	43	August 16, 2018	June 13, 2020	0	0	0	0	0
WANG Ke	Deputy general manager	Current	Male	40	August 16, 2018	June 13, 2020	0	0	0	0	0
LIANG Deping	Deputy general manager and finance director	Current	Male	40	August 16, 2018	June 13, 2020	0	0	0	0	0
WU Jun	Secretary of the board of directors	Current	Female	36	April 27, 2019	June 13, 2020	0	0	0	0	0
QIU Jingzhi	Former independent director	Resign	Male	43	April 6, 2016	January 8, 2019	0	0	0	0	0
HUA Xiuping	Former independent director	Resign	Female	41	June 14, 2017	January 8, 2019	0	0	0	0	0
WU Junyun	Former secretary of the board of directors	Resign	Female	42	June 14, 2017	January 28, 2019	0	0	0	0	0
Total	--	--	--	--	--	--	0	0	0	0	0

## II. Changes of directors, supervisors and senior management

√ Applicable    □ N/A

Name	Position	Type	Date	Reasons
QIU Jingzhi	Independent director	Resign	January 8, 2019	Mr. QIU Jingzhi applied for resignation from the independent director of the 3 <sup>rd</sup> board of directors of the Company for his personal persons, and did not hold any other positions in the Company after resignation.
HUA Xiuping	Independent director	Resign	January 8, 2019	Ms. HUA Xiuping applied for resignation from the independent director of the 3 <sup>rd</sup> board of directors and the relevant position of the special commission of the board

				of directors for her personal reasons, and did not hold any other positions in the Company after resignation. She did not hold shares in the Company, and therefore did not make commitments on shareholding reduction.
XIAO Xing	Independent director	Being appointed	January 8, 2019	Ms. XIAO Xing was elected as the independent director of the 3 <sup>rd</sup> board of directors at the 1 <sup>st</sup> extraordinary general meeting of shareholders of the Company in 2019.
LIU Yuhui	Independent director	Being appointed	January 8, 2019	LIU Yuhui was elected as the independent director of the 3 <sup>rd</sup> board of directors at the 1 <sup>st</sup> extraordinary general meeting of shareholders of the Company in 2019.
WU Junyun	Secretary of the board of directors	Being dismissed	January 28, 2019	Ms. WU Junyun resigned from the secretary of the Company's board of directors due to the work transfer arrangements.
WU Jun	Secretary of the board of directors	Being appointed	April 27, 2019	Upon deliberation by the board of directors, the Company engaged Ms. WU Jun as the secretary of the board of directors.
TANG Liang	Deputy general manager	Being dismissed	June 20, 2019	Upon deliberation by the board of directors, the Company dismissed Mr. TANG Liang from the deputy general manager due to work demand. After dismissal, Ms. TANG Liang still serves as the deputy secretary of the Party Committee of Mango Excellent Media Co., Ltd., the director of the Company, a member of the strategic committee of the board of directors and of the audit committee of the board of directors.
LUO Weixiong	Director	Being appointed	September 19, 2019	Mr. LUO Weixiong was elected as the director of the 3 <sup>rd</sup> board of directors at the 2 <sup>nd</sup> extraordinary general meeting of shareholders of the Company in 2019.
LIU Xin	Director	Being appointed	September 19, 2019	Mr. LIU Xin was elected as the director of the 3 <sup>rd</sup> board of directors at the 2 <sup>nd</sup> extraordinary general meeting of shareholders of the Company in 2019.

### III. Job Titles

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

#### 1. Directors

ZHANG Huali, male, Han nationality, born in December 1964, a member of the Communist Party of China and a first-class literary editor. He graduated from the Chinese Department of Fudan University in 1986 and joined Hunan TV in the same year. His work experiences are as follows: the reporter of the *Hunan News Network* and *Focus*, the producer of *Evening News* and *News Watch*, the deputy director of the News Center of Hunan TV from July 1986 to December 1998; the first deputy director of Hunan TV's Cultural and Sports Channel from December 1998 and January 2001; the director of Hunan TV's Entertainment Channel from January 2001 to September 2002; the director and the deputy secretary of the CPC General Branch of Hunan TV's Entertainment Channel from September 2002 to October 2004; the director and the deputy secretary of the Party Committee of Hunan TV's Entertainment Channel from October 2004 to December 2006; the deputy general manager of Golden Eagle Broadcasting System and the director

of Entertainment Channel and the deputy secretary of the Party Committee of Hunan TV from December 2006 to July 2008; the deputy general manager of Golden Eagle Broadcasting System, the chief editor and deputy head (ranking first) of Hunan TV (headquarters), the director and the deputy secretary of the CPC General Branch of Hunan TV's Entertainment Channel from July 2008 to September 2009; the deputy general manager of Golden Eagle Broadcasting System and the chief editor and deputy head (ranking first) of Hunan TV (headquarters) from September 2009 to March 2010; a member of the Party Committee and the deputy head of Hunan Broadcasting System from March 2010 to August 2020; a member of the Party Committee, the deputy head and the chief editor of Hunan Broadcasting System from August 2010 to December 2010; a member of the Party Committee, the deputy head and chief editor of Hunan Broadcasting System and the director of Hunan Satellite TV Channel from December 2010 to May 2015; a member of the Party Committee, the deputy head and the chief editor of Hunan Broadcasting System and the general manager of Golden Eagle Broadcasting System and the director of Hunan Satellite TV Channel from May 2015 to June 2017; a member of the Party Committee, the deputy head and chief editor of Hunan Broadcasting System, the deputy secretary of the Party Committee and the general manager of Golden Eagle Broadcasting System from June 2017 to present; the chairman of the Company since November 2017 and the secretary of the Party Committee of the Company since November 2018.

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

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

LIU Yuhui, male, born in October 1970, a member of the Communist Party of China, graduated from Chinese Academy of Social Sciences with a doctor's degree of Quantitative Economics. He worked as the head of Key Financing Laboratory in the Institute of Finance of Chinese Academy of Social Sciences from August 2003 to April 2017, joined in the Institution of Economics of Chinese Academy of Social Sciences in April 2017 to serve as a researcher, and now serves as the professor and the doctoral tutor of economics in Chinese Academy of Social Sciences and is also the chief economist in TF Securities, a member of the council of China Chief Economist Forum, a member of the Annuity Council of China National Petroleum Corporation and an independent director in Bank of Jiangsu Co., Ltd.; and from January 2019 to present, he has been serving an independent director of the Company.

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



2012; a member of the Party Committee and the deputy head of Hunan Broadcasting System, and the director of Operation and Industry Management Committee of Hunan Broadcasting System and a director of Mango Media Co., Ltd. from March 2010 to June 2018; a member of the Party Committee of Golden Eagle Broadcasting System in June 2018; a member of the Party Committee and the deputy head of Hunan Broadcasting System, and a member of the Party Committee and the deputy general manager of Golden Eagle Broadcasting System and a director of Mango Media Co., Ltd. from July 2018 to present; and a director of the Company from September 2019 to present.

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

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

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

TANG Liang, male, born in 1976, a member of the Communist Party of China, graduated from Hunan Normal University with a bachelor's degree of English Education, and is studying EMBA in Hunan University. His work experiences are as follows: an editor, editor in charge, producer, the deputy director of the News Center, and the director of Beijing Program Center of Hunan Economic

TV from June 1997 to November 2005; was sent to study at the University of Westminster, UK, funded by the government, from November 2005 to March 2006; the deputy general manager of Happigo Co., Ltd. from March 2006 to May 2011; the deputy general manager of Happigo Inc. from May 2011 to November 2011; the deputy executive general manager of Happigo Inc. from November 2011 to June 2014; the deputy executive general manager and a director of Happigo Inc. from June 2014 to April 2015; the general manager and a director of Happigo Inc. from April 2015 to July 2018; the secretary of the Party Committee of Happigo Inc. from December 2016 to July 2018; the deputy general manager of the Company from August 2018 to June 2019; a director of the Company since August 2018; and since November 2018, the deputy secretary of the Party Committee of the Company.

## 2. Supervisors

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

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

JIANG Qian, female, born in July 1969, a member of the Communist Party of China, obtained national second-level psychological counselor and graduated from Xiangtan University with an associate's degree of Law. She worked as the head of the Advertising and Marketing Department, the media director and the manager of the Brand Promotion Department of Happigo Inc. from May 2006; and now she serves as the director of the Party Work Cultural Department and the full-time vice chairman of the Trade Union of Happigo Co., Ltd.; and since May 2015, she has been working as an employee supervisor of the Company.

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

HE Jin, female, born in April 1971, a member of the Communist Party of China, a master of Statistics and Risk Management, University of South Australia. Her work experiences are as follows: worked in Hunan KAMP Medical and Health Products Co., Ltd. from September 1991 to January 1993; worked in Hainan Juchuan Industry Company and Suzhou Shihu Development Co., Ltd. from January 1993 to October 1995; worked in Hunan Economic TV from October 1995 to March 2003 (concurrently worked as the secretary of the Youth League Committee of Hunan Economic TV from July 2000 and March 2003); the manager of the Finance Department of Changsha Colorful World Co., Ltd. from March 2003 to December 2004; the deputy director of the Finance Department of Hunan Economic TV from December 2004 to March 2006; the deputy general manager of Hunan Jingshi Cultural Communication Co., Ltd. from March 2006 to December 2007; the vice chairman of the Trade Union of Hunan Economic TV from December 2007 to August 2010; the general manager of Hunan Jingshi Cultural Communication Co., Ltd. from August 2010 to May 2012; the general manager of Hunan Jingshi Cultural Communication Co., Ltd. from May 2012 to June 2015; the general manager of Mango Studios Culture Co., Ltd. since June 2015; the deputy general manager of the Company since August 2018; and a member of the Party Committee of the Company from November 2018.

XIAO Ning, female, born in December 1967, a member of the Communist Party of China, graduated from China University of Geosciences with a bachelor's degree of Flight Attendant Management. Her work experiences are as follows: worked in Hunan Gordon Theatre from July 1984 to September 1992; studied the Clothing Design at the Department of Fine Arts Foundation in Guangzhou Academy of Fine Arts from September 1992 to September 1993; studied the Clothing Fine Arts and Design in Guangzhou United Workers College from September 1993 and July 1995; worked in the Chief Editor Office of Hunan Economic TV from November 1995 to February 2000; the deputy director (vice section chief level) of the Chief Editor Office of Hunan Economic TV from February 2000 to January 2001; the manager (section chief level) of Introduction Division of the Marketing Center in Golden Eagle Broadcasting System from January 2001 to October 2005; the first deputy head of the Chief Editor Office of Hunan

Economic TV from October 2005 to December 2005; the director of the Chief Editor Office of Hunan Economic TV from December 2005 to December 2007; the director (promoted to the vice divisional level) of the Chief Editor Office of Hunan Economic TV from December 2007 to April 2010; the deputy director of the Satellite Channel Chief Editor Office of Hunan Broadcasting System from April 2010 to June 2011; the deputy director of the TV Channel Chief Editor Office of Hunan Broadcasting System from June 2011 to May 2012; the deputy director of the Program Transaction Management Center of Hunan Broadcasting System from May 2012 to March 2015; the director of the Programming Transaction Management Center of Hunan Broadcasting System from May 2015 to May 2017; the general manager of Shanghai EE-Media Co., Ltd. since December 2016 (a director of Shanghai EE-Media Co., Ltd. from July 2017 to January 2019); the deputy general manager of the Company since August 2018; and a member of the Party Committee of the Company from November 2018.

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

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

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

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

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

#### Positions in shareholder entities

√ Applicable    □ N/A

Name	Shareholder entities	Positions in shareholder entities	Office term from	Office term to	Receive remunerations or allowances from shareholder entities or not
ZHANG Huali	Mango Media Co., Ltd.	Director			
LUO Weixiong	Mango Media Co., Ltd.	Director			
ZHANG Yong	Mango Media Co., Ltd.	Director and general manager			
LI Jiaochun	LI Jiaochun	Deputy secretary of the Party Committee, the secretary of the Discipline Inspection Committee and the Chairman of the board of supervisors			

#### Positions in other entities

√ Applicable    □ N/A

Name	Other entities	Positions in other entities	Office term from	Office term to	Receive remunerations or allowances from other entities or not
ZHANG Huali	Hunan Broadcasting System	Member of the Party Committee, deputy head			

		and chief editor			
ZHANG Huali	Golden Eagle Broadcasting System Co., Ltd.	Deputy secretary of the Party Committee and General Manager			
ZHONG Hongming	Institute of Law, Sichuan Academy of Social Sciences	Associate researcher, and director of Financing Law Government Research Office			
ZHONG Hongming	Dagang Holding Group Co., Ltd.	Independent director			
ZHONG Hongming	FIYTA Precision Technology Co., Ltd.	Independent director			
XIAO Xing	School of Economics and Management of Tsinghua University	Professor, and head of the Department of Accounting			
XIAO Xing	Global Private Equity Research Institute of Tsinghua University	Deputy executive dean			
XIAO Xing	National Accounting Professional Master Education Steering Committee	Member			
XIAO Xing	Accounting Teaching Steering Committee of the Ministry of Education	Member			
XIAO Xing	Agricultural Bank of China Co., Ltd.	Independent director			
XIAO Xing	Bloomage Biotechnology Corporation Limited	Independent director			
LIU Yuhui	Chinese Academy of Social Sciences	Professor and doctoral supervisor			
LIU Yuhui	TF Securities Co., Ltd.	Chief			

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

Penalty by regulators to the Company's current directors, supervisors and senior management, including those resigned in the

reporting period, in recent three years

☐ Applicable ☒ N/A

#### IV. Remuneration of directors, supervisors and senior management

Decision-making process, determination basis and actual payment of remuneration of directors, supervisors and senior management, For independent directors, their remunerations are paid subject to the resolution of the shareholders' meeting; for senior management, their remunerations are determined by the board of directors; for directors, supervisors and senior management who hold positions in the Company, their remunerations are paid by the company; and for directors and supervisors, the Company do not pay allowances separately.

Total remuneration of directors, supervisors and senior management received during the reporting period

In RMB 0'000

Name	Position	Gender	Age	Status	Total remunerations received from the Company (including tax)	Receive the remunerations from the related parties of the Company
ZHANG Huali	Chairman of the board	Male	55	Current	0	
ZHONG Hongming	Independent director	Male	44	Current	22	
XIAO Xing	Independent director	Female	48	Current	21.68	
LIU Yuhui	Independent director	Male	49	Current	21.68	
LUO Weixiong	Director	Male	57	Current	0	
ZHANG Yong	Director	Male	57	Current	0	
CAI Huaijun	Director and general manager	Male	42	Current	500	
LIU Xin	Director	Male	48	Current	0	
TANG Liang	Director	Male	43	Current	250	
YANG Yun	Chairman of the board of supervisors	Male	46	Current	0	
LI Jiaochun	Supervisor	Male	55	Current	0	
JIANG Qian	Employee supervisor	Female	50	Current	38.74	
HE Jin	Deputy general manager	Female	48	Current	270	
XIAO Ning	Deputy general manager	Female	52	Current	320.66	

ZHENG Huaping	Deputy general manager	Male	43	Current	350	
WANG Ke	Deputy general manager	Male	40	Current	320	
LIANG Deping	Deputy general manager and finance director	Male	40	Current	350	
WU Jun	Secretary of the board of directors	Female	36	Current	206.89	
QIU Jingzhi	Former independent director	Male	43	Resign	0.42	
HUA Xiuping	Former independent director	Female	41	Resign	0	
WU Junyun	Former secretary of the board of directors	Female	41	Resign	60.8	
Total	--	--	--	--	2,732.87	--

Equity incentives awarded to the Company's directors and senior officers

☐ Applicable    ☒ N/A

## V. Employees

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

Employees of the parent company (person)	23
Employees of main subsidiaries (person)	4,162
Total of employees on active duty (person)	4,185
Total of employees receiving remuneration for the current period (person)	4,185
Retired employees whose expense is undertaken by parent company and main subsidiaries (person)	2
Composition of employees by specialization	
Areas of specialization	Headcounts
Production personnel	1,778
Sales personnel	1,313
Technical personnel	645



Finance personnel	132
Administrative personnel	317
Total	4,185
Composition of employees by education background	
Education background	Headcount
Master degree or above	428
Bachelor degree	2,680
Junior college or below	1,077
Total	4,185

## 2. Remuneration policy

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

## 3. Training plan

The Company continuously establishes and improves a systematic employee training system and cultivation system, and carries out training work by categories and levels to strengthen the management ability of middle and senior staff, improve the professional ability of key personnel and the job skills of basic staff. In terms of content, based on an in-depth understanding of the training needs of employees, the Company has developed interesting and practical courses for employees of different functions, and established a comprehensive training system covering vocational training, theoretical education, professional training, marketing, new technology, new media operation, etc., to support the comprehensive development of the Company's talents and enhance the Company's brand as an employer and employees' sense of belonging. During the reporting period, the Company and its subsidiaries conducted more than 200 training sessions covering different types.

## 4. Outsourcing

√ Applicable    □ N/A

Total outsourced working hours (in hour)	1,005,196
Total compensation paid for outsourced work (in RMB)	43,628,183.00

## Section X Governance

### I. Basic introduction

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

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

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

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

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

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

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

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

The Board of Supervisors of the Company consists of 3 directors, including 1 employee supervisor. Members and the composition thereof are in line with the requirements of relevant laws and regulations. During the reporting period, each supervisor

can conscientiously perform their duties in accordance with the requirements of the *Rules of Procedure for the Board of Supervisors*, supervising the legality and compliance of the Company's significant matters, related-party transactions, insider, internal control, financial position, and the execution of duties of directors and senior management.

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

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

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

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

#### 7. Information disclosure and transparency

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

#### 8. Stakeholders

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

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

☐ Yes ☒ No

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

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

The Company is independent from the controlling shareholder and the de facto controller of the Company in terms of business, personnel, assets, institutions and finances. The Company's controlling shareholder, de facto controller and their related parties have

not appropriated the company's funds illegally, nor required the Company to provide guarantees in violation of laws and regulations.

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

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

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

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

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

### III. Business Competition

□ Applicable    √ N/A

### IV. Description of annual and extraordinary general meetings of shareholders as of the reporting period

#### 1. Description of General Meetings of Shareholders as of the reporting period

Sequence	Type	Ratio of investors on site	Convening date	Disclosure Date	Disclosure Index
The first extraordinary general meetings of shareholders in 2019	Extraordinary general meetings of shareholders	78.31%	January 8, 2019	January 9, 2019	Announcement of the Resolutions of the First Extraordinary General Meetings of Shareholders (2019-002) in <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
2018 annual general meetings of shareholders	Annual general meetings of shareholders	79.07%	May 22, 2019	May 23, 2019	Announcement of the Resolutions of the 2018 Annual General Meetings of Shareholders (2019-030) in <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
The second extraordinary general meetings of shareholders in 2019	Extraordinary general meetings of shareholders	77.86%	September 19, 2019	September 20, 2019	Announcement of the Resolutions of the Second Extraordinary General Meetings of Shareholders (2019-058) in <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
The third extraordinary general meetings of shareholders in 2019	Extraordinary general meetings of shareholders	77.13%	December 19, 2019	December 20, 2019	Announcement of the Resolutions of the Third Extraordinary General Meetings of Shareholders (2019-075) in <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>

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

□ Applicable √ N/A

## V. Execution of duties by independent directors as of the reporting period

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

Independent directors' attendance on meetings of the board of directors and the general meetings of shareholders							
Name of independent directors	Attendance on meetings of the board of directors as of the reporting period	On site	Through communications	Through entrustment	Absence	If two consecutive absences	Attendance on the general meetings of shareholders
ZHONG Hongming	8	3	5	0	0	No	4
XIAO Xing	8	2	6	0	0	No	2
LIU Yuhui	8	2	6	0	0	No	2

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

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

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

□ Yes √ No

The independent directors have no dissent for matters of the Company as of the reporting period.

## 3. Other introduction for execution of duties by the independent directors

If the Company adopts any recommendation from the independent directors

√ Yes □ No

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

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

## VII. Execution of duties by special committees under the Board of Directors as of the reporting period

## 1. Audit Committee

During the reporting period, the Audit Committee held a total of 6 meetings, with detailed dates of meetings and matters for review and discussion stated as below:

On January 24, 2019, it was held the first session of the Audit Committee under the third Board of Directors in 2019, in which the Audit Committee discussed and approved the Proposal for Audit Plan of 2019 Annual Report (Pan-China) and the Annual Internal Audit Plan for 2019;

On April 17, 2019, it was held the second session of the Audit Committee under the third Board of Directors in 2019, in which the Audit Committee discussed and approved the proposal in respective to the Proposal for the Company's 2018 Annual Audit Report, the Proposal for the Company's 2018 Internal Control Self-Evaluation Report, the Proposal for the Company's 2018 Special Audit Report on the Deposit and Use of Funds Raised, the Proposal for the Company's 2018 Provision for Asset Impairment, the Proposal for the Company's Changes in Accounting Estimates and Accounting Policies, and the Proposal for the Company's 2018 Performance Commitment;

On April 25, 2019, it was held the third session of the Audit Committee under the third Board of Directors in 2019, in which the Audit Committee discussed and approved the Proposal for the Company's 2019 Q1 Financial Report; reviewed and approved the Proposal for the Company's 2019 Q1 Special Audit Report on Fund Raised and Mango Fun's Audit Report on the Internal Control System of Cash and Bank Balances; and reviewed the Audit Department's Summary on 2019 Q1 Audit and Plan for 2019 Q2 Audit;

On August 18, 2019, it was held the fourth session of the Audit Committee under the third Board of Directors in 2019, in which the Audit Committee discussed and approved the Proposal for the Company's 2019 Semi-Annual Financial Report, the Proposal for the Company's 2019 Semi-Annual Special Audit Report on the Deposit and Use of Funds Raised, and the Proposal for the Company's Changes in Accounting Policies; reviewed and approved the 2019 Audit Report of Happy Money Microfinance Co., Ltd, on the Internal Control Implementation of Cash and Bank Balances; and reviewed the Audit Department's Summary on 2019 Q2 Audit and Plan for 2019 Q3 Audit;

On October 21, 2019, it was held the fifth session of the Audit Committee under the third Board of Directors in 2019, in which the Audit Committee discussed and approved the Proposal for the Company's 2019 Q3 Financial Report; reviewed and approved the Proposal for the Company's 2019 Q3 Special Audit Report on the Deposit and Use of Funds Raised, the Proposal for Audit Report of Hunan Mango Entertainment Co., Ltd. on the Internal Control System of Fixed Assets, the Proposal for the Audit Report of Hunan Mango Entertainment Co., Ltd. on the Internal Control Implementation of Cash and Bank Balances; and reviewed the Audit Department's Summary on 2019 Q3 Audit and Plan for 2019 Q4 Audit;

On November 28, 2019, it was held the sixth session of the Audit Committee under the third Board of Directors in 2019, in which the Audit Committee discussed and approved the Proposal for Reappointment of Pan-China Certified Public Accountants LLP as the Company's 2019 Auditor.

## 2. Nomination Committee

During the reporting period, the Nomination Committee held a total of 2 meetings, with detailed dates of meetings and matters for review and discussion stated as below:

On April 27, 2019, it was held the first session of the Nomination Committee under the third Board of Directors in 2019, in which the Nomination Committee discussed and approved the Proposal for the Nomination of the Secretary of the Board of Directors of the Company;

On August 28, 2019, it was held the second session of the Nomination Committee under the third Board of Directors in 2019, in which the Nomination Committee discussed and approved the Proposal for the Nomination of the Non-Independent Director Candidates.

## 3. Remuneration and Appraisal Committee

During the reporting period, the Remuneration and Appraisal Committee held a total of 3 meetings, with detailed dates of

meetings and matters for review and discussion stated as below:

On January 8, 2019, it was held the first session of the Remuneration and Appraisal Committee under the third Board of Directors in 2019, in which the Remuneration and Appraisal Committee discussed and approved the Proposal for the Adjustment of the Allowances of Independent Directors of the Company;

On April 27, 2019, it was held the second session of the Remuneration and Appraisal Committee under the third Board of Directors in 2019, in which the Remuneration and Appraisal Committee discussed and approved the Proposal for 2018 Annual Remuneration and 2019 Annual Remuneration Appraisal Program for the Company's Senior Management;

On November 25, 2019, it was held the third session of the Remuneration and Appraisal Committee under the third Board of Directors in 2019, in which the Remuneration and Appraisal Committee discussed and approved the *Proposal for Review and Discussion of the Decision Mechanism and Management Trial Measures of Total Remuneration of Mango Excellent Media Co., Ltd.*

Note: The Company should disclose significant opinions and recommendations made by special committees under the Board of Directors during the reporting period. In case of any dissent matters, it is required to disclose the details.

### VIII. Work of Board of Supervisors

If the Board of Supervisors detect the Company is exposed to any risk through its supervision activities during the reporting period

☐ Yes ☒ No

The Company's Board of Supervisors has no dissent to matters under supervision as of the reporting period.

### IX. Appraisal and Incentive of the Senior Management

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

### IX. Evaluation report of internal control

Details of material internal control deficiencies identified during the reporting period

☐ Yes ☒ No

#### Internal Control Self-evaluation Report

Disclosure date	April 25, 2020
Index of disclosure	<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
Proportion of the total assets of the entities included in the evaluation scope to the total assets recorded in the Company's consolidated financial statements	100.00%
Proportion of the operating income of the entities included in the evaluation scope to the operating income recorded in the Company's consolidated financial	100.00%

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



	potential misstatement of total consolidated assets <3%, 0.5% ≤ potential misstatement of total consolidated operating income <1%. 3. material deficiencies, potential misstatement of total consolidated profit ≥5%, potential misstatement of total consolidated owner's equity ≥1%, potential misstatement of total consolidated assets ≥3%, potential misstatement of total consolidated operating income ≥1%.	
Material deficiencies of financial reports (pieces)		0
Material deficiencies of non-financial reports (pieces)		0
Significant deficiencies of financial reports (pieces)		0
Significant deficiencies of non-financial reports (pieces)		0

## X. Audit or assurance report of internal control

Not applicable

## Section XI Corporate Bonds

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

No

## Section XII Financial Report

### I. AUDITOR'S REPORT

Audit opinion	Unmodified Opinion
Signing date of audit report	April 23, 2020
Auditor	Pan-China Certified Public Accountants LLP
Audit report document number	Tian Jian Shen [2020] No. 2-308
Name of the certified public accountants	LI Xinkui, ZHANG Hong

#### Auditor's Report

##### I. Opinion

We have audited the financial statements of Mango Excellent Media Co., Ltd. ("Mango Excellent Media"), which comprise the consolidated and Company's balance sheets as at December 31, 2019, and the consolidated and Company's income statements, the consolidated and Company's statements of cash flow and the consolidated and Company's statements of changes in owners' equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements are prepared and present fairly, in all material respects, the consolidated and Company's financial position as of December 31, 2019, and the consolidated and the Company's results of operations and cash flows for the year then ended in accordance with *Accounting Standards for Business Enterprises*.

##### II. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of Mango Excellent Media in accordance with the code of ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

###### (I) Revenue recognition

###### 1. Description

Details of relevant information are disclosed in Note III(XXI), V(II)1, and XIII to the financial statements.

The operating income of Mango Excellent Media is mainly from new media platform operation, new media interactive entertainment content production and media retail businesses, etc. In 2019, the operating income presented in the financial statements of Mango Excellent Media amounted to RMB 12,500,664,200, of which the operating income from the segment of new media platform operation and new media interactive entertainment content production amounted to RMB 1,022,041.92, accounting for 81.76% thereof.

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

###### 2. Audit response

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

- (1) Understand the key internal controls related to revenue recognition, evaluate the design of those controls, determine whether they are implemented, and test the operational effectiveness of the relevant internal controls;
- (2) Test general information system controls and application controls related to the revenue recognition process by virtue of the work results of the in-house information technology experts;
- (3) Examine major sales contracts, understand the major provisions or conditions thereof, and evaluate whether revenue recognition methods are proper;
- (4) Implement substantive analysis procedures for operating income and gross margin by month, product, customer, etc., to identify whether there are significant or unusual fluctuations and to find out the causes of such fluctuations;
- (5) Sample contracts, licenses, final statements, receipts and sign-offs to make test of details according to different types of revenues, and pay attention to the business content of the related sales and their commercial reasonableness;
- (6) In conjunction with accounts receivable confirmation procedures, send confirmation to major customers to recognize the current sale volumes on a sample basis;
- (7) Conduct the cut-off test on the operating incomes recognized on or after the balance sheet date to evaluate whether the operating incomes are recognized appropriately;
- (8) Obtain a record of sales returns after the balance sheet date to check if there is any instance that conditions for revenue recognition were not met at the balance sheet date;
- (9) Check whether information relating to operating income is properly presented and disclosed in the financial statements.

## (II) Impairment of accounts receivable

### 1. Description

Details of relevant information are disclosed in Note III (X), V (I) 4 and V (II) 10 to the financial statements.

As of December 31, 2019, the Mongo Excellent Media Company's book balance of accounts receivable amounted to RMB 3,125,788,200, the provision for bad debts amounted to RMB 1,287,777,700 and the book value amounted to RMB 2,997,010,500.00.

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

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

### 2. Audit response

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

- (1) Understand the key internal controls related to impairment of accounts receivable, evaluate the effectiveness of their design and implementation, determine whether they are implemented, and test the operational effectiveness of the relevant internal controls;
- (2) Review the subsequent actual write-off or reversal of accounts receivable for which a provision for bad debts was made in prior years, and evaluate the accuracy of management's previous projections;
- (3) Review the considerations and objective evidence related to management's impairment testing of accounts receivable and evaluate whether the management has adequately identified accounts receivable which have been impaired;

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

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

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

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

#### **IV. Other information**

The management of Mango Excellent Media (hereinafter referred to as "management") is responsible for other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is 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 the Management and Those Charged with Governance for the Financial Statements**

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

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

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

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

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

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

(I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and

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

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

(III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

## II. FINANCIAL STATEMENT

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

### 1. Consolidated balance sheet

Prepared by: Mango Excellent Media Co., Ltd.

In RMB

Item	December 31, 2019	December 31, 2018
Current Assets:		
Cash and bank balances	5,064,224,581.46	2,526,409,541.40
Balances with clearing agencies		
Placements with banks and other financial institutions		
Held-for-trading financial assets		

Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable	95,456,357.50	93,200,000.00
Accounts receivable	2,997,010,508.82	1,340,876,919.84
Receivable financing		
Prepayments	1,127,734,126.28	2,010,093,252.71
Premiums receivable		
Amounts receivable under reinsurance contracts		
Reinsurer's share of insurance contract reserves		
Other receivables	35,946,262.96	76,062,850.29
Including: Interest receivable		140,008.53
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	1,916,375,338.89	2,214,812,395.09
Contract asset		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	491,278,913.90	403,909,258.64
Total current assets	11,728,026,089.81	8,665,364,217.97
Non-current Assets:		
Loans and advances to customers		
Debt investments		
Available-for-sale financial assets		96,836,483.33
Other debt investments		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	210,436,179.18	215,541,625.97
Other investments in equity instruments		
Other non-current financial assets	6,946,466.60	
Investment properties		

Fixed assets	180,606,150.34	207,007,011.52
Construction in progress		
Bearer biological assets		
Oil and gas assets		
Use of right assets		
Intangible assets	4,851,078,019.24	2,856,319,746.25
Development expenditure	38,338,883.84	
Goodwill		
Long-term prepaid expenses	61,646,861.37	65,989,740.93
Deferred tax assets		3,938,878.58
Other non-current assets	1,127,499.30	379,080.00
Total non-current assets	5,350,180,059.87	3,446,012,566.58
Total assets	17,078,206,149.68	12,111,376,784.55
Current liabilities:		
Short-term borrowings	349,816,947.83	196,097,600.00
Loans from the central bank		
Taking from banks and other financial institutions		
Held-for trading financial liabilities		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable	325,880,463.11	266,521,867.49
Accounts payable	5,048,443,928.94	3,363,276,945.77
Receipts in advance	1,192,477,979.60	1,548,908,099.25
Contract liabilities		
Financial assets sold under repurchase agreements		
Customer deposits and deposits from banks and other financial institutions		
Funds from securities trading agency		
Funds from underwriting securities agency		



Employee benefits payable	589,359,251.74	431,382,836.47
Taxes payable	137,563,508.65	133,505,920.73
Other payables	202,952,467.24	180,049,111.27
Including: Interest payable		224,226.31
Dividends payable		
Fees and commissions payable		
Amounts payable under reinsurance contracts		
Held-for-sale liabilities		
Non-current liabilities due within one years	10,400,000.00	
Other current liabilities	78,695,861.52	59,715,071.74
Total Current Liabilities	7,935,590,408.63	6,179,457,452.72
Non-current liabilities:		
Insurance contract reserves		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		2,500,000.00
Long-term employee benefits payable		33,450,000.00
Provisions	14,232,872.30	9,127,973.60
Deferred income	308,425,484.68	212,587,159.24
Deferred tax liabilities		
Other non-current liabilities		
Total Non-current Liabilities	322,658,356.98	257,665,132.84
Total Liabilities	8,258,248,765.61	6,437,122,585.56
Owner's equity:		
Share capital	1,780,377,511.00	990,023,518.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	4,838,937,706.35	3,641,091,029.73

Less: Treasury shares		
Other comprehensive income		
Special reserve		
Surplus reserve	84,782,321.71	84,782,321.71
General risk reserve		
Retained profits	2,079,761,680.01	923,476,426.28
Total owners' equity attributable to equity holders of the Company	8,783,859,219.07	5,639,373,295.72
Minority interests	36,098,165.00	34,880,903.27
Total owners' equity	8,819,957,384.07	5,674,254,198.99
Total liabilities and owners' equity	17,078,206,149.68	12,111,376,784.55

Legal representative:

Chief financial officer:

Head of accounting department:

ZHANG Huali

LIANG Deping

YANG Enjie

## 2. The Company's balance sheet

In RMB

Item	December 31, 2019	December 31, 2018
Current Assets:		
Cash and bank balances	359,847,797.79	424,688,362.92
Held-for-trading financial assets		
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable		
Accounts receivable		26,730.00
Receivable financing		
Prepayments	88,060.80	334,467.79
Other receivables	260,036,746.64	100,010,740.28
Including: Interest receivable		
Dividends receivable		
Inventories		
Contract asset		
Held-for-sale assets		
Non-current assets due within one		

year		
Other current assets	2,275,609.21	63,914,310.51
Total current assets	622,248,214.44	588,974,611.50
Non-current Assets:		
Debt investments		
Available-for-sale financial assets		60,000,000.00
Other debt investments		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	7,970,398,191.17	5,988,107,494.76
Other investments in equity instruments		
Other non-current financial assets		
Investment properties		
Fixed assets	343,638.91	154,830.11
Construction in progress		
Bearer biological assets		
Oil and gas assets		
Use of right assets		
Intangible assets	776,485.36	
Development expenditure		
Goodwill		
Long-term prepaid expenses	6,052,764.08	
Deferred tax assets		
Other non-current assets		
Total non-current assets	7,977,571,079.52	6,048,262,324.87
Total assets	8,599,819,293.96	6,637,236,936.37
Current liabilities:		
Short-term borrowings		
Held-for trading financial liabilities		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable		

Accounts payable		
Receipts in advance		
Contract liabilities		
Employee benefits payable	19,164,650.75	4,345,887.98
Taxes payable	316,522.46	252,068.99
Other payables	8,093,306.17	24,703,635.89
Including: Interest payable		
Dividends payable		
Held-for-sale liabilities		
Non-current liabilities due within one years		
Other current liabilities		
Total Current Liabilities	27,574,479.38	29,301,592.86
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	172,268.06	
Deferred tax liabilities		
Other non-current liabilities		
Total Non-current Liabilities	172,268.06	
Total Liabilities	27,746,747.44	29,301,592.86
Owner's equity:		
Share capital	1,780,377,511.00	990,023,518.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	6,179,334,010.36	4,981,487,333.74
Less: Treasury shares		

Other comprehensive income		
Special reserve		
Surplus reserve	84,782,321.71	84,782,321.71
Retained profits	527,578,703.45	551,642,170.06
Total owners' equity	8,572,072,546.52	6,607,935,343.51
Total liabilities and owners' equity	8,599,819,293.96	6,637,236,936.37

### 3. Consolidated income statement

In RMB

Item	2019	2018
I. Total operating income	12,500,664,232.05	9,660,661,413.72
Including: Operating income	12,500,664,232.05	9,660,661,413.72
Interest income		
Premiums earned		
Fee and commission income		
II. Total operating costs	11,334,717,041.48	8,640,046,191.85
Including: Operating costs	8,284,740,949.42	6,082,772,751.37
Interest expenses		
Fee and commission expenses		
Surrenders		
Claims and policyholder benefits (net of amounts recoverable from reinsurers)		
Changes in insurance contract reserves (net of reinsurers' share)		
Insurance policyholder dividends		
Expenses for reinsurance accepted		
Taxes and levies	96,430,731.56	97,903,564.78
Selling expenses	2,140,684,155.45	1,801,461,805.40
Administrative expenses	610,138,439.92	461,222,685.56
Research and development expenses	239,299,331.86	220,884,196.32
Financial expenses	-36,576,566.73	-24,198,811.58
Including: Interest	15,981,713.90	14,167,593.20

expenses		
Interest income	65,976,045.63	42,647,994.28
Add: Other income	58,722,830.21	29,600,362.39
Investment income (Loss is indicated by “-”)	6,466,901.43	31,403,830.59
Including: Income from investments in associates and joint ventures	-5,105,446.79	-7,966,291.26
Income from derecognition of financial assets measured at amortized cost		
Foreign exchange gains (Loss is indicated by “-”)		
Net exposure hedging income (Loss is indicated by “-”)		
Income from changes in fair value (Loss is indicated by “-”)	-1,370,986.18	
Impairment losses of credit (Loss is indicated by “-”)	-51,242,827.14	
Impairment losses of assets (Loss is indicated by “-”)	-624,124.49	-104,440,075.94
Income from disposal of assets (Loss is indicated by “-”)	-168,797.67	-1,741.95
III. Operating profit (Loss is indicated by “-”)	1,177,730,186.73	977,177,596.96
Add: Non-operating income	25,843,091.28	14,848,693.67
Less: Non-operating expenses	26,039,218.71	45,026,167.53
IV. Total profit (Total losses are indicated by “-”)	1,177,534,059.30	947,000,123.10
Less: Income tax expenses	20,031,543.84	19,425,726.31
V. Net profit (Net loss is indicated by “-”)	1,157,502,515.46	927,574,396.79
(I) Categorized by the nature of continuing operation		
1. Net profit from continuing operations (Net loss is indicated by “-”)	1,157,502,515.46	927,574,396.79
2. Net profit from discontinued operations (Net loss is indicated by “-”)		

(II) Categorized by ownership:		
1. Net profit attributable to owners of the Company	1,156,285,253.73	865,568,532.45
2. Profit or loss attributable to minority interests	1,217,261.73	62,005,864.34
VI. Other comprehensive income, net of tax		
Other comprehensive income attributable to owners of the Company, net of tax		
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss		
1. Changes from re-measurement of defined benefit plans		
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		
3.Changes in fair value of other investments in equity instruments		
4. Changes in fair value of enterprises' own credit risks		
5. Others		
(II) Other comprehensive income that will be reclassified to profit or loss		
1. Other comprehensive income that will be reclassified to profit or loss under the equity method		
2.Changes in fair value of other debt investments		
3. Profit or loss from changes in fair value of available-for-sale financial assets		
4. Amounts of financial assets reclassified into other comprehensive income		
5. Profit or loss arising from reclassification of held-to-maturity investments to available-for-sale financial		

assets		
6.Provision for credit impairment of other debt investments		
7.Reserve for cash flow hedges		
8.Translation differences of financial statements denominated in foreign currencies		
9.Others		
Other comprehensive income attributable to minority interests, net of tax		
VII. Total comprehensive income	1,157,502,515.46	927,574,396.79
Total comprehensive income attributable to owners of the Company	1,156,285,253.73	865,568,532.45
Total comprehensive income attributable to minority interests	1,217,261.73	62,005,864.34
VIII. Earnings per share		
(I) Basic earnings per share	0.66	0.54
(II) Diluted earnings per share	0.66	0.54

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

Legal representative:

Chief financial officer:

Head of accounting department:

ZHANG Huali

LIANG Deping

YANG Enjie

#### 4. The Company's income statement

In RMB

Item	2019	2018
I. Total operating income	0.00	1,573,343,237.46
Less: Operating costs	0.00	1,022,712,314.37
Taxes and levies	1,211.60	9,182,075.34
Selling expenses		443,966,662.94
Administrative expenses	45,738,735.45	74,542,981.96
Research and development		17,933,438.87



expenses		
Financial expenses	-23,110,120.24	-12,013,017.65
Including: Interest expenses		
Interest income	23,126,974.14	12,257,730.92
Add: Other incomes	3,127,731.94	718,720.71
Investment income (Loss is indicated by “-”)	-4,561,270.99	6,110,711.62
Including: Income from investments in associates and joint ventures	-7,121,117.50	-3,064,429.68
Income from derecognition of financial assets measured at amortized cost (Loss is indicated by “-”)		
Net exposure hedging income(Loss is indicated by “-”)		
Income from changes in fair value(Loss is indicated by “-”)		
Impairment losses of credit(Loss is indicated by “-”)	-101.18	
Impairment losses of assets(Loss is indicated by “-”)		-42,573.38
Income from disposal of assets(Loss is indicated by “-”)		
II. Operating profit (Loss is indicated by “-”)	-24,063,467.04	23,805,640.58
Add: Non-operating income	0.43	1,120,034.11
Less: Non-operating expenses		742,944.91
III. Total profit (Total losses are indicated by “-”)	-24,063,466.61	24,182,729.78
Less: Income tax expenses		
IV. Net profit (Net loss is indicated by “-”)	-24,063,466.61	24,182,729.78
(I) Net profit from continuing operation (Net loss is indicated by “-”)	-24,063,466.61	24,182,729.78
(Ii). Net profit from discontinued operations(Net loss is indicated by “-”)		

V. Other comprehensive income, net of tax		
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss		
1. Changes from re-measurement of defined benefit plans		
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		
3. Changes in fair value of other investments in equity instruments		
4. Changes in fair value of enterprises' own credit risks		
5. Others		
(II) Other comprehensive income that will be reclassified to profit or loss		
1. Other comprehensive income that will be reclassified to profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Profit or loss from changes in fair value of available-for-sale financial assets		
4. Amounts of financial assets reclassified into other comprehensive income		
5. Profit or loss arising from reclassification of held-to-maturity investments to available-for-sale financial assets		
6. Provision for credit impairment of other debt investments		
7. Reserve for cash flow hedges		
8. Translation differences of financial statements denominated in foreign currencies		

9.Others		
VI. Total comprehensive income	-24,063,466.61	24,182,729.78
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

## 5. Consolidated statement of cash flow

In RMB

Item	2019	2018
I. Cash Flows from Operating Activities		
Cash receipts from the sale of goods and the rendering of services	10,639,452,867.62	10,604,681,654.82
Net increase in customer deposits and deposits from banks and other financial institutions		
Net increase in loans from the central bank		
Net increase in taking from other financial institutions		
Cash receipts from premiums under direct insurance contracts		
Net cash receipts from reinsurance business		
Net cash receipts from policyholders' deposits and investment contract liabilities		
Cash receipts from interest, fees and commissions		
Net increase in taking from banks and other financial institutions		
Net increase in financial assets sold under repurchase arrangements		
Net cash received from securities trading agency		
Receipts of tax refunds	6,431,647.66	7,412,094.65
Other cash receipts relating to operating activities	371,453,333.58	528,930,913.90

Sub-total of cash inflows from operating activities	11,017,337,848.86	11,141,024,663.37
Cash payments for goods purchased and services received	7,014,189,213.84	8,467,459,177.21
Net increase in loans and advances to customers	311,444,470.47	83,134,861.79
Net increase in balance with the central bank and due from banks and other financial institution		
Cash payments for claims and policyholders' benefits under direct insurance contracts		
Net increase in placements with banks and other financial institutions		
Cash payments for interest, fees and commissions		
Cash payments for insurance policyholder dividends		
Cash payments to and on behalf of employees	1,257,941,352.73	1,112,977,211.10
Payments of various types of taxes	198,848,248.38	309,222,087.01
Other cash payments relating to operating activities	1,942,047,852.26	1,545,151,943.84
Sub-total of cash outflows from operating activities	10,724,471,137.68	11,517,945,280.95
Net Cash Flow from Operating Activities	292,866,711.18	-376,920,617.58
II. Cash Flows from Investing Activities:		
Cash receipts from disposals and recovery of investments	63,804,483.36	
Cash receipts from investment income		
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	323,367.83	102,829.22
Net cash receipts from disposals of subsidiaries and other business entities		
Other cash receipts relating to	858,780,471.64	3,795,826,560.42

investing activities		
Sub-total of cash inflows from investing activities	922,908,322.83	3,795,929,389.64
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	155,967,045.02	31,972,143.70
Cash payments to acquire investments		200,000,000.00
Net increase in pledged loans receivables		
Net cash payments for acquisitions of subsidiaries and other business entities		
Other cash payments relating to investing activities	657,600,000.00	2,490,131,999.95
Sub-total of cash outflows from investing activities	813,567,045.02	2,722,104,143.65
Net Cash Flow from Investing Activities	109,341,277.81	1,073,825,245.99
III. Cash Flows from Financing Activities:		
Cash receipts from capital contributions	1,987,819,969.03	4,600,000.00
Including: cash receipts from capital contributions from minority owners of subsidiaries		4,600,000.00
Cash receipts from borrowings	392,599,400.00	251,057,600.00
Other cash receipts relating to financing activities		
Sub-total of cash inflows from financing activities	2,380,419,369.03	255,657,600.00
Cash repayments of borrowings	239,344,400.00	90,913,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses	15,741,592.38	33,974,536.33
Including: payments for distribution of dividends or profits to minority owners of subsidiaries		
Other cash payments relating to	657,257.37	251,328,270.82

financing activities		
Sub-total of cash outflows from financing activities	255,743,249.75	376,215,807.15
Net Cash Flow from Financing Activities	2,124,676,119.28	-120,558,207.15
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	-395,763.36	447,037.00
V. Net Increase in Cash and Cash Equivalents	2,526,488,344.91	576,793,458.26
Add: Opening balance of Cash and Cash Equivalents	2,514,587,154.25	1,937,793,695.99
VI. Closing Balance of Cash and Cash Equivalents	5,041,075,499.16	2,514,587,154.25

## 6. The Company' statement of cash flow

In RMB

Item	2019	2018
I. Cash Flows from Operating Activities		
Cash receipts from the sale of goods and the rendering of services	27,000.00	1,655,271,230.36
Receipts of tax refunds		
Other cash receipts relating to operating activities	117,743,252.37	381,777,168.87
Sub-total of cash inflows from operating activities	117,770,252.37	2,037,048,399.23
Cash payments for goods purchased and services received		1,106,587,592.46
Cash payments to and on behalf of employees	16,608,439.68	205,849,251.30
Payments of various types of taxes	1,211.60	71,280,583.18
Other cash payments relating to operating activities	290,480,238.38	410,777,469.19
Sub-total of cash outflows from operating activities	307,089,889.66	1,794,494,896.13
Net Cash Flow from Operating Activities	-189,319,637.29	242,553,503.10
II. Cash Flows from Investing		

Activities:		
Cash receipts from disposals and recovery of investments	60,000,000.00	
Cash receipts from investment income		
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		93,381.51
Net cash receipts from disposals of subsidiaries and other business entities		
Other cash receipts relating to investing activities	74,243,568.71	648,175,141.30
Sub-total of cash inflows from investing activities	134,243,568.71	648,268,522.81
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	7,515,394.30	15,691,938.50
Cash payments to acquire investments	1,989,411,813.91	540,000,000.00
Net cash payments for acquisitions of subsidiaries and other business entities		
Other cash payments relating to investing activities	260,000,000.00	373,000,000.00
Sub-total of cash outflows from investing activities	1,996,927,208.21	928,691,938.50
Net Cash Flow from Investing Activities	--1,862,683,639.50	-280,423,415.69
III. Cash Flows from Financing Activities:		
Cash receipts from capital contributions	1,987,819,969.03	
Cash receipts from borrowings		
Other cash receipts relating to financing activities		
Sub-total of cash inflows from financing activities	1,987,819,969.03	
Cash repayments of borrowings		
Cash payments for distribution of		20,050,000.00

dividends or profits or settlement of interest expenses		
Other cash payments relating to financing activities	657,257.37	
Sub-total of cash outflows from financing activities	657,257.37	20,050,000.00
Net Cash Flow from Financing Activities	1,987,162,711.66	-20,050,000.00
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		
V. Net Increase in Cash and Cash Equivalents	-64,840,565.13	-57,919,912.59
Add: Opening balance of Cash and Cash Equivalents	424,688,362.92	482,608,275.51
VI. Closing Balance of Cash and Cash Equivalents	359,847,797.79	424,688,362.92



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

Amounts in the current period

In RMB

Item	2019														
	Equity attributable to owners of the Company													Minority interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained profits	Others	Sub-total		
I. Closing balance of the preceding year	990,023,518.00				3,641,091,029.73				84,782,321.71		923,476,426.28		5,639,373,295.72	34,880,903.27	5,674,254,198.99
Add: Changes in accounting policies															
Corrections of prior period errors															
Business combination involving enterprises under common control															
Others															
II. Opening balance of the current year	990,023,518.00				3,641,091,029.73				84,782,321.71		923,476,426.28		5,639,373,295.72	34,880,903.27	5,674,254,198.99
III. Changes for the year (decrease is indicated by "-")	790,353,993.00				1,197,846,676.62						1,156,285,253.73		3,144,485,923.35	1,217,261.73	3,145,703,185.08
(I) Total comprehensive income											1,156,285,253.73		1,156,285,253.73	1,217,261.73	1,157,502,515.46

(II) Owners' contributions and reduction in capital	57,257,371.00				1,930,943.298.62								1,988,200,669.62		1,988,200,669.62
1. Ordinary shares contributed by owners	57,257,371.00				1,925,443.298.62								1,982,700,669.62		1,982,700,669.62
2. Capital contribution from holders of other equity instruments															
3. Share-based payment recognized in owners' equity															
4. Others					5,500,000.00								5,500,000.00		5,500,000.00
(III) Profit distribution															
1. Transfer to surplus reserve															
2. Transfer to general risk reserve															
3. Distributions to owners (or shareholders)															
4. Others															
(IV) Transfers within owners' equity	733,096,622.00				-733,096,622.00										
1. Capitalization of capital reserve	733,096,622.00				-733,096,622.00										
2. Capitalization of surplus reserve															
3. Loss offset by surplus reserve															
4. Retained earnings carried forward from changes in defined benefit plans															
5. Retained earnings carried forward from other comprehensive income															

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

Amounts in prior period

In RMB

Item	2018														
	Equity attributable to owners of the Company													Minority interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained profits	Others	Sub-total		
		Preferred shares	Perpetual bonds	Others											
I. Closing balance of the preceding year	401,000,000.00				677,824,905.78				82,364,048.73		517,751,008.19		1,678,939,962.70	40,317,430.91	1,719,257,393.61
Add: Changes in accounting policies															
Corrections of prior period errors															
Business combination involving enterprises under common control					3,062,413,074.78						-437,374,841.38		2,625,038,233.40	420,951,433.30	3,045,989,666.70

Others															
II. Opening balance of the current year	401,000,000.00				3,740,237,980.56				82,364,048.73		80,376,166.81		4,303,978,196.10	461,268,864.21	4,765,247,060.31
III. Changes for the year (decrease is indicated by “-”)	589,023,518.00				-99,146,950.83				2,418,272.98		843,100,259.47		1,335,395,099.62	-426,387,960.94	909,007,138.68
(I) Total comprehensive income											865,568,532.45		865,568,532.45	62,005,864.34	927,574,396.79
(II) Owners' contributions and reduction in capital	589,023,518.00				401,889,619.61								990,913,137.61	4,600,000.00	995,513,137.61
1. Ordinary shares contributed by owners	589,023,518.00				401,889,619.61								990,913,137.61	4,600,000.00	995,513,137.61
2. Capital contribution from holders of other equity instruments															
3. Share-based payment recognized in owners' equity															
4. Others															
(III) Profit distribution									2,418,272.98		-22,468,272.98		-20,050,000.00		-20,050,000.00
1. Transfer to surplus reserve									2,418,272.98		-2,418,272.98				
2. Transfer to general risk reserve															
3. Distributions to owners (or shareholders)											-20,050,000.00		-20,050,000.00		-20,050,000.00
4. Others															
(IV) Transfers within owners' equity															
1. Capitalization of capital reserve															

2. Capitalization of surplus reserve															
3. Loss offset by surplus reserve															
4. Retained earnings carried forward from changes in defined benefit plans															
5. Retained earnings carried forward from other comprehensive income															
6. Others															
(V) Special reserve															
1. Transfer to special reserve in the period															
2. Amount utilized in the period															
(VI) Others					-501,036 570.44								-501,036 570.44	-492,993,82 5.28	-994,030,395.72
IV. Closing balance of the current period	990,023,5 18.00				3,641,09 1,029.73				84,782,321. 71		923,476,42 6.28		5,639,373 ,295.72	34,880,903. 27	5,674,254,198.9 9

## 8. The Company's statement of changes in owner's equity

Amounts in current period

In RMB

Item	2019											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
I. Closing balance of the preceding year	990,023,518.0 0				4,981,48 7,333.74				84,782,3 21.71	551,642,1 70.06		6,607,935, 343.51

Add: Changes in accounting policies												
Corrections of prior period errors												
Others												
II. Opening balance of the current year	990,023,518.00				4,981,487,333.74				84,782,321.71	551,642,170.06		6,607,935,343.51
III. Changes for the year (decrease is indicated by “-”)	790,353,993.00				1,197,846,676.62					-24,063,466.61		1,964,137,203.01
(I) Total comprehensive income										-24,063,466.61		-24,063,466.61
(II) Owners’ contributions and reduction in capital	57,257,371.00				1,930,943,298.62							1,988,200,669.62
1. Ordinary shares contributed by shareholders	57,257,371.00				1,925,443,298.62							1,982,700,669.62
2. Capital contribution from holders of other equity instruments												
3. Share-based payment recognized in owners' equity												
4. Others					5,500,000.00							5,500,000.00
(III) Profit distribution												
1. Transfer to surplus reserve												
2. Distributions to owners (shareholders)												
3. Others												
(IV) Transfers within owners’ equity	733,096,622.00				-733,096,622.00							

1. Capitalization of capital reserve	733,096,622.00				-733,096,622.00							
2. Capitalization of surplus reserve												
3. Loss offset by surplus reserve												
4. Retained earnings carried forward from changes in defined benefit plans												
5. Retained earnings carried forward from other comprehensive income												
6. Others												
(V) Special reserve												
1. Transfer to special reserve in the period												
2. Amount utilized in the period												
(VI) Others												
IV. Closing balance of the current period	1,780,377,511.00				6,179,334,010.36				84,782,321.71	527,578,703.45		8,572,072,546.52

Amounts in prior period

In RMB

Item	2018											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
I. Closing balance of the preceding year	401,000,000.00				673,394,021.19				82,364,048.73	549,927,713.26		1,706,685,783.18
Add: Changes in accounting policies												

Corrections of prior period errors												
Others												
II. Opening balance of the current year	401,000,000.0 0				673,394, 021.19				82,364, 048.73	549,927,7 13.26		1,706,685,7 83.18
III. Changes for the year (decrease is indicated by “-”)	589,023,518.0 0				4,308,09 3,312.55				2,418,2 72.98	1,714,456 .80		4,901,249,5 60.33
(I) Total comprehensive income										24,182,72 9.78		24,182,729. 78
(II) Owners’ contributions and reduction in capital	589,023,518.0 0				4,308,09 3,312.55							4,897,116,8 30.55
1. Ordinary shares contributed by shareholders	589,023,518.0 0				4,307,62 4,613.70							4,896,648,1 31.70
2. Capital contribution from holders of other equity instruments												
3. Share-based payment recognized in owners’ equity												
4. Others					468,698. 85							468,698.85
(III) Profit distribution									2,418,2 72.98	-22,468,2 72.98		-20,050,000 .00
1. Transfer to surplus reserve									2,418,2 72.98	-2,418,27 2.98		
2. Distributions to owners (shareholders)										-20,050,0 00.00		-20,050,000 .00
3. Others												
(IV) Transfers within owners’ equity												



1. Capitalization of capital reserve												
2. Capitalization of surplus reserve												
3. Loss offset by surplus reserve												
4. Retained earnings carried forward from changes in defined benefit plans												
5. Retained earnings carried forward from other comprehensive income												
6. Others												
(V) Special reserve												
1. Transfer to special reserve in the period												
2. Amount utilized in the period												
(VI) Others												
IV. Closing balance of the current period	990,023,518.00				4,981,487,333.74				84,782,321.71	551,642,170.06		6,607,935,343.51

### III. BASIC INFORMATION

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

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

The publication of this financial statements is approved by the 29<sup>th</sup> session of the third Board of Directors as at April 23, 2020.

The Company has included 27 companies in the scope of consolidation of the consolidated financial statements for the current period, including Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd. (hereinafter referred to as “Happy Sunshine Company”), Shanghai Mangofun Technology Co., Ltd. (hereinafter referred to as “Mangofun”), Shanghai EE-Media Co., Ltd. (hereinafter referred to as “EE-Media”), Mango Studios Co., Ltd., (hereinafter referred to as “Mango Studios”), Hunan Mango Entertainment Co., Ltd. ( hereinafter referred to as “Mango Entertainment”), Happigo Co., Ltd. Shanghai Happigo Enterprise Development Co., Ltd., Shanghai Happivision Advertising Communication Co., Ltd., Happigo (Beijing) New Media Technology Co., Ltd., Doug Cloud Business (Hunan) Trade Limited Liability Company, Doug (Shanghai) Investment Management Limited Liability Company, Mango Life (Hunan) E-commerce Limited Liability Company, Happigo (Hunan) Supply Chain Management Co., Ltd., Ningbo Bonded Area Happy Yunshang International Trading Co., Ltd., Hunan Happy Money Microfinance Co., Ltd., with details referring to Notes VIII and IX to the financial statements.

### IV. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

#### 1. Basis of preparation

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

#### 2. Going-concern

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

### V. Significant accounting policies and accounting estimates

Specific accounting policies and accounting estimates:

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

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

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

#### 2. Accounting period

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

### 3. Operating cycle

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

### 4. Functional currency

The Company adopts RMB as its functional currency.

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

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

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

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

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

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

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

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

#### 1. Joint arrangements are classified into joint operations and joint ventures.

2. When the Company is a party to a joint operation, the Company recognizes the following items relating to its interest in the joint operation:

- (1) the assets individually held by the Company, and the Company's share of the assets held jointly;
- (2) the liabilities incurred individually by the Company, and the Company's share of the liabilities incurred jointly;
- (3) the Company's revenue from the sale of its share of output of the joint operation;
- (4) the Company's share of revenue from the sale of assets by the joint operation; and
- (5) the expenses incurred individually by the Company, and the Company's share of the expenses incurred jointly.

### 8. Recognition of cash and cash equivalents

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

of changes in value.

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

### 1. Translation of foreign currency transactions

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

### 2. Translation of foreign currency financial statements

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

## 10. Financial instruments

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

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

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

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

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

When the Company becomes a party to a financial instrument contract, a financial asset or liability is recognized. Financial assets and liabilities are initially measured at fair value. Transaction costs relating to financial assets or liabilities at fair value through profit or loss are directly recognized in profit or loss for the current period. Transaction costs relating to other kinds of financial assets or liabilities are included in their initially recognized amount. However, the accounts receivable that do not contain any significant financing component or are recognized by the Company without taking into consideration the significant financing components under the contracts with a term of less than one year upon initial recognition are initially measured at transaction price.

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

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

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

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

Investments in debt instruments at fair value through other comprehensive income are subsequently measured at fair value. Interest, impairment losses or gains and exchange gains or losses calculated using the effective interest method are recognized in profit or loss for the current period, and other gains or losses are recognized in other comprehensive income. Upon derecognition, the aggregate gains or losses previously recognized in other comprehensive income are transferred to profit or loss for the current period.

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

Investments in equity instruments at fair value through other comprehensive income are subsequently measured at fair value. Dividends received (other than those received as recovery of investment cost) are recognized in profit or loss for the current period, and other gains or losses are recognized in other comprehensive income. Upon derecognition, the aggregate gains or losses previously recognized in other comprehensive income are transferred to retained earnings.

#### 4) Financial assets at fair value through profit or loss

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

#### (3) Subsequent measurement of financial liabilities

##### 1) Financial liabilities at fair value through profit or loss

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

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

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

3) Financial guarantee contracts not falling under Clauses (i) and (ii), and loan commitments not falling under Clause (i) and below market interest rate

Such financial liabilities are subsequently measured at the higher of (i) provision for impairment losses determined according to the policy for impairment of financial instruments; and (ii) balance of the initially recognized amount after deduction of the accumulated amortization determined in accordance with the relevant policy.

##### 4) Financial liabilities at amortized cost

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

#### (4) Derecognition of financial assets and financial liabilities

##### 1) Financial assets are derecognized when:

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

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

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

##### 3. Determination and measurement of financial assets transferred

When a financial asset of the Company is transferred, if substantially all the risks and rewards incidental to the ownership of the financial asset have been transferred, the financial asset is derecognized, and the rights and obligations incurred or retained in such transfer are separately recognized as assets or liabilities (as the case may be). If the Company neither transferred nor retained a substantial portion of all risks and rewards incidental to the ownership of the financial asset, then: (i) if the Company does not retain control over the financial asset, the financial asset is derecognized, and the rights and obligations incurred or retained in such transfer are separately recognized as

assets or liabilities (as the case may be); and (ii) if the Company retains control over the financial asset, the financial asset continues to be recognized to the extent of the Company's continuing involvement in the financial asset transferred, and a corresponding liability is recognized.

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

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

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

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

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

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

#### 5. Impairment of financial instruments

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

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

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

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

With respect to accounts receivable that do not contain any significant financing component or are recognized by the Company without taking into consideration the significant financing components under the contracts with a term of less than one year, the Company uses the simple measurement method and recognizes a loss allowance equal to the lifetime expected credit losses.

With respect to lease receivables and accounts receivable containing significant financing components, the Company uses the simple

measurement method and recognizes a loss allowance equal to the lifetime expected credit losses.

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

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

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

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

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

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

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

(3) Accounts receivable for which expected credit losses are measured collectively

Groups and method for measuring expected credit losses

Description	Basis for grouping	Method for measuring expected credit losses
Notes receivable - banker's acceptance bills	Type of bills	By reference to historic credit loss experience, and taking into account the current situations and prediction of future economic conditions, calculate the expected credit losses according to the default risk exposure and rate of lifetime expected credit loss.
Notes receivable - commercial acceptance bills receivable		
Accounts receivable - group of receivables from affiliates controlled by the same actual controller	Group of receivables from affiliates controlled by the same actual controller	
Accounts receivable - grouping by age	Age	By reference to historic credit loss experience, and taking into account the current situations and prediction of future economic conditions, prepare a comparison table of the age of accounts receivable and rate of lifetime expected credit loss, and calculate the expected credit losses.

Other current assets - loans and advances	Loans and advances	By reference to historic credit loss experience, and taking into account the current situations and prediction of future economic conditions, calculate the expected credit losses according to the default risk exposure and rate of lifetime expected credit loss.
---	--------------------	--

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

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

## 6. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet only if: (i) the Company has a currently enforceable legal right to offset the recognized amounts; and (ii) the Company has an intention to settle on a net basis, or realize the assets and settle the liabilities simultaneously. Except as stated above, financial assets and financial liabilities are presented on the balance sheet separately, without offsetting each other.

With respect to the transfer of financial assets not meeting the criteria for derecognition, the Company does not offset the financial assets transferred against the relevant liabilities.

## 11. Inventories

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

## 12. Long-term equity investments

### 1. Criteria for determining joint control and significant influence



Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy making of an entity, but is not control or joint control over those policies.

## 2. Determination of investment cost

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

If a business combination is achieved through multiple transactions by steps that constitute a package deal, the Company accounts for such transactions as one transaction to acquire control. If such transactions do not constitute a package deal, the initial investment cost is the Company's share of the carrying amount of the owners' equity of the acquiree in the consolidated financial statements of the ultimate controller at the date of combination; and the difference between: (i) the initial investment cost of the long-term equity investment at the date of combination; and (ii) the sum of the carrying amount of long-term equity investment before the combination and the carrying amount of the consideration paid for acquisition of the additional shares at the date of combination is adjusted against the capital reserve. In case the capital reserve is not sufficient to absorb the difference, the remaining balance is adjusted against the retained earnings.

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

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

1) In the separate financial statements, the sum of the carrying amount of the equity investment originally held in the acquiree and the additional investment cost incurred is recorded as the initial investment cost of the equity investment changed into the cost method.

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

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

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

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

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

### (1) Separate financial statements

The difference between the carrying amount of the equity disposed of and the proceeds of disposal actually received is recognized in profit or loss for the current period. If the remaining equity empowers the Company to exercise significant influence or joint control over the investee, the remaining equity is accounted for using the equity method; if the remaining equity does not empower the Company to

exercise control, joint control or significant influence over the investee, the remaining equity is accounted for in accordance with *the Accounting Standards for Business Enterprises No. 22 -- Recognition and Measurement of Financial Instruments*.

(2) Consolidated financial statements

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

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

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

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

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

### 13. Fixed assets

#### (1) Criteria for recognition

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

#### (2) Depreciation

Category	Method of depreciation	Estimated useful life (years)	Rate of residual value	Annual rate of depreciation
Buildings	Straight line method	30	4%	3.2%
Mechanical equipment	Straight line method	3-8	0-5%	11.88-31.67%
Transportation equipment	Straight line method	5-8	0-5%	11.88-20%
Electronic equipment, devices and furniture	Straight line method	3-10	0-5%	9.50-31.67%

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

## 14. Construction in progress

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

2. When a construction in progress is ready for intended use, it is transferred to fixed assets at its actual construction cost. A construction in progress that is ready for intended use but the final settlement of which has not yet been completed is transferred to fixed assets at estimated value first, and after the completion of final settlement, the estimated value is adjusted according to the actual cost, but the accrued depreciation is not adjusted.

## 15. Borrowing costs

### 1. Recognition of capitalization of borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset when they meet the condition for capitalization. Other borrowing costs are expenses when they are incurred and recognized in profit or loss.

### 2. Period of capitalization of borrowing costs

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

(2) Capitalization of borrowing costs is suspended during the period of abnormal interruption of acquisition, construction or production of a qualifying asset which lasts for more than three consecutive months. The borrowing costs incurred during the period of suspension are recognized as expenses for the current period. The capitalization of borrowing costs is suspended until the resumption of acquisition, construction or production activities.

(3) Capitalization of borrowing costs ceases when a qualifying asset acquired, constructed or produced gets ready for its intended use or sale.

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

For borrowings obtained specially for the acquisition, construction or production of a qualifying asset, the amount of capitalization of the borrowing costs is the cost of the borrowings actually incurred in the current period (including amortized discount or premium determined using the effective interest method) less the interest income from the part of borrowings that has not yet been utilized and is deposited in banks or investment income from temporary investment of the borrowings. For ordinary borrowings occupied for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by multiplying the weighted average of the excess of cumulative expenditures on the asset over the special borrowings by the rate of capitalization of the ordinary borrowings occupied.

## 16. Intangible assets

### (1) Measurement, service life and impairment test

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

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

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

## **17. Impairment of long-term assets**

With respect to long-term equity investments, fixed assets, construction in progress, intangible assets with a finite useful life and other long-term assets, if there's an indication of impairment at the balance sheet date, the Company assesses their recoverable amount. Goodwill arising from business combinations and intangible assets with an infinite useful life are tested for impairment every year regardless of whether there's an indication of impairment. Goodwill is tested for impairment together with the relevant groups of assets or combinations of groups of assets.

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

## **18. Long-term deferred expenses**

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

## **19. Employee benefits**

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

The short-term employee benefits actually incurred are recognized as liabilities in the accounting period during which employee services are rendered, and included in profit or loss for the current period or the cost of related assets.

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

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

(1) In the accounting period during which employee services are rendered, the amount contributable as calculated according to the defined contribution plan is recognized as liabilities and included in profit or loss for the current period or the cost of related assets.

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

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

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

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

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

When the Company can no longer withdraw the offer of termination benefits as a result of termination of employment or redundancy, or recognizes the restructuring costs or expenses relating to payment of termination benefits, whichever the earlier, the employee benefit liabilities arising from recognition of termination benefits are recognized in profit or loss for the current period.

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

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

## **20. Estimated liabilities**

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

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

## **21. Revenue**

Whether the new revenue recognition standard has been adopted?

√ Yes ☐ No

Accounting policy adopted in the recognition and measurement of revenues

(1) Sale of goods

Revenue from sale of goods is recognized when: (i) the Company has transferred to the buyer the significant risks and rewards incidental to the ownership of the goods; (ii) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (iii) the amount of revenue can be measured reliably; (iv) it is probable that the economic benefits associated with the transaction will flow to the Company; and (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### (2) Rendering of services

At the balance sheet date, if the outcome of a transaction involving the rendering of services can be estimated reliably (which means that the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the Company; the stage of completion of the transaction at the end of the reporting period can be measured reliably, and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably), the revenue associated with the transaction is recognized using the percentage of completion method, and the stage of completion of the transaction is determined according to the proportion of the service cost already incurred to the estimated total cost. At the balance sheet date, if the outcome of a transaction involving the rendering of services cannot be estimated reliably, the transaction is accounted for as follows: if the service cost already incurred is expected to be recoverable, the service cost already incurred is recognized as the revenue from rendering of services, with an equal amount recorded as service cost; and if the service cost already incurred is expected to be unrecoverable, the service cost already incurred is recognized in profit or loss for the current period, without recognizing revenue from rendering of service.

#### (3) Use by others of the Company's assets

Revenue from the use by others of the Company's assets is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably. Interest income is recognized according to the time of and effective interest rate for the use by others of the Company's monetary capital. Royalty revenue is recognized according to the time and method of payment as agreed.

2. In addition to the general principles for the recognition and measurement of revenues as stated above, the Company's specific principles for the recognition and measurement of revenues earned in the following sectors and lines of business are as follows:

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

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

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

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

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

#### (2) Revenue from advertising service

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

#### (3) Revenue from member service

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

members.

#### (4) Royalty revenue

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

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

#### 2) Revenue from joint copyright investment

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

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

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

Applicable business: The Company participates in the production of a film or TV play in the capacity of a co-investor under the relevant investment agreement which explicitly provides that the Company shall participate in the income distribution or loss sharing of the project in the capacity of a co-investor and holds copyright therein jointly with other investors in such proportion as agreed. Revenue from distribution of a TV play is recognized when the production of the TV play has been completed, the film and TV authority has examined the TV play and issued a TV Play Release Permit, the copies, tapes and other media of the TV play have been delivered to the buyers and it is probable that the economic benefits associated therewith will flow to the Company. Revenue from distribution of a film is recognized when the production of the film has been completed, the film and TV authority has examined the film play and issued a Film Play Release Permit, the film has been screened in theaters and the settlement statement has been received from the relevant theater chains. Revenue from distribution of a programme is recognized when the production of the programme has been completed, the copies, tapes and other media of the programme have been delivered to the buyers and it is probable that the economic benefits associated therewith will flow to the Company.

Such revenue is recognized in two different ways:

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

#### 3) Recognition of cost

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

calculate and determine the cost of sales to be transferred in the current period and the inventories to be recognized at the end of the period.

(5) Revenue from operator service

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

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

(6) Revenue from sale of hardware

Revenue from sale of hardware is recognized on a monthly basis according to the quantity of intelligent terminal products actually sold in the given month and their selling prices.

(7) Recognition of revenue from artist agent service

1) Artist performance service

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

2) Artist shooting service

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

3) Artist endorsement service

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

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

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

(9) Revenue from games

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

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

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



third-party platform and confirmed by the Company and the third-party platform.

3) Self-developed games include online games and standalone games. In the mode of self operation of an online game, the Company distributes and operates the game through its own or third-party channels, and is solely responsible for the operation, promotion and maintenance of the game; the players of the game are directly registered with such channels and then log in to the game, top up their accounts to obtain virtual cash, and use such virtual cash to purchase virtual props; after the game props purchased by the players have been used up, the Company recognizes the amount actually paid and consumed by the players as the operating revenue. Standalone games are available for downloading by the players in the form of a mobile standalone game package. When a player purchases props of the game, the embedded program generates a billing instruction; the telecom carrier or service provider sends a billing code by text message, and then the carrier confirms the deduction of the relevant telephone charge to complete the process of billing and payment. The deduction and payment of the information charge for the mobile standalone game is irrevocable. After the deduction of such charge by the carrier, the risks and rewards are transferred to the users. The Company's standalone games are distributed jointly with third parties. After the users have downloaded and installed the games, the Company is not responsible for the management of the games or otherwise restricts the use of the games by the users, that is, the Company does not have control over such games. In such mode, the Company recognizes its share of revenue as the operating revenue as calculated according to the cooperation agreement concluded with the relevant third-party platform and confirmed by the Company and the third-party platform.

(10) Revenue from H5 interaction

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

(11) Revenue from wireless value-added service

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

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

None

## 22. Government grants

1. Government grants are recognized if (i) the Company meets the conditions attaching to the government grants; and (ii) the Company will receive the government grants. Government grants in the form of monetary assets are measured at the amount received or receivable. Government grants in the form of non-monetary assets are measured at fair value, or if their fair value is unavailable, at nominal amount.

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

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

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

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

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

### 5. Accounting treatment of policy preferential loans and interest subsidies

(1) If the Ministry of Finance appropriates the interest subsidies to the lending bank, who then grants the loan to the Company at the policy preferential rate, the loan is stated as the amount actually received, and the borrowing cost is calculated according to the principal of the loan and the policy preferential rate.

(2) If the Ministry of Finance directly appropriates the interest subsidies to the Company, the interest subsidies are offset against the borrowing cost.

## 23. Deferred tax assets and deferred tax liabilities

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

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

3. At the balance sheet date, the carrying amount of deferred income tax assets is reviewed and reduced to the extent that it is no longer probable that sufficient taxable income will be available in future periods to allow the benefit of the deferred tax assets to be utilized. If it is probable that sufficient taxable income will be available, the reduced amount is reversed.

The income taxes and deferred income taxes are included in profit or loss for the current period as income tax expenses or gains, except the income taxes arising from any: (i) business combination; or (ii) transaction or event directly recognized in owners' equity.

## 24. Leases

### (1) Accounting treatment of operating leases

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

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

installments. Contingent rents are recognized in profit or loss in the period in which they are incurred.

## 25. Other significant accounting policies and accounting estimates

### Customer credit policy

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

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

### (1) Changes in significant accounting policies

√ Applicable □ N/A

Changes in accounting policies and associated reasons	Approval procedure	Remarks
Changes in accounting policies caused by changes in <i>Accounting Standards for Business Enterprises</i>	Approved by the Company in the 24 <sup>th</sup> conference of the 3 <sup>rd</sup> board of directors held on August 28, 2019.	<i>Notice on Issuing the Revised Presentation of Financial Statements for General Business Enterprises for 2019</i> (Cai Kuai [2019] No.6)
Changes in accounting policies caused by changes in <i>Accounting Standards for Business Enterprises</i>	Approved by the Company in the 21 <sup>st</sup> conference of the 3 <sup>rd</sup> board of directors held on April 27, 2019.	New financial instrument standards

Changes in accounting policies caused by changes in *Accounting Standards for Business Enterprises*

1. The Company prepared the financial statements of 2019 in accordance with the *Notice on Issuing the Revised Presentation of Financial Statements for General Business Enterprises for 2019* (Cai Kuai [2019] No.6) and the *Notice on Issuing the Revised Presentation of Consolidated Financial Statements (2019)* (Cai Kuai [2019] No.16) issued by the Ministry of Finance and requirements of *Accounting Standards for Business Enterprises* with retrospective adjustments subject to the changes in accounting policies. The followings are significantly influenced line items and amounts in the Company's 2018 financial statements.

Original line items and amounts		New line items and amounts	
Notes and accounts receivable	1,434,076,919.84	Notes receivable	93,200,000.00
		Accounts receivable	1,340,876,919.84
Notes and accounts payable	3,629,798,813.26	Notes payable	266,521,867.49
		Accounts payable	3,363,276,945.77
Administrative expenses	461,550,996.24	Administrative expenses	461,222,685.56
Research and development expenses	220,555,885.64	Research and development expenses	220,884,196.32

2. The Company has implemented the *Accounting Standard for Business Enterprises No.22 – Financial Instruments: Recognition and Measurement*, the *Accounting Standard for Business Enterprises No.23 – Transfer of Financial Assets*, the *Accounting Standard for Business Enterprises No.24 – Hedge Accounting* and the *Accounting Standard for Business Enterprises No.37 – Financial Instruments: Presentation* (hereinafter referred to as “new financial instrument standards”) revised by the Ministry of Finance since January 1, 2019. As required by these new financial instrument standards, information in the comparative period cannot be adjusted, but the opening balances of

retained earnings and other comprehensive income in this report shall be adjusted retrospectively for any difference between the balance subject to the new standards and the balance subject to the previous standards at the first implementation date.

In accordance with the new financial instrument standards, classification and measurement of financial assets are changed into three measurement categories: amortized cost, fair value through other comprehensive income, and fair value through profit or loss. The Company adopts aforementioned classification on the basis of its own business model and the contractual cash flow characteristics of financial assets. Equity investments should be measured at fair value through profit or loss while non-equity investments can be selected to be measured at fair value through other comprehensive income at the initial recognition (in which the gains or losses from disposal cannot be reversed to profit or loss, but the dividend income can be recognized as the current profit or loss), but the selection is irrevocable.

In accordance with the new financial instrument standards, the “expected credit loss model” has replaced the “incurred loss model” to measure the impairment of financial assets, which is applicable to financial assets measured at amortized cost, financial assets at fair value through other comprehensive income and lease receivable.

(1) The new financial instrument standards, when implemented, will mainly bring the following influences to the Company’s financial statements as at January 1, 2019.

Item	Balance sheet		
	December 31, 2018	Adjustment influence of new financial instrument standards	January 1, 2019
Held-for-trading financial assets		63,804,483.36	63,804,483.36
Other receivables	76,062,850.29	-140,008.53	75,922,841.76
Other current assets	403,909,258.64	140,008.53	404,049,267.17
Available-for-sale financial assets	96,836,483.33	-96,836,483.33	
Other non-current financial assets		33,031,999.97	33,031,999.97
Short-term borrowings	196,097,600.00	224,226.31	196,321,826.31
Other payables	180,049,111.27	-224,226.31	179,824,884.96

(2) As at January 1, 2019, the comparison results of the classification and measurement of the Company’s financial assets and liabilities under the previous and new financial instrument standards are set out as below:

Item	Previous financial instrument standards		New financial instrument standards	
	Measurement category	Carrying amount	Measurement category	Carrying amount
Cash and bank balances	Loans and receivables	2,526,409,541.40	financial assets measured at amortized cost	2,526,409,541.40
Notes receivable	Loans and receivables	93,200,000.00	financial assets measured at amortized cost	93,200,000.00
Accounts receivable	Loans and receivables	1,340,876,919.84	financial assets measured at amortized cost	1,340,876,919.84
Other receivables	Loans and receivables	76,062,850.29	financial assets measured at amortized cost	75,922,841.76
Other current assets (loans)	Loans and receivables	83,633,344.28	financial assets measured at amortized cost	83,773,352.81

Available-for-sale financial assets	Available-for-sale financial assets	96,836,483.33	Financial assets at fair value through profit or loss	96,836,483.33
Short-term borrowings	Other financial liabilities	196,097,600.00	financial liabilities measured at amortized cost	196,321,826.31
Notes payable	Other financial liabilities	266,521,867.49	financial liabilities measured at amortized cost	266,521,867.49
Accounts payable	Other financial liabilities	3,363,276,945.77	financial liabilities measured at amortized cost	3,363,276,945.77
Other payables	Other financial liabilities	180,049,111.27	financial liabilities measured at amortized cost	179,824,884.96

(3) Reconciliation of the previous carrying amounts of the Company's financial assets and liabilities to the new carrying amounts of the Company's financial assets and liabilities classified and measured under the requirement of new financial instrument standards as at January 1, 2019:

Item	Carrying amount presented subject to the previous financial instrument standards (December 31, 2018)	Reclassification	Remeasurement	Carrying amount presented subject to the new financial instrument standards (January 1, 2019)
1. Financial assets				
A. Financial assets at amortized assets				
Cash and bank balances				
Balance presented under previous CAS 22 and new CAS 22	2,526,409,541.40			2,526,409,541.40
Notes receivable				
Balance presented under previous CAS 22 and new CAS 22	93,200,000.00			93,200,000.00
Accounts receivable				
Balance presented under previous CAS 22 and new CAS 22	1,340,876,919.84			1,340,876,919.84
Other receivables				
Balance presented under previous CAS 22	76,062,850.29			
Less: transferred to amortized cost (New CAS 22)		-140,008.53		
Balance presented under new CAS 22				75,922,841.76
Other current assets (loans)				
Balance presented under previous CAS 22	83,633,344.28			

Add: transferred from amortized cost (previous CAS 22)		140,008.53		
Balance presented under new CAS 22				83,773,352.81
Total financial assets measured at amortized cost	4,120,182,655.81			4,120,182,655.81
B. Financial assets at fair value through profit or loss				
Available-for-sale financial assets				
Balance presented under previous CAS 22	96,836,483.33			
Reclassification: Financial assets at fair value through profit or loss		-96,836,483.33		
Financial assets at fair value through profit or loss				
Reclassification: Financial assets at fair value through profit or loss		96,836,483.33		
Balance presented under new CAS 22-Held-for-trading financial assets				63,804,483.36
Balance presented under new CAS 22-Other non-current financial assets				33,031,999.97
Total financial assets at fair value through profit or loss	96,836,483.33			96,836,483.33
2) Financial liabilities				
A. Financial liabilities at amortized cost				
Short-term borrowings				
Balance presented under previous CAS 22 and new CAS 22	196,097,600.00			
Add: transferred from amortized cost (previous CAS 22)		224,226.31		
Balance presented under new CAS 22				196,321,826.31
Notes payable				
Balance presented under previous CAS 22 and new CAS 22	266,521,867.49			266,521,867.49
Accounts payable				
Balance presented under previous CAS 22 and new CAS 22	3,363,276,945.77			3,363,276,945.77
Other payables				
Balance presented under previous CAS 22 and new CAS 22	180,049,111.27			

Less:transferred to amortized cost (New CAS 22)		-224,226.31		
Balance presented under new CAS 22				179,824,884.96
Total financial liabilities measured at amortized cost	4,005,945,524.53			4,005,945,524.53

(4) Reconciliation of the previous closing balance of the provision for impairment of financial assets to the new balance of provision for impairment of financial assets classified and measured under the requirement of new financial instrument standards as at January 1, 2019:

Item	Provision for losses made subject to the previous financial instrument standards (December 31, 2018)	Reclassification	Remeasurement	Provision for losses made subject to the new financial instrument standards (January 1, 2019)
Accounts receivable	79,407,495.38			79,407,495.38
Other receivables	3,266,415.65			3,266,415.65
Other current assets-issued loans	501,517.51			501,517.51
Available-for-sale financial assets	195,516.64	-195,516.64		
Held-for-trading financial assets		195,516.64		195,516.64

## (2) Changes in significant accounting estimates

☐ Applicable ☒ N/A

## (3) Description of adjustments in opening balances of line items in financial statements of the year due to implementation of new financial instrument standards, new income standard and new lease standard since 2019

☒ Applicable ☐ N/A

Consolidated balance sheet

In RMB

Item	December 31, 2018	January 1, 2019	Adjusted amount
Current Assets:			
Cash and bank balances	2,526,409,541.40	2,526,409,541.40	
Balances with clearing agencies			
Placements with banks and other financial institutions			
Held-for-trading financial assets		63,804,483.36	63,804,483.36
Financial assets at fair			

value through profit or loss			
Derivative financial assets			
Notes receivable	93,200,000.00	93,200,000.00	
Accounts receivable	1,340,876,919.84	1,340,876,919.84	
Receivable financing			
Prepayments	2,010,093,252.71	2,010,093,252.71	
Premiums receivable			
Amounts receivable under reinsurance contracts			
Reinsurer's share of insurance contract reserves			
Other receivables	76,062,850.29	75,922,841.76	-140,008.53
Including: Interest receivable	140,008.53		-140,008.53
Dividends receivable			
Financial assets purchased under resale agreements			
Inventories	2,214,812,395.09	2,214,812,395.09	
Contract asset			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	403,909,258.64	404,049,267.17	140,008.53
Total current assets	8,665,364,217.97	8,729,168,701.33	63,804,483.36
Non-current Assets:			
Loans and advances to customers			
Debt investments			
Available-for-sale financial assets	96,836,483.33	0.00	-96,836,483.33
Other debt investments			
Held-to-maturity investments			
Long-term receivables			



Long-term equity investments	215,541,625.97	215,541,625.97	
Other investments in equity instruments			
Other non-current financial assets		33,031,999.97	33,031,999.97
Investment properties			
Fixed assets	207,007,011.52	207,007,011.52	
Construction in progress			
Bearer biological assets			
Oil and gas assets			
Use of right assets			
Intangible assets	2,856,319,746.25	2,856,319,746.25	
Development expenditure			
Goodwill			
Long-term prepaid expenses	65,989,740.93	65,989,740.93	
Deferred tax assets	3,938,878.58	3,938,878.58	
Other non-current assets	379,080.00	379,080.00	
Total non-current assets	3,446,012,566.58	3,382,208,083.22	-63,804,483.36
Total assets	12,111,376,784.55	12,111,376,784.55	
Current liabilities:			
Short-term borrowings	196,097,600.00	196,321,826.31	224,226.31
Loans from the central bank			
Taking from banks and other financial institutions			
Held-for trading financial liabilities			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable	266,521,867.49	266,521,867.49	

Accounts payable	3,363,276,945.77	3,363,276,945.77	
Receipts in advance	1,548,908,099.25	1,548,908,099.25	
Contract liabilities			
Financial assets sold under repurchase agreements			
Customer deposits and deposits from banks and other financial institutions			
Funds from securities trading agency			
Funds from underwriting securities agency			
Employee benefits payable	431,382,836.47	431,382,836.47	
Taxes payable	133,505,920.73	133,505,920.73	
Other payables	180,049,111.27	179,824,884.96	-224,226.31
Including: Interest payable	224,226.31		-224,226.31
Dividends payable			
Fees and commissions payable			
Amounts payable under reinsurance contracts			
Held-for-sale liabilities			
Non-current liabilities due within one years			
Other current liabilities	59,715,071.74	59,715,071.74	
Total Current Liabilities	6,179,457,452.72	6,179,457,452.72	
Non-current liabilities:			
Insurance contract reserves			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			

Perpetual bonds			
Lease liabilities			
Long-term payables	2,500,000.00	2,500,000.00	
Long-term employee benefits payable	33,450,000.00	33,450,000.00	
Provisions	9,127,973.60	9,127,973.60	
Deferred income	212,587,159.24	212,587,159.24	
Deferred tax liabilities			
Other non-current liabilities			
Total Non-current Liabilities	257,665,132.84	257,665,132.84	
Total Liabilities	6,437,122,585.56	6,437,122,585.56	
Owner's equity:			
Share capital	990,023,518.00	990,023,518.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	3,641,091,029.73	3,641,091,029.73	
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve	84,782,321.71	84,782,321.71	
General risk reserve			
Retained profits	923,476,426.28	923,476,426.28	
Total owners' equity attributable to equity holders of the Company	5,639,373,295.72	5,639,373,295.72	
Minority interests	34,880,903.27	34,880,903.27	
Total owners' equity	5,674,254,198.99	5,674,254,198.99	
Total liabilities and owners' equity	12,111,376,784.55	12,111,376,784.55	

Description of adjustments

## The Company's balance sheet

In RMB

Item	December 31, 2018	January 1, 2019	Adjusted amount
Current Assets:			
Cash and bank balances	424,688,362.92	424,688,362.92	
Held-for-trading financial assets		60,000,000.00	60,000,000.00
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable	26,730.00	26,730.00	
Receivable financing			
Prepayments	334,467.79	334,467.79	
Other receivables	100,010,740.28	100,010,740.28	
Including: Interest receivable			
Dividends receivable			
Inventories			
Contract asset			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	63,914,310.51	63,914,310.51	
Total current assets	588,974,611.50	648,974,611.50	60,000,000.00
Non-current Assets:			
Debt investments			
Available-for-sale financial assets	60,000,000.00	0.00	-60,000,000.00
Other debt investments			
Held-to-maturity investments			
Long-term receivables			

Long-term equity investments	5,988,107,494.76	5,988,107,494.76	
Other investments in equity instruments			
Other non-current financial assets			
Investment properties			
Fixed assets	154,830.11	154,830.11	
Construction in progress			
Bearer biological assets			
Oil and gas assets			
Use of right assets			
Intangible assets			
Development expenditure			
Goodwill			
Long-term prepaid expenses			
Deferred tax assets			
Other non-current assets			
Total non-current assets	6,048,262,324.87	5,988,262,324.87	-60,000,000.00
Total assets	6,637,236,936.37	6,637,236,936.37	
Current liabilities:			
Short-term borrowings			
Held-for trading financial liabilities			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable			
Accounts payable			
Receipts in advance			
Contract liabilities			
Employee benefits	4,345,887.98	4,345,887.98	

payable			
Taxes payable	252,068.99	252,068.99	
Other payables	24,703,635.89	24,703,635.89	
Including: Interest payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one years			
Other current liabilities			
Total Current Liabilities	29,301,592.86	29,301,592.86	
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total Non-current Liabilities			
Total Liabilities	29,301,592.86	29,301,592.86	
Owner's equity:			
Share capital	990,023,518.00	990,023,518.00	
Other equity instruments			
Including: Preferred shares			
Perpetual			

bonds			
Capital reserve	4,981,487,333.74	4,981,487,333.74	
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve	84,782,321.71	84,782,321.71	
Retained profits	551,642,170.06	551,642,170.06	
Total owners' equity	6,607,935,343.51	6,607,935,343.51	
Total liabilities and owners' equity	6,637,236,936.37	6,637,236,936.37	

## Description of adjustments

In March 2017, the Ministry of Finance revised *the Accounting Standard for Business Enterprises No.22 – Financial Instruments: Recognition and Measurement*, *the Accounting Standard for Business Enterprises No.23 – Transfer of Financial Assets*, *the Accounting Standard for Business Enterprises No.24 – Hedge Accounting* and *the Accounting Standard for Business Enterprises No.37-Financial Instruments: Presentation* and required domestic listed companies to implement these revised standards since January 1, 2019. As required by these standards, enterprises should classify and measure financial instruments subject to revised standards. Comparative financial statement data in prior periods unsatisfying the revised standards are not required to make adjustments. The Company accounts for available-for-sale financial assets under the line item of held-for-trading financial assets in the first implementation of new financial instrument standards.

**(4) Description of retrospective adjustments in comparative data in prior periods due to implementation of new financial instrument standards or new lease standard in 2019**

☐ Applicable ☒ N/A

## VI. TAXES

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

Category of tax	Basis of tax computation	Tax rate
VAT	Sales of goods or rendering of taxable services	16%, 13%, 10%, 9%, 5%, 6%, 3%
Consumption tax	Taxable sales turnover (volume)	5%
City maintenance and construction tax	Turnover tax payable	7%、5%
Enterprise income tax	Taxable income	0%, 8.25%, 12.5%, 15%, 16.5%, 25%
Property tax	If it is levied on an ad valorem basis, the tax is calculated as 1.2% of the remaining value after deduction 20% of the original value of the property; if it is levied subject	1.2%, 12%

	to rent, the tax is calculated as 12% of the rental income.	
Education surcharges	Turnover tax payable	3%
Local education surcharges	Turnover tax payable	2%
Development Fees for Cultural Undertakings	Taxable service income subject to tax laws	3%

Disclosure of taxpayers with different rates of enterprise income tax:

Taxpayer	Rate of enterprise income tax
Happigo Co., Ltd.	Tax exemption
Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd.	Tax exemption
Horgos Happy Sunshine Media Co., Ltd.	Tax exemption
Mango Studios Co., Ltd.	Tax exemption
Hunan Mango Entertainment Co., Ltd	Tax exemption
Hunan Happy Mangofun Technology Co., Ltd.	Tax exemption
Hunan Tianyu Film and Television Production Co. Ltd.	Tax exemption
Shanghai Mangofun Technology Co., Ltd.	12.5%
Zhejiang Dongyang Tianyu Film and Television Culture Co. Ltd.	15%
Happigo Cloud Providers Trading (Hong Kong) Co., Limited	8.25%, 16.5% [Note]
Dameiren Global Trading Co., Limited	8.25%, 16.5% [Note]
Mamma Mia Global Trading Co., Limited	8.25%, 16.5% [Note]
Mgtv.com (Hong Kong) Media Company Limited	8.25%, 16.5% [Note]
Other taxpayers excluding above ones	25%

## 2. Tax incentives

1. The Company's subsidiaries, including Happy Sunshine, Mango Studios, Mango Entertainment, Hunan Happy Mangofun Technology Co., Ltd., Hunan Tianyu Film and Television Production Co. Ltd. and Happigo Co., Ltd. are enterprises transformed from cultural public institutions with for-profit operations. In accordance with the *Notice of Continuing Implementing Several Tax Policies for the Transformation of Cultural Public Institutions with For-Profit Operations into Enterprises During the Cultural System Reform* jointly issued by the Ministry of Finance, the State Taxation Administration, and the Publicity Department of the CPC Central Committee (Cai Shui (2019) No.16) on February 2019, cultural enterprises transformed are qualified to be exempt from enterprise income tax within five years from January 1, 2019.

2. The Company's sub-subsidiary, Horgos Happy Sunshine Media Co., Ltd., is an enterprise within the scope defined in the *Notice of the Ministry of Finance, the State Administration of Taxation, the National Development and Reform Commission, and the Ministry of Industry and Information Technology on Publishing the Catalogue of Enterprise Income Tax Incentives for Industries Particularly Encouraged by Poverty Areas of Xinjiang for Development (Trial)* (Cai Shui (2011) No.60). In accordance with the requirements in the *Notice on Enterprise Income Tax Incentive Policies for Enterprises in two Special Economic Development Zones, namely, Kashgar and Horgos Economic Development Zones in Xinjiang* (Cai Shui (2011) No.112), enterprises in such scope can be exempted from enterprise



income tax within five years from January 1, 2010 to December 31, 2020, starting from the first year in which manufacturing or business operational revenue is earned. Horgos Happy Sunshine Media Co., Ltd. is exempted from enterprise income tax within five years from 2018 as it earned its first manufacturing or business operational revenue in 2018.

3. The Company's subsidiary, Mangofun, has been evaluated as a software enterprise in accordance with the requirements in *Several Policies on Further Encouraging the Development of the Software and Integrated Circuit Industries* (Guo Fa (2011) No.4) and the *Evaluation Standard for Software Enterprises*, and received the new certificate numbered in Hu RQ-2017-0370 with a valid term of 1 year on July 30, 2019 after passing the annual verification. In accordance with the *Notice of the Ministry of Finance, the State Administration of Taxation on Enterprise Income Tax Policies for Further Encouraging the Development of Software and Integrated Circuit Industries* (Cai Shui (2012) No.27), Mangofun's tax incentive period should commence from 2017, the first year of earning profits, which means Mangofun can be exempted from enterprise income tax from the first year to the second year, and enjoy a 50% reduction on the basis of 25% from the third year to the fifth year until the tax incentive period expires.

4. In accordance with the *Letter to the Application for 2017 Recordation of the First Batch of Proposed High-tech Enterprises in Zhejiang Province* (Zhe Gao Qi Ren (2017) No.4), the Company's subsidiary, Zhejiang Dongyang Tianyu Film and Television Culture Co. Ltd. was recognized as a high-tech enterprise in 2017 with a term of 3 years, hence it pays enterprise income tax at 15% for the current year.

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

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

### 3. Others

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

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

### 1. Cash and bank balances

In RMB

Item	Closing balance	Opening balance
Cash on hand	104,219.13	169,279.43
Bank deposits	5,024,849,713.74	2,508,664,353.08
Other monetary funds:	39,270,648.59	17,575,908.89
Total	5,064,224,581.46	2,526,409,541.40

## Other description

In the closing balance of bank balances, the amount of RMB 2,000.00 using as ETC deposit and the amount of RMB 21,178,116.53 frozen due to subrogation recourse of the third parties are restricted to use.

In the closing balance of other monetary funds, the amount of RMB 1,177,322.01 using as note and other deposits and the amount of RMB 791,643.76 using as automobile loan deposits are restricted to use.

## 2. Held-for-trading financial assets

In RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss		63,804,483.36
Including:		
Equity instruments investment		63,804,483.36
Including:		
Total		63,804,483.36

## Other description:

The difference between the opening balance of the current year and the closing balance of the previous year (as at December 31, 2018) can refer to description in Note V 26, Changes in significant accounting policies and accounting estimates.

## 3. Notes receivable

### (1) Categories of notes receivable

In RMB

Item	Closing balance	Opening balance
Bank acceptances	95,456,357.50	93,200,000.00
Total	95,456,357.50	93,200,000.00

In RMB

Category	Closing balance					Opening balance				
	Carrying amount		Bad debt provision		Book value	Carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Notes receivable for which the provision for bad debts are	95,456,357.50	100.00%			95,456,357.50	93,200,000.00	100.00%			93,200,000.00

made individually										
Including:										
Bank acceptances	95,456,357.50	100.00%			95,456,357.50	93,200,000.00	100.00%			93,200,000.00
Including:										
Total	95,456,357.50	100.00%			95,456,357.50	93,200,000.00	100.00%			93,200,000.00

Provision for bad debts made individually:

In RMB

Name	Closing balance			
	Carrying amount	Bad debt provision	Proportion of provision (%)	Reasons for provision

Provision for bad debts made by group:

In RMB

Name	Closing balance		
	Carrying amount	Bad debt provision	Proportion of provision (%)

Description of basis to determine the group

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

☐ Applicable ☒ N/A

## (2) Notes receivable endorsed or discounted by the Company that are not matured at the balance sheet date

In RMB

Item	Balance derecognized at the end of the period	Balance not derecognized at the end of the period
Bank acceptances	36,667,491.00	
Total	36,667,491.00	

## 4. Accounts receivable

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

In RMB

Category	Closing balance			Opening balance		
	Carrying amount	Bad debt provision	Book	Carrying amount	Bad debt provision	Book value

	Amount	Proportion (%)	Amount	Proportion of provision (%)	value	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Accounts receivable for which the provision for bad debts are made individually	39,878,131.10	1.28%	26,084,596.10	65.41%	13,793,535.00	20,823,081.10	1.47%	20,823,081.10	100.00%	
Including:										
Accounts receivable for which the provision for bad debts are made by group	3,085,910,091.43	98.72%	102,693,117.61	3.33%	2,983,216,973.82	1,399,461,334.12	98.53%	58,584,414.28	4.19%	1,340,876,919.84
Including:										
Total	3,125,788,222.53	100.00%	128,777,713.71	4.12%	2,997,010,508.82	1,420,284,415.22	100.00%	79,407,495.38	5.59%	1,340,876,919.84

Provision for bad debts made individually:

In RMB

Name	Closing balance			
	Carrying amount	Bad debt provision	Proportion of provision (%)	Reasons for provision
The First	19,705,050.00	5,911,515.00	30.00%	Increased risk of recovery
The Second	5,832,200.00	5,832,200.00	100.00%	Estimated to be unrecoverable
The Third	5,419,890.00	5,419,890.00	100.00%	Estimated to be unrecoverable
The Fourth	3,880,651.10	3,880,651.10	100.00%	Estimated to be unrecoverable
The Fifth	1,676,100.00	1,676,100.00	100.00%	Estimated to be unrecoverable
The Sixth	942,200.00	942,200.00	100.00%	Estimated to be unrecoverable
The Seventh	756,603.80	756,603.80	100.00%	Estimated to be unrecoverable
Other	1,665,436.20	1,665,436.20	100.00%	Estimated to be unrecoverable

Total	39,878,131.10	26,084,596.10	--	--
-------	---------------	---------------	----	----

Provision for bad debts made individually:

In RMB

Name	Closing balance			
	Carrying amount	Bad debt provision	Proportion of provision (%)	Reasons for provision

Provision for bad debts made by group:

In RMB

Name	Closing balance		
	Carrying amount	Bad debt provision	Proportion of provision (%)
Aging group	2,745,607,226.11	102,693,117.61	3.74%
Group of receivables from relative parties controlled by the same actual controller	340,302,865.32		
Total	3,085,910,091.43	102,693,117.61	--

Description of basis to determine the group:

Provision for bad debts made by group:

In RMB

Name	Closing balance		
	Carrying amount	Bad debt provision	Proportion of provision (%)

Description of basis to determine the group:

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

☐ Applicable ☒ N/A

Disclosure by aging

In RMB

Aging	Carrying amount
Within 1 year (including)	2,972,500,767.08
More than 1 year but not exceeding 2 years	120,778,279.49
More than 2 years but not exceeding 3 years	7,984,912.47
More than 3 years	24,524,263.49
More than 3 years but not exceeding 4 years	2,535,500.42

More than 4 years but not exceeding 5 years	1,215,681.97
More than 5 years	20,773,081.10
Total	3,125,788,222.53

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

Provision for bad debts made for the current period

In RMB

Category	Opening balance	Changed amounts for the current period				Closing balance
		Provision	Recovery or reversal	Write-off	Others	
Provision for bad debts made individually	20,823,081.10	5,911,515.00		650,000.00		26,084,596.10
Provision for bad debts made by group	58,584,414.28	44,108,703.33				102,693,117.61
Total	79,407,495.38	50,020,218.33		650,000.00		128,777,713.71

Significant recovery or reversal of bad debt provision for the period:

In RMB

Entities	Amount of recovery or reversal	Method of recovery
----------	--------------------------------	--------------------

**(3) Accounts receivable that should be written off for the period**

In RMB

Item	Write-off amount
The First	650,000.00

Information of significant accounts receivable that are written off:

In RMB

Entity	Nature of accounts receivable	Write-off amount	Reason for write-off	Executed write-off procedures	If arising from related party transactions
--------	-------------------------------	------------------	----------------------	-------------------------------	--

Description of write-off

**(4) Top five closing balances of accounts receivable categorized by debtor**

In RMB

Entities	Closing balance of accounts receivable	Proportion to total closing balance of accounts receivable	Closing balance of bad Provision
----------	--	--	----------------------------------

The First	348,034,941.06	11.13%	17,685,360.05
The Second	283,475,000.00	9.07%	2,834,750.00
The Third	146,560,000.00	4.69%	
The Fourth	135,700,000.00	4.34%	6,785,000.00
The Fifth	127,438,327.00	4.08%	
Total	1,041,208,268.06	33.31%	

## 5. Prepayments

### (1) Disclosure of prepayments by aging

In RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	704,974,422.77	62.51%	1,680,818,169.46	83.62%
More than 1 year but not exceeding 2 years	132,081,812.20	11.71%	214,164,933.62	10.65%
More than 2 years but not exceeding 3 years	195,519,392.56	17.34%	44,147,593.68	2.20%
More than 3 years	95,158,498.75	8.44%	70,962,555.95	3.53%
Total	1,127,734,126.28	--	2,010,093,252.71	--

Reasons for overdue settlement of prepayments with significant amounts and aged more than 1 year:

Entities	Closing balance	Reasons for unsettlement
The First	57,816,250.00	Goods not delivered
The Second	55,335,437.00	Prepayments for TV series that cannot be broadcast due to the Korean restriction order, for which the provision for impairment has been made in full
The Third	49,999,516.00	Goods not delivered
The Fourth	45,000,000.00	Prepayments for royalties of products not yet played
The Fifth	42,915,750.00	Goods not delivered
The Sixth	42,757,075.64	Prepayments for royalties of products not yet played
The Seventh	40,308,902.32	Uncompleted fulfillment of contracts
The Eighth	34,482,000.00	Prepayments for royalties of products not yet played
Sub-total	368,614,930.96	

### (2) Top five closing balances of prepayments categorized by receivers

Entities	Carrying amount	Proportion to total prepayments (%)
The First	131,471,760.17	10.65

The Second	127,311,320.63	10.31
The Third	100,938,052.10	8.17
The Fourth	57,816,250.00	4.68
The Fifth	55,335,437.00	4.48
Sub-total	472,872,819.90	38.29

## Other description

The provision for, the write-off in and the reversal of prepayment bad debts was RMB 428,072.40, RMB45,282.98 and RMB 1,800,000.00 respectively.

**6. Other receivables**

In RMB

Item	Closing balance	Opening balance
Other receivables	35,946,262.96	75,922,841.76
Total	35,946,262.96	75,922,841.76

**(1) Other receivables****1) Categories of other receivables by nature**

In RMB

Nature	Closing balance of carrying amount	Opening balance of carrying amount
Security deposit	18,036,931.78	11,424,498.41
Amount due to or from related parties	3,640,174.50	3,399,105.00
Suspense payments receivable	2,911,186.43	11,296,014.77
Petty cash	9,084,428.85	39,452,081.26
Receivables and payables	5,508,622.75	13,617,557.97
Total	39,181,344.31	79,189,257.41

**2) Provision for bad debts**

In RMB

Bad debt provision	Stage I	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL(without credit impairment)	Lifetime ECL(with credit impairment)	
Balance as at January 1, 2019	908,906.53	42,128.57	2,315,380.55	3,266,415.65
Balance as at January 1,	—	—	—	—



2019 transferred to				
-- Stage II	-37,216.91	37,216.91		
-- Stage III		-4,789.06	4,789.06	
Provision	-460,879.17	65,052.52	364,492.35	-31,334.30
Balance as at December 31, 2019	410,810.45	139,608.94	2,684,661.96	3,235,081.35

Changes in carrying amount of other receivables for which the provision loss changed significantly in the current period

☐ 适用 ☒ 不适用

☐ Applicable ☒ N/A

Disclosure by aging

In RMB

Aging	Carrying amount
Within 1 year (including)	23,116,282.85
More than 1 year but not exceeding 2 years	5,048,473.28
More than 2 years but not exceeding 3 years	1,018,959.85
More than 3 years	9,997,628.33
More than 3 years but not exceeding 4 years	4,617,511.22
More than 4 years but not exceeding 5 years	1,661,919.30
More than 5 years	3,718,197.81
Total	39,181,344.31

### 3) Provisions, recovery or reversal of bad debts for the period

Provision for bad debts made for the current period:

In RMB

Category	Opening balance	Changed amounts for the current period				Closing balance
		Provision	Recovery or reversal	Write-off	Others	
Provision for bad debts made individually	1,661,929.89					1,661,929.89
Provision for bad debts made by group	1,604,485.76	-31,334.30				1,573,151.46
Total	3,266,415.65	-31,334.30				3,235,081.35

Significant recovery or reversal of bad debt provision for the current period:

In RMB

Entities	Amount of recovery or reversal	Method of recovery
----------	--------------------------------	--------------------

**4) Top five closing balances of other receivables categorized by debtor:**

In RMB

Entities	Nature	Closing balance	Aging	Proportion to total closing balance of other receivables	Closing balance of bad debt provision
The First	Amount due to or from related parties	3,000,000.00	3-4 years, 4-5 years	7.66%	1,000,000.00
The Second	Security deposit	2,000,000.00	Within 1 year	5.10%	
The Third	Security deposit	1,375,000.00	Within 1 year	3.51%	
The Fourth	Security deposit	1,161,620.80	Within 1 year, 1-2 years, 3-4 years, over 5 years	2.96%	
The Fifth	Security deposit	1,114,955.04	Within 1 year	2.85%	
Total	--	8,651,575.84	--	22.08%	1,000,000.00

**7. Inventories**

If the new revenue standard has been adopted

☐ Yes ☒ No**(1) Categories of inventories**

In RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for decline in value	Book value	Carrying amount	Provision for decline in value	Book value
Raw materials	119,569,809.53		119,569,809.53	82,604,678.47		82,604,678.47
Work-in-progress	1,393,906,522.76	74,642,083.76	1,319,264,439.00	1,237,403,655.64	72,688,454.72	1,164,715,200.92
Goods on hand	468,194,587.57	4,406,332.80	463,788,254.77	958,284,814.92	5,076,167.80	953,208,647.12
Goods upon delivery	12,502,049.88		12,502,049.88	13,264,268.83		13,264,268.83
Other reusable materials	1,250,785.71		1,250,785.71	1,019,599.75		1,019,599.75
Total	1,995,423,755.45	79,048,416.56	1,916,375,338.89	2,292,577,017.61	77,764,622.52	2,214,812,395.09

**(2) Provision for decline in value of inventories**

In RMB

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Provision	Others	Recovery or reversal	Others	
Work-in-progress	72,688,454.72	1,953,629.04				74,642,083.76
Goods on hand	5,076,167.80	42,423.05		712,258.05		4,406,332.80
Total	77,764,622.52	1,996,052.09		712,258.05		79,048,416.56

**(3) Description of capitalized amount included in the closing balance of inventories****(4) Completed but not yet billed assets arising from construction contracts**

In RMB

Item	Amount
------	--------

Other description

**8. Other current assets**

If the new revenue standard has been adopted

☐ Yes ☒ No

In RMB

Item	Closing balance	Opening balance
Wealth management products		182,500,000.00
Prepayments for internet access cooperation	45,657,300.81	42,912,088.48
Input VAT to be deducted	33,725,081.91	88,477,899.54
Prepaid taxes and levies	6,115,482.85	2,272,745.36
Issued loans-credit loans [Note 2]	1,803,532.21	7,120,486.26
Issued loans-mortgage loans [Note 2]	395,395,091.01	76,652,866.55
Others	8,582,425.11	4,113,180.98
Total	491,278,913.90	404,049,267.17

Other description

For issued loan group, the provision for impairment is amounted to RMB 1,253,943.11 for the current period..

The difference between the opening balance of the current year and the closing balance of the previous year (as at December 31, 2018) can refer to description in Note V 26, Changes in significant accounting policies and accounting estimates.

**9. Long-term equity investments**

In RMB

Investee	Opening balance	Changes in the current period								Closing balance	Closing balance of bad
		Additional	Decreased	Investment	Adjustmen	Other	Declared	Provision	Others		

	(carrying amount)	investment	investment	profit or loss under equity method	t in other comprehen sive income	equity changes	cash dividends or profit	for bad debt		(carrying amount)	debt impairment
I. Joint venture											
II. Associates											
Shanghai Mama Mia Mutual Entertain ment Network Technolo gy Co., Ltd.	18,606,05 5.65			2,015,670 .71						20,621,72 6.36	
Malansha n Culture Creative Investme nt Co., Ltd.	196,935,5 70.32			-7,121,11 7.50						189,814,4 52.82	
Sub-total	215,541,6 25.97			-5,105,44 6.79						210,436,1 79.18	
Total	215,541,6 25.97			-5,105,44 6.79						210,436,1 79.18	

Other description

**10. Other non-current financial assets**

In RMB

Item	Closing balance	Opening balance
Classified as financial assets at fair value through profit or loss	6,946,466.60	33,031,999.97
Total	6,946,466.60	33,031,999.97

Other description

The difference between the opening balance of the current year and the closing balance of the previous year (as at December 31, 2018) can refer to description in Note V 26, Changes in significant accounting policies and accounting estimates.

**11. Fixed assets**

In RMB

Item	Closing balance	Opening balance
Fixed assets	180,606,150.34	207,007,011.52
Total	180,606,150.34	207,007,011.52

**(1) Fixed assets**

In RMB

Item	Buildings	Machinery and equipment	Electronic equipment, appliances and furniture	Transportation equipment	Others	Total
I. Cost						
1. Opening balance	58,268,091.66	266,694,200.39	210,399,690.87	22,975,707.63	11,000,000.00	569,337,690.55
2. Increase		3,432,442.94	29,915,851.81	1,948,640.79		35,296,935.54
(1) Purchase		3,432,442.94	29,915,851.81	1,948,640.79		35,296,935.54
(2) Transfer from construction in progress						
(3) Increase due to business combination						
3. Decrease		1,432,617.71	2,120,814.76	2,820,488.31		6,373,920.78
(1) Disposal or retirement		1,432,617.71	2,120,814.76	2,820,488.31		6,373,920.78
4. Closing balance	58,268,091.66	268,694,025.62	238,194,727.92	22,103,860.11	11,000,000.00	598,260,705.31
II. Accumulated depreciation						
1. Opening balance	6,872,458.49	190,317,604.26	149,106,428.19	15,629,450.93		361,925,941.87
2. Increase	1,908,705.37	35,204,705.94	22,331,107.83	1,525,230.98		60,969,750.12
(1) Provision	1,908,705.37	35,204,705.94	22,331,107.83	1,525,230.98		60,969,750.12

3. Decrease		1,356,021.46	1,844,948.47	2,444,904.25		5,645,874.18
(1) Disposal or retirement		1,356,021.46	1,844,948.47	2,444,904.25		5,645,874.18
4. Closing balance	8,781,163.86	224,166,288.74	169,592,587.55	14,709,777.66		417,249,817.81
III. Provision for impairment						
1. Opening balance		392,428.73	12,308.43			404,737.16
2. Increase						
(1) Provision						
3. Decrease						
(1) Disposal or retirement						
4. Closing balance		392,428.73	12,308.43			404,737.16
IV. Book value						
1. Closing balance	49,486,927.80	44,135,308.15	68,589,831.94	7,394,082.45	11,000,000.00	180,606,150.34
2. Opening balance	51,395,633.17	75,984,167.40	61,280,954.25	7,346,256.70	11,000,000.00	207,007,011.52

## 12. Intangible assets

### (1) Intangible assets

In RMB

Item	Land use right	Patent	Non-patent technology	Film and television play copyright	Software	Trademarks and domain names	Patent licensing fees and program adaptation rights	Game copyright	Total
1. Cost									

1. Opening balance	33,157,507. 40			6,909,111,7 95.02	121,847,522 .21	2,884,994.2 9	29,245,283. 01	10,471,698. 04	7,106,718,7 99.97
2. Increase				5,642,746,9 93.49	39,234,319. 28			1,405,910.6 7	5,683,387,2 23.44
(1)Purchase				5,642,746,9 93.49	36,584,668. 96			1,405,910.6 7	5,680,737,5 73.12
(2) In-house R&D					36,584,668. 96				5,680,737,5 73.12
(3)Increase due to business combination									
3. Decrease				423,487,969 .96				5,943,396.1 4	429,431,366 .10
(1)Disposal				423,487,969 .96				5,943,396.1 4	429,431,366 .10
4. Closing balance	33,157,507. 40			12,128,370, 818.55	161,081,841 .49	2,884,994.2 9	29,245,283. 01	5,934,212.5 7	12,360,674, 657.31
II. Accumulate d amortizatio n									
1. Opening balance	5,131,518.9 6			4,174,443,8 22.51	53,611,396. 40	2,494,592.0 2	8,668,195.6 2	6,049,528.2 1	4,250,399,0 53.72
2. Increase	676,683.82			3,663,587,0 69.10	14,611,905. 31	241,621.13	5,334,487.4 7	73,410.03	3,684,525,1 76.86
(1) Provision	676,683.82			3,663,587,0 69.10	14,611,905. 31	241,621.13	5,334,487.4 7	73,410.03	3,684,525,1 76.86
3. Decrease				423,487,969 .96				1,839,622.5 5	425,327,592 .51

(1) Disposal				423,487,969.96				1,839,622.55	425,327,592.51
4. Closing balance	5,808,202.78			7,414,542,921.65	68,223,301.71	2,736,213.15	14,002,683.09	4,283,315.69	7,509,596,638.07
III. Provision for impairment									
1. Opening balance									
2. Increase									
(1) Provision									
3. Decrease									
(1) Disposal									
4. Closing balance									
IV. Book value									
1. Closing book value	27,349,304.62			4,713,827,896.90	92,858,539.78	148,781.14	15,242,599.92	1,650,896.88	4,851,078,019.24
2. Opening book value	28,025,988.44			2,734,667,972.51	68,236,125.81	390,402.27	20,577,087.39	4,422,169.83	2,856,319,746.25

The balance of intangible assets formed through in-house R&D accounted for 0.06% of the closing balance of intangible assets.

### 13. Development expenditure

In RMB



Item	Opening balance	Increase in the current period			Decrease in the current period			Closing balance
		In-house development expenditure	Others		Recognized Intangible assets	Transfer to profit or loss for the period		
Mangoli system		15,549,207.24			2,649,650.32			12,899,556.92
Cloud platform construction project		25,439,326.92						25,439,326.92
Total		40,988,534.16			2,649,650.32			38,338,883.84

Other description

1. The Mangoli System is a project developed by Hunan Happy Money Microfinance Co., Ltd.. It is intended to solve problems such as underlying data security, system compatibility, and iterative expansion., and to improve the financial technology ability, so that the system can support businesses more significantly.

The Mangoli System began its market research in October 2018, and was established in December 2018. As it has been eligible for capitalization and recognition in the development expenses since January 2019, the expenses related to the project that are eligible for capitalization are included in the development expenses, and the expenses incurred in the previous research phase are directly recognized in the current profit and loss.

2. Mongo TV Cloud Storage and Multi-screen Broadcast Platform Construction Project (hereinafter referred to as Cloud Platform Construction Project) is a supporting project funded by Happy Sunshine financing funds. This project, which is intended to provide enhanced platform technology support for enterprise content production and dissemination to improve users' experience and satisfaction, reduce platform operating costs and enhance platform data security and reliability, is an inevitable choice for the strategic development of enterprises in the fierce competition.

The Cloud Platform Construction Project was planned in 2017 and implemented upon approval of the board of directors of Happy Sunshine on July 30, 2019. From September 1, 2019, the expenses related to the project that are eligible for capitalization are included in the development expenses, and the expenses incurred in the previous research phase are directly recognized in the current profit and loss.

#### 14. Long-term prepaid expenses

In RMB

Item	Opening balance	Increase	Amortization	Other decrease	Closing balance
Projects of rebuilding and decoration for rented buildings	65,989,740.93	20,780,147.55	25,123,027.11		61,646,861.37
Total	65,989,740.93	20,780,147.55	25,123,027.11		61,646,861.37

Other description

**15. Deferred tax assets/Deferred tax liabilities****(1) Deferred tax assets that are not offset**

In RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deductible losses			15,755,514.30	3,938,878.58
Total			15,755,514.30	3,938,878.58

**(2) Details of unrecognized deferred tax assets**

In RMB

Item	Closing balance	Opening balance
Deductible temporary differences	9,364,947.85	13,145,015.63
Deductible losses	80,994,642.11	79,931,635.09
Total	90,359,589.96	93,076,650.72

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

In RMB

Year	Closing balance	Opening balance	Remark
2019		983,077.71	
2020		2,583,199.12	
2021	1,923,827.66	17,430,154.18	
2022	24,850,507.66	24,850,507.66	
2023	34,021,526.74	34,084,696.42	
2024	20,198,780.05		
Total	80,994,642.11	79,931,635.09	--

Other description

**16. Other non-current assets**

If the new revenue standard has been adopted

☐ Yes ☒ No

In RMB

Item	Closing balance	Opening balance
Prepayments for equipment	1,127,499.30	379,080.00
Total	1,127,499.30	379,080.00

Other description

**17. Short-term borrowings****(1) Categories of short-term borrowings**

In RMB

Item	Closing balance	Opening balance
Credit borrowings-principal	349,352,600.00	196,097,600.00
Credit borrowings-interest	464,347.83	224,226.31
Total	349,816,947.83	196,321,826.31

Description of categorization of short-term borrowings: The difference between the opening balance of the current year and the closing balance of the previous year (as at December 31, 2018) can refer to description in Note V 26, Changes in significant accounting policies and accounting estimates.

**18. Notes payable**

In RMB

Category	Closing balance	Opening balance
Commercial acceptances	42,502,468.46	95,419,097.63
Bank acceptances	283,377,994.65	171,102,769.86
Total	325,880,463.11	266,521,867.49

The total of notes payable due but not paid yet for the period is RMB 0.00.

**19. Accounts payable****(1) Details of accounts payable are as follows:**

In RMB

Item	Closing balance	Opening balance
Purchase payment	5,048,443,928.94	3,363,276,945.77
Total	5,048,443,928.94	3,363,276,945.77

**(2) Significant accounts payable aged more than one year**

In RMB

Item	Closing balance	Reason for not paid or carried-forward
The First	91,177,887.41	Not yet due for settlement
The Second	70,723,211.91	Not yet due for settlement
The Third	53,354,716.98	Not yet due for settlement
The Fourth	50,395,471.69	Not yet due for settlement
The Fifth	42,213,584.75	Not yet due for settlement

The Sixth	41,509,433.96	Not yet due for settlement
The Seventh	31,960,000.00	Not yet due for settlement
Total	381,334,306.70	--

Other description

**20. Receipts in advance**

If the new revenue standard has been adopted

☐ Yes ☒ No**(1) Receipts in advance**

In RMB

Item	Closing balance	Opening balance
Loan	652,696,114.38	888,146,056.09
Investments in film and television play co-production	539,781,865.22	660,762,043.16
Total	1,192,477,979.60	1,548,908,099.25

**(2) Significant receipts in advance aged more than one year**

In RMB

Item	Closing balance	Reasons for not repaid or carried-forward
The First	104,671,698.09	Film and television play investments not yet due for settlement
The Second	51,474,056.52	Film and television play investments not yet due for settlement
The Third	48,800,000.00	Film and television play investments not yet due for settlement
The Fourth	38,800,240.00	Film and television play investments not yet due for settlement
The Fifth	30,000,000.00	Film and television play investments not yet due for settlement
The Sixth	30,000,000.00	Film and television play investments not yet due for settlement
Total	303,745,994.61	--

**(3) Billed but not yet completed projects arising from construction contracts at the end of the period**

In RMB

Item	Amount
------	--------

Other description

**21. Employee benefits payable****(1) Employee benefits payable**

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
I. Short-term remuneration	429,995,395.26	1,376,932,277.47	1,218,747,792.39	588,179,880.34
II. Post-employment benefits-defined contribution plan	512,963.08	39,551,600.65	39,420,748.21	643,815.52
III. Termination benefits	874,478.13	13,983,389.11	14,322,311.36	535,555.88
Total	431,382,836.47	1,430,467,267.23	1,272,490,851.96	589,359,251.74

**(2) Short-term remuneration**

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Wages or salaries, bonuses, allowances and subsidies	429,067,031.35	1,292,358,417.52	1,134,522,582.88	586,902,865.99
2. Staff welfare		22,358,564.03	22,358,564.03	0.00
3. Social security contributions	288,643.35	24,107,822.27	24,022,547.99	373,917.63
Including: Medical insurance	258,563.93	19,397,852.99	19,327,068.66	329,348.26
Work injury	8,542.69	1,283,999.79	1,279,982.62	12,559.86
Maternity insurance	21,536.73	1,625,609.81	1,615,137.03	32,009.51
Other commercial insurance		1,800,359.68	1,800,359.68	
4. Housing funds	9,875.00	27,334,509.06	27,094,138.06	250,246.00
5. Union running costs and employee education cost	175,276.30	2,473,195.34	2,546,399.07	102,072.57
Other short-term remuneration	454,569.26	8,299,769.25	8,203,560.36	550,778.15
Total	429,995,395.26	1,376,932,277.47	1,218,747,792.39	588,179,880.34

**(3) Presentation of defined benefit plan**

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
------	-----------------	----------	----------	-----------------

1. Basic pensions	495,201.01	37,959,072.21	37,838,440.38	615,832.84
2. Unemployment insurance	17,762.07	1,592,528.44	1,582,307.83	27,982.68
Total	512,963.08	39,551,600.65	39,420,748.21	643,815.52

Other description

## 22. Taxes payable

In RMB

Item	Closing balance	Opening balance
VAT	31,925,708.15	2,966,338.62
Enterprise income tax	1,020,008.15	1,022,049.59
Personal income tax	11,616,474.32	41,306,543.70
City maintenance and construction tax	611,160.04	133,823.33
Stamp duty	2,556,733.85	2,375,911.57
Educational surcharges	533,271.72	95,470.25
Development Fees for Cultural Undertakings	89,141,920.66	85,564,184.50
Other taxes	158,231.76	41,599.17
Total	137,563,508.65	133,505,920.73

Other description

## 23. Other payables

In RMB

Item	Closing balance	Opening balance
Other payables	202,952,467.24	179,824,884.96
Total	202,952,467.24	179,824,884.96

### (1) Other payables

#### (1) Other payables by nature

In RMB

Item	Closing balance	Opening balance
Receivables and payables	169,398,587.22	131,692,416.90
Security deposit	30,977,064.66	25,049,941.57

Equipment procurement, decoration, engineering, etc.	2,576,815.36	23,082,526.49
Total	202,952,467.24	179,824,884.96

**(2) Significant other payables aged more than one year:**

In RMB

Item	Closing balance	Reasons for not repaid or carried-forward
The First	3,796,820.30	Not yet due for settlement
Total	3,796,820.30	--

Other description: The difference between the opening balance of the current year and the closing balance of the previous year (as at December 31, 2018) can refer to description in Note V 26, Changes in significant accounting policies and accounting estimates.

**24. Non-current liabilities due within one year**

In RMB

Item	Closing balance	Opening balance
Long-term employee benefits payable due within 1 year	10,400,000.00	
Total	10,400,000.00	

Other description

**25. Other current liabilities**

If the new revenue standard has been adopted

☐ Yes ☒ No

In RMB

Item	Closing balance	Opening balance
Logistics and distribution expenses	3,391,046.30	4,997,229.85
Customer reward points	8,499,828.47	10,856,332.55
internet access cooperation	52,969,657.49	26,294,748.22
Others	13,835,329.26	17,566,761.12
Total	78,695,861.52	59,715,071.74

Changes of short-term bonds payable:

In RMB

Name of bond	Par value	Issue date	Term of bond	Issued amount	Opening balance	Issued during the period	Interest accrued based on	Amortization of premiums	Repayment during the period	Columns can be added as	Closing balance
--------------	-----------	------------	--------------	---------------	-----------------	--------------------------	---------------------------	--------------------------	-----------------------------	-------------------------	-----------------

							par value	or		needed	
								discounts			

Other description

**26. Long-term payables**

In RMB

Item	Closing balance	Opening balance
Special payables		2,500,000.00
Total		2,500,000.00

**(1) Special payables**

In RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Mobile Game of <i>Princess Returning Pearl</i>	1,000,000.00		1,000,000.00		
<i>Wonderful Friends of Voodoo Academy</i>	1,500,000.00		1,500,000.00		
Total	2,500,000.00		2,500,000.00		--

Other description

**27. Long-term employee benefits payable****(1) Long-term employee benefits payable**

In RMB

Item	Closing balance	Opening balance
Medium- and long-term employee incentives		33,450,000.00
Total		33,450,000.00

**28. Provisions**

If the new revenue standard has been adopted

☐ Yes ☒ No

In RMB

Item	Closing balance	Opening balance	Reason
Pending litigation	14,092,872.30	8,987,973.60	Estimated compensation for pending litigation



Provision for infringement compensation	140,000.00	140,000.00	Estimated compensation
Total	14,232,872.30	9,127,973.60	--

Other description, including significant assumption and estimate related to significant provisions

## 29. Deferred income

In RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Government grants	48,315,088.67	12,912,452.83	14,955,947.37	46,271,594.13	Government grants related to assets and income
Copyright income	1,211,093.10		1,211,093.10		Copyright income amortized during benefit period
Member service	163,060,977.47	1,855,101,188.37	1,756,008,275.29	262,153,890.55	Member service income amortized during benefit period
Total	212,587,159.24	1,868,013,641.20	1,772,175,315.76	308,425,484.68	--

Items with respect to government grants:

In RMB

Liabilities	Opening balance	New government grants	Amount recognized in non-operating income	Amount recognized in other income	Amount offset costs and expenses	Other changes	Closing balance	Related to assets/related to income
Happigo Supply Chain Urban Co-Distribution System Project	2,683,002.83			100,000.00			2,583,002.83	Related to assets
Special funds for the development of the modern logistics	1,056,017.18			40,229.22			1,015,787.96	Related to assets
The second batch of special guidance funds of Hunan Province to cultivate and develop strategic emerging	399,999.96			200,000.00			199,999.96	Related to assets

industries								
Special funds for "Cloud Multi-screen" service platform	2,760,000.00			1,380,000.00			1,380,000.00	Related to assets
The second batch of special funds for modern services development - Mango TV mobile client	200,000.00			60,000.00			140,000.00	Related to assets
Mobile internet industry development special fund	5,945,315.44	400,000.00		1,664,638.24			4,680,677.20	Related to assets
Special funds for the development of the cultural industry	20,414,833.36	5,314,000.00		6,528,600.00			19,200,233.36	Related to assets
Guidance funds for provincial-level cultural industry development	1,533,333.40			399,999.96			1,133,333.44	Related to assets
Special funds for the development of modern services	240,000.00			60,000.00			180,000.00	Related to assets
Special funds for Mongo TV Cloud Platform (ERU) project	6,000,000.00						6,000,000.00	Related to assets
Silk Road Film and Television Bridge Project of the State Administration of Radio, Film and Television	3,000,000.00			1,698,113.21		169,811.31	1,132,075.48	Related to assets
Network audio-visual program quality creation and distribution project		360,000.00		102,000.00			258,000.00	Related to assets
Others	691,194.97	538,452.83		514,740.13			714,907.67	Related to assets
Subsidy funds for key cultural industry of Hunan Province	736,750.02			736,750.02				Related to income

2018 subsidies to Mango TV new media participation activity, the key project of "going global" by the State Administration of Radio, Film and Television	622,641.51						622,641.51	Related to income
2018 guidance fund subsidies for cultural business of Hunan Province	2,032,000.00			506,666.67			1,525,333.33	Related to income
2019 central cultural industry development special funds		5,000,000.00					5,000,000.00	Related to income
Malanshan cultural and creative subsidy		1,000,000.00		666,666.67			333,333.33	Related to income
Intellectual property subsidy funds		300,000.00		127,731.94			172,268.06	Related to income
Total	48,315,088.67	12,912,452.83		14,786,136.06		169,811.31	46,271,594.13	

Other description

### 30. Share capital

In RMB

	Opening balance	Changes this time (+, -)					Closing balance
		New issued shares	Awarded shares	Shares converted from housing funds	Others	Sub-total	
Total shares	990,023,518.00	57,257,371.00		733,096,622.00		790,353,993.00	1,780,377,511.00

Other description:

1. According to resolutions of the fourth session and the seventh session of the third Board of Directors and the sixth extraordinary general meeting of shareholders in 2017, and the *Approval to Issuance of Shares by Happigo Inc. to Mango Media Co., Ltd. and Other Entities for Purchase of Assets and Raising of Matching Funds* (Zheng Jian Xu Ke [2018] No.999) issued by the China Securities Regulatory Commission (hereinafter referred to as the "CSRC"), the Company is approved to issue shares through private offering to raise matching funds maximized in RMB 2 billion. For the current period, the Company issued 57,257,371 shares of ordinary shares (A shares) through private offering at an issue price of RMB 34.93 per share, and actually raised funds of RMB 1,999,999,969.03 in total. After deduction of the underwriting fee (including tax) of RMB 17,680,000.00, the funds raised was RMB 1,982,319,969.03. By deducting other

issuance expenses (including tax) including the legal fees and capital verification fees amounting to RMB 657,257.37 in total, and adding the deductible input tax of RMB 1,037,957.96, the net funds raised was RMB 1,982,700,669.62, including the paid-up capital amounting to RMB 57,257,371.00, and the recognized capital reserve (share capital premium) amounting to 1,925,443,298.62. Hunan Branch of Pan-China Certified Public Accountants LLP audited this capital increase and issued a *Capital Verification Report* (Tian Jian Yan [2019] No. 2-16) on May 22, 2019.

2. Pursuant to the resolution of the Company's second extraordinary general meeting of shareholders in 2019, all shareholders would be awarded with 7 shares for each 10 shares on the basis of the existing 1,047,280,889 shares in total as at June 30, 2019, increasing the total share capital to 1,780,377,511 shares after the conversion. Hunan Branch of Pan-China Certified Public Accountants LLP audited this capital increase and issued a *Capital Verification Report* (Tian Jian Xiang Yan [2019] No. 60) on October 9, 2019.

### 31. Capital reserve

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium (Share capital premium)	3,634,826,591.89	1,930,943,298.62	733,096,622.00	4,832,673,268.51
Other capital reserve	6,264,437.84			6,264,437.84
Total	3,641,091,029.73	1,930,943,298.62	733,096,622.00	4,838,937,706.35

Other description, including changes in the current period and change reasons:

The increase in the capital reserve is due to :

1. The capital premium of RMB 1,925,443,298.62 arising from the Company's current private offering to raise matching funds, as detailed in Note 30, Share capital.

2. The received state-owned capital of RMB 5,500,000.00 in 2019 from culture enterprises under provincial management.

The decrease in the capital reserve for the current period is due to that fact that, as approved in the Second Extraordinary General Meeting of Shareholders in 2019, all shareholders are awarded with 7 shares for each 10 shares on the basis of the existing 1,047,280,889 shares in total, with corresponding consideration paid by the balance of capital reserve equal to RMB 733,096,622.00.

### 32. Surplus reserve

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	84,782,321.71			84,782,321.71
Total	84,782,321.71			84,782,321.71

Description of surplus reserve, including changes in the current period and change reasons:

### 33. Retained profits

In RMB

Item	Current period	Prior period
------	----------------	--------------

Retained profits at the end of prior period before adjustment	923,476,426.28	517,751,008.19
Total adjusted retained profits at the beginning of the period (Add: +; Less: -)		-437,374,841.38
Retained profits at the beginning of the period after adjustment	923,476,426.28	80,376,166.81
Add: Net profit attributable to owners of the Company for the period	1,156,285,253.73	865,568,532.45
Less: Appropriation to statutory surplus reserve		2,418,272.98
Dividends on ordinary shares payable		20,050,000.00
Retained profits at the end of the period	2,079,761,680.01	923,476,426.28

Details of adjustments to retained profits at the beginning of the period:

- 1) As a result of the retrospective adjustment of the *Accounting Standards for Business Enterprises* and related new regulations, retained profits at the beginning of the period were affected by RMB 0.00.
- 2) Retained profits at the beginning of the period were affected by RMB 0.00 due to changes in accounting policies.
- 3) Retained profits at the beginning of the period were affected by RMB 0.00 due to the correction of significant accounting errors.
- 4) Retained profits at the beginning of the period were affected by RMB 0.00 due to changes in the scope of consolidation resulting from business combination involving enterprises under common control.
- 5) Retained profits at the beginning of the period were affected by RMB 0.00 in total due to other adjustments.

### 34. Operating income and operating costs

In RMB

Item	Amount incurred in the current period		Amount incurred in the prior period	
	Income	Cost	Income	Cost
Principal operating activities	12,283,968,853.93	8,181,187,347.79	9,429,813,255.36	5,973,389,681.68
Other operating activities	216,695,378.12	103,553,601.63	230,848,158.36	109,383,069.69
Total	12,500,664,232.05	8,284,740,949.42	9,660,661,413.72	6,082,772,751.37

If the new revenue standard has been adopted

☐ Yes ☒ No

Other description

### 35. Taxes and levies

In RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Consumption tax	167,486.70	817,607.71

City construction and maintenance tax	5,900,635.15	7,809,189.28
Education surcharges	4,437,184.38	5,822,119.27
Property tax	651,832.90	633,417.23
Land use tax	294,816.00	295,184.52
Vehicle and vessel tax	24,970.00	11,600.00
Stamp duty	2,706,383.81	2,003,008.98
Development Fees for Cultural Undertakings	82,219,302.29	80,450,488.60
Others	28,120.33	60,949.19
Total	96,430,731.56	97,903,564.78

Other description:

### 36. Selling expenses

In RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Employee's benefits and labor costs	594,022,500.47	528,984,546.33
Depreciation and amortization	10,708,960.80	9,505,090.27
Advertising costs	1,175,246,290.72	883,038,507.05
Payments for internet access cooperation	200,426,442.86	189,072,489.16
Settlement costs of logistics and service charges for payment collection	53,935,525.49	77,196,572.79
Business travel expenses	25,541,037.00	24,435,399.78
Program production costs	9,730,185.87	14,824,137.98
Channel sales and operations development expenses	35,871,112.32	30,977,527.91
Others	35,202,099.92	43,427,534.13
Total	2,140,684,155.45	1,801,461,805.40

Other description:

### 37. Administrative expenses

In RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Employee's benefits and labor costs	391,323,328.42	266,010,028.57
Depreciation and amortization	58,628,415.09	56,355,584.33
Legal costs	13,302,853.01	10,137,054.18
Office and administrative service	95,274,367.16	76,866,877.19

Agency fees	11,738,465.41	6,925,523.14
Business entertainment expenses	2,740,267.03	3,499,442.61
Others	37,130,743.80	41,428,175.54
<b>Total</b>	<b>610,138,439.92</b>	<b>461,222,685.56</b>

Other description:

### 38. Research and development expenses

In RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Employee's benefits and labor costs	128,112,151.81	177,755,848.09
Depreciation and amortization	21,407,106.17	28,036,121.10
Travel expenses	12,430.48	1,939,359.20
Technical service fees	81,582,077.08	6,218,204.59
Others	8,185,566.32	6,934,663.34
<b>Total</b>	<b>239,299,331.86</b>	<b>220,884,196.32</b>

Other description:

### 39. Financial expense

In RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Interest expenses	15,981,713.90	14,167,593.20
Less: Interest income	65,976,045.63	42,647,994.28
Service charge	13,022,001.64	4,728,626.50
Exchange profit or loss	395,763.36	-447,037.00
<b>Total</b>	<b>-36,576,566.73</b>	<b>-24,198,811.58</b>

其他说明:

Other description:

### 40. Other income

In RMB

Source of other income	Amount incurred in the current period	Amount incurred in the prior period
Government grants related to assets	12,748,320.76	10,398,094.35
Government grants related to income	44,851,235.43	17,267,089.49
Refund of service fees of withholding personal income tax	1,123,274.02	1,935,178.55

Total	58,722,830.21	29,600,362.39
-------	---------------	---------------

**41. Investment income**

In RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Income from long-term equity investments under equity method	-5,105,446.79	-7,966,291.26
Income from investments in film and television play without copyrights	4,227,644.04	3,195,537.71
Income from wealth management products	7,344,704.18	36,174,584.14
Total	6,466,901.43	31,403,830.59

Other description:

**42. Income from changes in fair value**

In RMB

Source of income from changes in fair value	Amount incurred in the current period	Amount incurred in the prior period
Other non-current financial assets-investments in equity instrument (Financial assets at fair value through profit or loss)	-1,370,986.18	
Total	-1,370,986.18	

Other description:

**43. Impairment losses of credit**

In RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Bad debt losses of other receivables	31,334.30	
Bad debt losses of accounts receivable	-50,020,218.33	
Other current assets-losses of impairment on issued loans	-1,253,943.11	
Total	-51,242,827.14	

Other description:

**44. Impairment losses of assets**

If the new revenue standard has been adopted



□ Yes √ No

In RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
I. Bad debt losses	1,371,927.60	-101,591,231.51
II. Losses from decline in value of inventories	-1,996,052.09	-2,095,600.91
III. Impairment losses of available-for-sale financial assets		-195,516.64
IV. Impairment losses of fixed assets		-66,209.37
V. Others		-491,517.51
Total	-624,124.49	-104,440,075.94

Other description:

**45. Income from disposal of assets**

In RMB

Source of income from disposal of assets	Amount incurred in the current period	Amount incurred in the prior period
Income from disposal of fixed assets	-168,797.67	-1,741.95

**46. Non-operating income**

In RMB

Item	Amount incurred in the current period	Amount incurred in the prior period	Amount included in non-recurring profit or loss for the period
Government grants		2,521,000.00	
Gains from damage and retirement of non-current assets	51,169.81		51,169.81
Income from safeguarding legal rights	24,730,857.50	11,446,340.62	24,730,857.50
Others	1,061,063.97	881,353.05	1,061,063.97
Total	25,843,091.28	14,848,693.67	25,843,091.28

Government grants recognized in current profit or loss:

In RMB

Grants	Issuer	Reason	Nature	If current earnings or losses affected by the subsidy	If special subsidy	Amount incurred in the current period	Amount incurred in the prior period	Related to assets/related to income
--------	--------	--------	--------	---	--------------------	---------------------------------------	-------------------------------------	-------------------------------------

Other description:

**47. Non-operating expenses**

In RMB

Item	Amount incurred in the current period	Amount incurred in the prior period	Amount included in non-recurring profit or loss for the period
External donation	1,004,295.80	20,005,946.49	1,004,295.80
Losses from damage and retirement of non-current assets	135,510.79	1,192,526.64	135,510.79
Compensation expenditures	21,447,884.24	21,353,299.60	21,447,884.24
Others	3,451,527.88	2,474,394.80	3,451,527.88
Total	26,039,218.71	45,026,167.53	26,039,218.71

Other description:

**48. Income tax expenses****(1) Income tax expenses**

In RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Current income tax expenses	16,092,665.26	18,847,718.84
Deferred income tax expenses	3,938,878.58	578,007.47
Total	20,031,543.84	19,425,726.31

**(2) Reconciliation of income tax expenses to the accounting profit:**

In RMB

Item	Amount incurred in the current period
Total profit	1,177,534,059.30
Income tax expense calculated based on statutory/applicable tax rate	294,383,514.83
Effect of different tax rates of subsidiaries operating in other jurisdictions	-280,101,621.87
Effect of adjustment on income tax for the period	3,938,878.58
Effect of non-taxable income	1,276,361.70
Effect of non-deductible cost, expense and loss	181,476.56
Effect of utilizing deductible loss not recognized for deferred tax	-4,526,298.45

assets for prior period	
Effect of deductible temporary difference or deductible loss not recognized for deferred tax assets for the current period	5,556,100.15
Additional deduction of R&D expenses	-676,867.66
Income tax expense	20,031,543.84

Other description:

#### 49. Notes to items in the cash flow statement

##### (1) Other cash receipts relating to operating activities

In RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Other business income	192,630,932.33	181,489,406.70
Government grants	42,494,918.97	44,503,423.72
Interest income	65,976,045.63	44,450,418.46
Note deposits and legal affairs deposits	10,422,873.28	14,451,275.00
Income from safeguarding legal rights	24,730,857.50	11,446,340.62
Receivables and payables and others	35,197,705.87	24,660,197.94
Recovery of structural deposits		207,929,851.46
Total	371,453,333.58	528,930,913.90

Description of other cash receipts relating to operating activities:

##### (2) Other cash payments relating to operating activities

In RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Payments of various expenses	1,806,621,786.03	1,407,854,117.70
Other business expenditures	82,336,163.55	70,452,034.55
Bank service fees	13,022,001.64	4,728,626.50
Note deposits and automobile loan deposits	402,451.90	11,822,387.15
External donation	1,004,295.80	20,005,946.49
Others	38,661,153.34	30,288,831.45
Total	1,942,047,852.26	1,545,151,943.84

Description of other cash payments relating to operating activities:

##### (3) Other cash receipts relating to investing activities

In RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Recovery of bank wealth management products	840,100,000.00	3,752,880,000.00
Income from wealth management products	7,344,704.18	38,890,334.01
Income from investments in copyrights where the investor have no copyrights	945,045.86	4,056,226.41
Received investments in film and television plays	10,390,721.60	
Total	858,780,471.64	3,795,826,560.42

Description of other cash receipts relating to investing activities:

#### (4) Other cash payments relating to investing activities

In RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Wealth management products	657,600,000.00	2,469,500,000.00
Investments in Film and Television Products		20,631,999.95
Total	657,600,000.00	2,490,131,999.95

Description of other cash payments relating to investing activities:

#### (5) Other cash payments relating to financing activities

In RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Financing costs for restructuring		8,077,370.82
Acquisition of minority interests		3,250,900.00
Repayment of related party borrowings		240,000,000.00
Matching expenditures on financing costs	657,257.37	
Total	657,257.37	251,328,270.82

Description of other cash payments relating to financing activities:

### 50. Supplementary information to the cash flow statement

#### (I) Supplementary information to the cash flow statement

In RMB

Supplementary information	Amount in the Current period	Amount in the Prior period
---------------------------	------------------------------	----------------------------

1. Reconciliation of net profit to cash flow from operating activities:	--	--
Net profit	1,157,502,515.46	927,574,396.79
Add: Provision for impairment losses of assets	51,866,951.63	104,440,075.94
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of bearer biological assets	60,969,750.12	68,635,398.27
Amortization of intangible assets	3,684,525,176.86	2,171,837,605.25
Amortization of long-term prepaid expenses	25,123,027.11	19,926,071.85
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by "--")	168,797.67	1,741.95
Losses on retirement of fixed assets (gains are indicated by "--")	84,340.98	1,192,526.64
Losses on changes in fair values (gains are indicated by "--")	1,370,986.18	
Financial expenses (income is indicated by "--")	16,377,477.26	13,720,556.20
Investment losses (income is indicated by "--")	-6,466,901.43	-31,403,830.59
Decrease in deferred tax assets (increase is indicated by "--")	3,938,878.58	578,007.47
Decrease in inventories (increase is indicated by "--")	296,441,004.11	-887,309,307.19
Decrease in receivables from operating activities (increase is indicated by "--")	-1,048,364,434.32	-1,357,603,825.98
Increase in payables from operating activities (decrease is indicated by "--")	1,692,076,134.46	1,735,779,685.41
Others	-5,642,746,993.49	-3,144,289,719.59
Net cash flow from operating activities	292,866,711.18	-376,920,617.58
2. Significant investing and financing activities that do not involve cash receipts and payments:	--	--
3. Net changes in cash and cash equivalents:	--	--

Closing balance of cash	5,041,075,499.16	2,514,587,154.25
Less: Opening balance of cash	2,514,587,154.25	1,937,793,695.99
Net increase in cash and cash equivalents	2,526,488,344.91	576,793,458.26

## (2) Composition of cash and cash equivalents

In RMB

Item	Closing balance	Opening balance
I. Cash	5,041,075,499.16	2,514,587,154.25
Including: Cash on hand	104,219.13	169,279.43
Bank deposit that can be paid at any time	5,003,669,597.21	2,508,664,353.08
Other monetary funds that can be paid at any time	37,301,682.82	5,753,521.74
III. Closing balance of cash and cash equivalents	5,041,075,499.16	2,514,587,154.25

Other description:

1. The line item of "Others" in the supplementary information to the cash flow statement refer to the influences of cash flow in the presentation of the cash paid for the purchase of copyrights recognized in intangible assets.

2. In the closing balance of bank balances, the amount of RMB 2,000.00 using as ETC deposit and the amount of RMB 21,178,116.53 frozen due to subrogation recourse of the third parties are restricted to use. In the closing balance of other monetary funds, the amount of RMB 1,177,322.01 using as note and other deposits and the amount of RMB 791,643.76 using as automobile loan deposits are restricted to use.

## 51. Assets with restrictions in ownership or use right

In RMB

Item	Closing balance of carrying amount	Reasons for restriction
Cash and bank balances	23,149,082.30	Band acceptance deposits, frozen amounts due to litigation. automobile loan deposits
Total	23,149,082.30	--

Other description:

## 52. Foreign currency item

### (1) Foreign currency item

In RMB

Item	Closing balance of foreign currency	Exchange rate	Translated balance in RMB
------	-------------------------------------	---------------	---------------------------

Cash and bank balances	--	--	3,447,994.59
Including: USD	493,967.94	6.9762	3,446,019.14
EUR			
HKD	2,205.28	0.89578	1,975.45
Accounts receivable	--	--	1,176,187.32
Including: USD	168,600.00	6.9762	1,176,187.32
EUR			
HKD			
Long-term borrowings	--	--	
Including: USD			
EUR			
HKD			

Other description:

### 53. Government grants

#### (1) Basic government grants

In RMB

Category	Amount	Line item	Amount recognized in current profit or loss
Government grants related to assets	12,748,320.76	Other income	12,748,320.76
Government grants related to income and used for compensation of the Company's relevant costs or losses in subsequent periods	2,037,815.30	Other income	2,037,815.30
Additional deduction of Value added tax	13,230,953.99	Other income	13,230,953.99
Financial support funds	7,619,635.16	Other income	7,619,635.16
The first batch of financial awards for R&D of enterprises in Hunan Province in 2019	4,771,400.00	Other income	4,771,400.00
National top 30 cultural	3,000,000.00	Other income	3,000,000.00

enterprises award			
Special funds for Internet industry development	3,000,000.00	Other income	3,000,000.00
Mango TV's 2018 National Internet Top 100 Enterprise Awards	2,000,000.00	Other income	2,000,000.00
MaLanshan cultural industry subsidy	2,000,000.00	Other income	2,000,000.00
Special fund subsidies to <i>Wonderful Friends of Voodoo Academy</i>	1,500,000.00	Other income	1,500,000.00
Exhibition subsidies to 2019 Hong Kong Film and Television Exhibition	1,000,000.00	Other income	1,000,000.00
Special fund subsidies to mobile game of <i>Princess Returning Pearl</i>	1,000,000.00	Other income	1,000,000.00
Subsidies to the <i>City of the Family</i>	729,245.29	Other income	729,245.29
Support funds for good play scripts	540,000.00	Other income	540,000.00
Online audio and visual rewards	273,584.91	Other income	273,584.91
Mango TV e-commerce platform subsidy	250,000.00	Other income	250,000.00
Subsidy to <i>The Last of Us</i>	248,165.00	Other income	248,165.00
Subsidy for the selection of "My Favorite Hunan Golden Song"	251,177.57	Other income	251,177.57
Job market stabilization subsidy	200,000.00	Other income	200,000.00
High-tech enterprise incentive funds	200,000.00		200,000.00
2019 Financing Innovation Assessment Special Funding Award	200,000.00	Other income	200,000.00
Financial industry incentives	160,000.00	Other income	160,000.00
Return of withholding charges	147,000.00	Other income	147,000.00
2019 Microfinance Company Risk Compensation	142,060.47	Other income	142,060.47



2019 Science and Technology Plan project support of Kaifuku District	100,000.00	Other income	100,000.00
2019 Special Funds of Changsha City for Mobile Internet Industry Development	100,000.00	Other income	100,000.00
Subsidy to copyright-intensive cultivation projects of Changsha Intellectual Property Office	100,000.00	Other income	100,000.00
Subsidy to "Super Vocal"	100,000.00	Other income	100,000.00
Others	150,197.74	Other income	150,197.74

## VIII. CHANGES IN SCOPE OF CONSOLIDATION

### 1. Changes in scope of consolidation for other reasons

Description of changes in the scope of consolidation for other reasons (e.g., new subsidiary establishment and subsidiary liquidation, etc.) and the relevant information:

#### 1. New company for the current period

Company name	Method of obtaining equity	Timepoint of obtaining equity	Capital contribution	Proportion of contribution
Hunan Happy Star light Interactive Entertainment Media Co., Ltd.	Establishment	September 8, 2019	RMB 50 million	100%

#### 2. Deregistered company for the current period

Mamma Mia Global Trading Co., Limited canceled its registration in competent administration for industry and commerce and tax authority on November 29, 2019. Since the date of establishment, the company has engaged in no business.

Happigo Cloud Providers Trading (Hong Kong) Co., Limited canceled its registration in competent administration for industry and commerce and tax authority on September 20, 2019. Since the date of establishment, the company has engaged in no business.

## IX. INTERESTS IN OTHER ENTITIES

### 1. Interests in subsidiaries

#### (1) Composition of enterprise group

Name of subsidiary	Principal operation place	Registration place	Business nature	Proportion of shareholding		Acquisition method
				Direct	Indirect	
Shanghai	Shanghai	Shanghai	Commerce		100.00%	Establishment

Happigo Enterprise Development Co., Ltd.						
Shanghai Happivision Advertising Communication Co., Ltd.	Shanghai	Shanghai	Commerce		100.00%	Establishment
Happigo (Beijing) New Media Technology Co., Ltd.	Beijing	Beijing	Commerce		100.00%	Establishment
Doug Cloud Business (Hunan) Trade Limited Liability Company	Changsha	Changsha	Commerce		100.00%	Establishment
Doug (Shanghai) Investment Management Limited Liability Company	Shanghai	Shanghai	Commerce		100.00%	Establishment
Mango Life (Hunan) E-commerce Limited Liability Company	Changsha	Changsha	Commerce		100.00%	Establishment
Happigo (Hunan) Supply Chain Management Co., Ltd.	Changsha	Changsha	Storage		100.00%	Business combination not involving enterprises under common control
Shanghai Meimi Trade Co., Ltd.	Shanghai	Shanghai	Commerce		100.00%	Establishment
Dameiren Global Trading Co., Limited	Shanghai	Hong Kong	Commerce		100.00%	Establishment
Ningbo Bonded Area Happigo Cloud Providers International	Ningbo	Ningbo	Commerce		100.00%	Establishment

Trading Co., Ltd.						
Hunan Mango Auto Automobile Sales Co., Ltd.	Changsha	Changsha	Commerce		51.00%	Establishment
Damei Fashion (Shanghai) Culture Media Co., Ltd.	Shanghai	Shanghai	Commerce		49.00%	Establishment
Happigo Co., Ltd.	Changsha	Changsha	Commerce	100.00%		Establishment
Hunan Happy Money Microfinance Co., Ltd.	Changsha	Changsha	Finance	100.00%		Establishment
Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd.	Changsha	Changsha	Video	100.00%		Business combination involving enterprises under common control
Hunan Mango Entertainment Co., Ltd	Changsha	Changsha	Film & Television	100.00%		Business combination involving enterprises under common control
Mango Studios Co., Ltd.	Changsha	Changsha	Film & Television	100.00%		Business combination involving enterprises under common control
Shanghai Mangofun Technology Co., Ltd.	Shanghai	Shanghai	Game	100.00%		Business combination involving enterprises under common control
Shanghai EE-Media Co., Ltd.	Shanghai	Shanghai	Film & Television	100.00%		Business combination involving enterprises under common control
Zhejiang Dongyang Tianyu Film and	Zhejiang	Zhejiang	Film & Television		100.00%	Business combination involving

Television Culture Co. Ltd.						enterprises under common control
Hunan Tianyu Film and Television Production Co. Ltd.	Changsha	Changsha	Film & Television		100.00%	Business combination involving enterprises under common control
Beijing Super Vocal Culture Co. Ltd.	Beijing	Beijing	Music		100.00%	Business combination involving enterprises under common control
Beijing Happy Mango Culture Media Co., Ltd.	Beijing	Beijing	Culture media		100.00%	Business combination involving enterprises under common control
Horgos Happy Sunshine Media Co., Ltd.	Horgos	Horgos	Culture media		100.00%	Business combination involving enterprises under common control
Hunan Happy Mangofun Technology Co., Ltd.	Changsha	Changsha	Game		100.00%	Business combination involving enterprises under common control
Hangzhou Hemei Interactive Entertainment Technology Co., Ltd.	Hangzhou	Hangzhou	Commerce		54.00%	Establishment
Hunan Happy Star Light Interactive Entertainment Media Co., Ltd.	Haikou	Haikou	Commerce		100.00%	Establishment

Description of the difference between the proportion of shareholding and the proportion of voting rights in a subsidiary:

The Company holds over half of the voting rights of Damei Fashion (Shanghai) Culture Media Co., Ltd..

Basis for holding half of the voting rights or below but still controlling the investee, and holding over half of the voting right but having no control over the investee:

Damei Fashion (Shanghai) Culture Media Co., Ltd. was jointly established by Shanghai Happivision Advertising Communication Co., Ltd., Hangzhou Hanyi E-Commerce Co. Ltd. and HE Jiong, in which Shanghai Happivision Advertising Communication Co., Ltd. invested RMB 4.9 million in cash, accounting for 49% of shares; Hangzhou Hanyi E-Commerce Co. Ltd. invested RMB 4.1 million in cash, accounting for 41% of shares; and HE Jiong invested RMB 1 million in cash, accounting for 10% of shares. As Shanghai Happivision Advertising Communication Co., Ltd. has concluded the *Acting-in-concert Agreement* with HE Jiong, it can control Damei Fashion (Shanghai) Culture Media Co., Ltd..

Basis for controls over significant structured entities included in consolidation scope:

Basis to determine the company acts as the agent or the principal:

Other description:

## (2) Significant non-wholly subsidiaries

In RMB

Name of subsidiary	Shareholding proportion by minority shareholders	Profit or loss attributable to minority interests for the current period	Dividends declared for distribution to minority shareholders in the current period	Closing balance of minority interests
Hunan Mango Auto Automobile Sales Co., Ltd.	49.00%	-449,859.62		29,814,050.99

Description of the difference between the proportion of shareholding by minority shareholders and their proportion of voting rights in a subsidiary:

Other description:

## (3) Significant financial information of significant non-wholly subsidiaries

In RMB

Name of subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Hunan Mango Auto Automobile Sales Co., Ltd.	48,911,515.19	17,876,051.30	66,787,566.49	5,942,564.46		5,942,564.46	46,495,699.77	23,079,638.71	69,575,338.48	7,812,255.59		7,812,255.59

In RMB

Name of subsidiary	Amount incurred in the current period				Amount incurred in the prior period			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities

Hunan Mango Auto Automobile Sales Co., Ltd.	318,492,977.00	-918,080.86	-918,080.86	-13,467,087.68	201,824,225.28	-16,904,790.34	-16,904,790.34	47,950,196.02
---	----------------	-------------	-------------	----------------	----------------	----------------	----------------	---------------

Other description:

## 2. Interests in joint ventures or associates

### (1) Significant associates or joint ventures

Name of associate or joint venture	Principal operating place	Registration place	Business nature	Shareholding proportion		Accounting treatments for investments in joint ventures or associates
				Direct	Indirect	
Shanghai Mama Mia Mutual Entertainment Network Technology Co., Ltd.	Shanghai	Shanghai	Commerce		24.25%	Equity method
Malanshan Culture Creative Investment Co., Ltd.	Changsha	Changsha	Commerce	40.00%		Equity method

Description of the difference between the proportion of shareholding and the proportion of voting rights in joint ventures or associates:

Basis for holding less than 20% of voting rights but having significant influence, or over 20% voting rights but not having significant influence:

### (2) Major financial information of significant associates

In RMB

	Closing balance/Amount incurred in the current period		Opening balance/Amount incurred in the prior period	
	Shanghai Mama Mia Mutual Entertainment Network Technology Co., Ltd.	Malanshan Culture Creative Investment Co., Ltd.	Shanghai Mama Mia Mutual Entertainment Network Technology Co., Ltd.	Malanshan Culture Creative Investment Co., Ltd.
Current assets	49,314,062.01	1,082,492,014.11	47,046,104.53	824,242,284.51
Non-current assets	1,116,210.90	4,339,002.87	433,338.92	5,021,834.23
Total assets	50,430,272.91	1,086,831,016.98	47,479,443.45	829,264,118.74
Current liabilities	4,478,246.45	76,879,295.27	7,536,175.50	65,347,581.19

Non-current liabilities		552,350,000.00		287,000,000.00
Total Liabilities	4,478,246.45	629,229,295.27	7,536,175.50	352,347,581.19
Minority interests		-2,806,046.69		-1,294,024.67
Equity attributable to shareholders of the Company	45,952,026.46	460,407,768.48	39,943,267.95	478,210,562.22
Share of net assets calculated by shareholding	11,144,055.70	184,163,107.39	9,686,841.63	191,284,224.89
--Others	9,477,670.66	5,651,345.43	8,919,214.02	5,651,345.43
Carrying amount of investments in interests of associates	20,621,726.36	189,814,452.82	18,606,055.65	196,935,570.32
Operating income	147,020,185.57		143,360,543.34	1,070,311.93
Net profits	8,311,530.06	-19,314,815.84	8,057,454.65	-13,179,278.75
Total comprehensive income	8,311,530.06	-19,314,815.84	8,057,454.65	-13,179,278.75

Other description:

### (3) Excessive loss of joint venture or associates

In RMB

Name of associates or joint ventures	Accumulated loss not recognized in the prior period	Loss not recognized in the current period(net profit shared in the current period)	Closing accumulated loss not recognized in the current period
Tianjin Sunshine Meichuang Technology Co., Ltd.	-134,568.32	-2,030,158.64	-2,164,726.96

Other description:

## X. RISKS RELATED TO FINANCIAL INSTRUMENTS

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

The Company is exposed to various risks associated with financial instruments in its daily routines, primarily including credit risk, liquidity risk and market risk. The management has reviewed and approved policies to manage these risks, summarized as below.

#### (I) Credit risk

Credit risk refers to the risk that a party of the financial instrument will default on its obligations resulting in financial loss to the counterparty.

##### 1. Management of credit risk

## (1) Evaluation of credit

The Company assesses at each balance sheet date whether the credit risk of the underlying financial instruments has increased significantly since initial recognition. In determining whether the credit risk has increased significantly since initial recognition, the Company considers reasonable and supportable information that is available without undue cost or effort, including quantitative and qualitative analysis based on historical data, ranking of external credit risks and forward-looking information. The Company compares the risk of a default occurring on a financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition based on individual financial instrument or a group of financial instruments with similar credit risk characteristic, to determine the change of the risk of a default occurring on a financial instrument over the expected life.

The Company considers the credit risk of financial instruments has increased significantly when one or more of the following quantitative and qualitative criteria are met:

- 1) The quantitative criterion primarily refers to a certain percentage of increase in the probability of default over the remaining life of the financial instruments as of the balance sheet date when comparing with that at initial recognition of the financial instruments;
- 2) The qualitative criteria includes, inter alia, adverse material changes in business or financial conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations, and an actual or expected significant adverse change in the technological, market, economic, or legal environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations;

## (2) Definition of defaulted or credit-impaired assets

A financial asset is defined as defaulted when the financial instrument meets one or more conditions stated as below, and the criteria of defining defaulted asset is consistent with the that of defining credit-impaired asset:

- 1) significant financial difficulty of the debtor;
- 2) a breach of contract terms with binding force by the debtor;
- 3) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- 4) the creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, has granted to the debtor a concession(s) that the creditor would not otherwise consider.

## 2. Measurement of expected credit loss ("ECL")

Key parameters to measure ECL include the probability of default, loss given default and the exposure at default. The Company established models of the probability of default, loss given default and the exposure at default on the basis of qualitative analysis on historical statistical data (such as counterparty ranking, guarantee methods, collateral category, and repayment way) and forward-looking information.

3. Details of reconciliation of the opening balance and the closing balance of provision for impairment of financial instruments can refer to the description in Note V 26, Changes in significant accounting policies and accounting estimates..

## 4. Credit risk exposure and credit risk concentration

The Company's credit risk is primarily from cash and bank balances and receivables. In order to control the risks associated with aforementioned items, the Company has taken the following measures.

## (1) cash and bank balances

The credit risk of the Company is limited because the Company has deposited bank deposits and other monetary funds in banks with high credit ratings.

## (2) Receivables

The Company continually evaluates the creditworthiness of its customers with deals on credit, and selects to deal with approved and creditworthy customers subject to the results of the credit assessment with monitoring the balance of its receivables, so as to ensure that the Company is not exposed to significant risk of bad debt.

No collaterals are required since the Company only deals with third parties that are approved and creditworthy. The concentrated credit risks are managed by customers. As of December 31, 2019, the Company is exposed to certain concentration of credit risks, as the Company's accounts receivable from top 5 customers have accounted for 33.31% of the total balance of accounts receivable (December 31, 2018: 39.91%). The Company held no collaterals or other credit ranking measures for the balance of accounts receivable.



The maximum exposure to the Company is the carrying amount of each financial asset in the balance sheet.

## (II) Liquidity risk

Liquidity risk refer to the risk that the Company is in shortage of funds in performing obligations that are settled by delivering cash or another financial asset.

In order to control this risk, the Company balances the continuity and flexibility of financing by using various financing measures such as notes settlement and bank loans comprehensively and adopting both long-term and short-term financing methods to optimize the financing structure. The Company has received credit facilities from a number of commercial banks to satisfy its working capital requirements and capital expenditures.

Financial liabilities classified by remaining maturity

Item	Closing balance				
	Book value	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Short-term borrowings	349,816,947.83	357,795,920.01	357,795,920.01		
Notes payable	325,880,463.11	325,880,463.11	325,880,463.11		
Accounts payable	5,048,443,928.94	5,048,443,928.94	5,048,443,928.94		
Other payables	202,952,467.24	202,952,467.24	202,952,467.24		
Sub-total	5,927,093,807.12	5,935,072,779.30	5,935,072,779.30		

(Continued to above table)

Item	Opening balance [Note]				
	Book value	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Short-term borrowings	196,321,826.31	203,421,021.04	203,421,021.04		
Notes payable	266,521,867.49	266,521,867.49	266,521,867.49		
Accounts payable	3,363,276,945.77	3,363,276,945.77	3,363,276,945.77		
Other payables	179,824,884.96	179,824,884.96	179,824,884.96		
Sub-total	4,005,945,524.53	4,013,044,719.26	4,013,044,719.26		

[Note]: The difference between the opening balance of this year and the closing balance of last year (December 31, 2018) can refer to the description in Note V 26, Changes in significant accounting policies and accounting estimates..

## (III) Market risk

Market risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly includes interest rate risk and currency risk.

### 1. Interest rate risk

*Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Company's borrowings are at fixed interest rates, fluctuations in interest rates of borrowings will not have a material impact on the Company's total profits or shareholders' equity.*

### 2. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the currency risk is primarily associated with the Company's monetary assets and liabilities dominated in foreign currencies. If the monetary assets and liabilities dominated in foreign currencies are imbalanced in a short time, the Company will purchase and sell foreign currencies at the market exchange rate to keep the net risk exposure acceptable. Since the Company mainly operates in Mainland China with its principal activities denominated in RMB, the Company's exposure to the currency risk due to changes in market is not material.

The closing balance of the Company's monetary assets and liabilities dominated in foreign currencies can refer to Note VII 52, Foreign currency item for details.

## XI. DISCLOSURE OF FAIR VALUE

### 1. The closing balance of the fair value of assets and liabilities measured at fair value

In RMB

Item	Closing balance of fair value			
	Level 1	Level 2	Level 3	Total
I. Continuous fair value measurement	--	--	--	--
(I) Held-for-trading financial assets			6,946,466.60	6,946,466.60
1. Financial assets at fair value through profit or loss			6,946,466.60	6,946,466.60
(2) Investment in equity instrument			6,946,466.60	6,946,466.60
Total assets continuously measured at fair value			6,946,466.60	6,946,466.60
II. Non-continuous fair value measurement	--	--	--	--

### 2. Valuation techniques and qualitative and quantitative information of key parameters adopted for continuous and non-continuous level 3 fair value measurement items

The fair value of non-current financial assets without quoted price in active markets is estimated based on the present value of the estimated future cash flow with the discounted rate determined as the market interest rate as at the balance sheet date.

### 3. Reconciliation between opening and closing carrying amounts and sensitivity analysis of unobservable parameters for continuous level 3 fair value measurement items

### 4. Where transfers among levels occurred in the period, transfer reasons and policies for determining transfer time point for continuous fair value measurement items

### 5. Changes in valuation techniques in the current period and reasons for changes

## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

### 1. Parent of the Company

Name of the parent	Place of incorporation	Nature of business	Registered capital	Proportion of the Company's ownership interest held by the parent (%)	Proportion of the Company's voting right held by the parent (%)
Mango Media Co., Ltd.	PRC	Planning, production and operation of radio and television programs; asset	2,050,000,000.00	64.20%	64.20%

		management and investment subject to laws and regulations; advertising planning, production and operation;			
--	--	--	--	--	--

#### Description of the parent of the Company

Mango Media Co., Ltd., which holds 64.20% of the shares in the Company, was established on July 10, 2007 with a registered capital of RMB 2,050,000,000 and registered address and principal place of business in Golden Eagle Studio Culture City in Kaifu District, Changsha City. Hunan Broadcasting System holds 100% shares in Mango Media Co., Ltd.. Mango Media Co., Ltd. is mainly engaged in planning, production and operation of radio and television programs; asset management and investment subject to laws and regulations; advertising planning, production and operation; and multimedia technology development and management.

The ultimate controlling party of the Company is Hunan Broadcasting System.

Other description:

## 2. Subsidiaries of the Company

The details of the subsidiaries of the Company are set out in Note IX. Interests in other entities.

## 3. Associates and joint ventures of the Company

The significant joint ventures or associates of the Company are set out in Note IX. Interests in other entities.

Details of other joint ventures or associates having related party transactions and balances with the Company in the period or in prior periods:

Name of associates or joint ventures	Relationship with the Company
Shanghai Mama Mia Mutual Entertainment Network Technology Co., Ltd.	Associates
Tianjin Sunshine Meichuang Technology Co., Ltd.	Associates

Other description:

## 4. Other related parties of the Company

Name of other related party	Relationship between other related parties and the Company
Hunan Broadcasting System	<i>De facto</i> controller
Beijing Happywoods Culture Communication Co., Ltd.	Controlled by the same <i>de facto</i> controller
Hunan Radio and Television Advertising Corporation	Controlled by the same <i>de facto</i> controller
Hunan Broadcasting System Broadcast Media Center	Controlled by the same <i>de facto</i> controller
Hunan Broadcasting System Logistics Support Center	Controlled by the same <i>de facto</i> controller
Hunan Broadcasting System Satellite TV Channel	Controlled by the same <i>de facto</i> controller
Hunan Broadcasting System Channel (excluding Satellite TV Channel)	Controlled by the same <i>de facto</i> controller

Hunan Broadcasting System International Media Co., Ltd.	Controlled by the same <i>de facto</i> controller
Hunan Golden Bee Audio & Video Publishing Co., Ltd.	Controlled by the same <i>de facto</i> controller
Hunan Golden Eagle Cartoon Co., Ltd.	Controlled by the same <i>de facto</i> controller
Hunan EE Advertising Co., Ltd.	Controlled by the same <i>de facto</i> controller
Letian Entertainment (Hunan) Co., Ltd.	Controlled by the same <i>de facto</i> controller
Beijing Jinshiyatang Film & Television Culture Communication Co., Ltd.	Controlled by the same <i>de facto</i> controller
Shanghai Happy Mango Music Culture Media Co., Ltd.	Controlled by the same <i>de facto</i> controller
Golden Eagle Broadcasting System Co., Ltd.	Significantly influenced by the <i>de facto</i> controller
Hunan International Convention & Exhibition Center	Significantly influenced by the <i>de facto</i> controller
Yunhong Communication Technology (Guangzhou) Co., Ltd.	Significantly influenced by the <i>de facto</i> controller
Hunan CATV Network Group Co., Ltd.	Significantly influenced by the <i>de facto</i> controller
Hunan Saint Tropez Investment Co., Ltd.	Significantly influenced by the <i>de facto</i> controller
TIK Films	Significantly influenced by the <i>de facto</i> controller
Chengdu GiMi Technology Co., Ltd. [Note 1]	Participated company of Mango Media
Shanghai Shang Xiang Entertainment Group Co., Ltd. [Note 1]	Participated company of Mango Media
Xinjiang Huanta Automobile and Motorcycle sports Club Co., Ltd. [Note 1]	Participated company of Mango Media
Hunan Fukun Culture Media Investment Center (LP)	Participated company of Mango Media
Cheju Interconnection (Tianjin) Automobile Sales Co., Ltd.	Investor with significant influence
MIGU Culture Technology Co., Ltd. [Note 2]	Significantly influenced by the key management personnel

Other description:

1. As Mango Media no longer has had any significant influence on Chengdu GiMi Technology Co., Ltd., Shanghai Shang Xiang Entertainment Group Co., Ltd., and Xinjiang Huanta Automobile and Motorcycle sports Club Co., Ltd. since it has no shares therein, these two companies are not regarded as related parties in the current period.
2. MIGU Culture Technology Co., Ltd. includes MIGU Video Technology Co., Ltd., MIGU Cartoon Co., Ltd., MIGU Digital Media Co., Ltd., and MIGU Music Co., Ltd..

## 5. Related party transactions

### (1) Sales and purchase of goods, rendering and receipt of services

Purchase of goods/receipt of services

In RMB

Related party	Details of related party transaction	Amount incurred in the current period	Transaction amount approved	If exceeding the approved transaction amount	Amount incurred in the prior period
Participated	Advertising		2,000,000.00	No.	23,530,020.76

company of Mango Media	income sharing				
Yunhong Communication Technology (Guangzhou) Co., Ltd.	Advertising agency	209,215,545.43	256,320,000.00	No	140,597,804.70
Hunan Radio and Television Advertising Corporation	Advertising, payments for internet access cooperation	1,456,603.77	3,500,000.00	No	4,459,658.51
Hunan Broadcasting System	Operator value-added income share, brand licensing rights, program royalties	474,672,200.51	486,000,000.00	No	436,810,936.63
Hunan Broadcasting System Sub-Channel (excluding Satellite TV Channel)	Publicity and promotion, artist brokerage, labor service	34,801,213.42	47,000,000.00	No	50,178,516.51
Hunan Broadcasting System Satellite TV Channel	Publicity and promotion, artist brokerage, labor service	36,560,704.01	26,500,000.00	Yes	2,731,223.34
Hunan International Convention & Exhibition Center	Venue exhibition and supporting services	6,906,332.67	5,900,000.00	Yes	3,961,297.80
Hunan Golden Bee Audio & Video Publishing Co., Ltd.	Music production fees			No	113,207.55
Hunan Golden Eagle Cartoon Co., Ltd.	Artiste brokerage, publicity and promotion	7,783,371.36	12,300,000.00	No	3,825,471.71
Hunan CATV Network Group Co., Ltd.	Operator income sharing	3,611,104.17	4,000,000.00	No	3,914,991.34
Hunan Advertising Co., EE	Advertising agency	70,252,090.47	99,260,000.00	No	15,525,156.37

Ltd.					
Tianjin Sunshine Meichuang Technology Co., Ltd.	Purchase of goods	3,423,354.19	10,000,000.00	No	2,921,316.60
Shanghai Mama Mia Mutual Entertainment Network Technology Co., Ltd.	Purchase of goods	1,741,999.26	100,000.00	Yes	971,265.32
MIGU Culture Technology Co., Ltd.	Procurement of bandwidth and copyright, purchase of goods	16,540,342.07	4,631,300.00	Yes	

Sales of goods/rendering of services

In RMB

Related party	Details of related party transaction	Amount incurred in the current period	Amount incurred in the prior period
Participated company of Mongo Media	Member service proceeds	0.00	1,675,594.34
Yunhong Communication Technology (Guangzhou) Co., Ltd.	Advertising	741,360,400.00	482,315,965.68
Hunan Radio and Television Advertising Corporation	HS Interactive, advertising	19,735,849.06	28,123,301.89
Hunan Broadcasting System	Advertising, publication income	981,143,773.58	735,057,108.11
Hunan Broadcasting System Broadcast Media Center	Rendering of services		1,886,792.45
Hunan Broadcasting System Satellite TV Channel	Publication income, rendering of services	379,794,709.37	136,751,848.31
Hunan Broadcasting System Sub-Channel (excluding Satellite TV Channel)	Publication income, rendering of services	135,295.21	9,668,223.76
Hunan Golden Eagle Cartoon Co., Ltd.	Site service	3,594,301.88	3,292,452.83
Hunan EE Advertising Co., Ltd.	Advertising	344,703,783.89	283,803,029.96
Mango Media Co., Ltd.	Publication income	578,254,700.00	540,377,358.28

Shanghai Mama Mia Mutual Entertainment Network Technology Co., Ltd.	Sales of goods	566,194.21	1,923,166.23
Hunan CATV Network Group Co., Ltd.	Operator income	5,471,698.11	5,896,226.42
Huanan International Exhibition Center	Rendering of services		220,104.39
Shanghai Happy Mango Music Culture Media Co., Ltd.	Rendering of services		103,773.58
Hunan Golden Bee Audio & Video Publishing Co., Ltd.	Rendering of services		13,037.55
MIGU Culture Technology Co., Ltd.	Operator income	510,790,103.89	
Golden Eagle Broadcasting System Co., Ltd.	Rendering of services	2,358,490.57	

Descriptions of sales and purchase of goods, rendering and receipt of services

## (2) Leases with related parties

The Company as the lessor:

In RMB

Name of lessee	Type of leased assets	Lease income recognized in the current period	Lease income recognized in the prior period
Beijing Jinshiyatang Film & Television Culture Communication Co., Ltd.	Lease and property management		74,800.00
Hunan Broadcasting System Sub-Channel (excluding Satellite TV Channel)	Lease and property management	5,462,134.32	5,504,072.42
Hunan Golden Eagle Cartoon Co., Ltd.	Lease and property management	1,019,573.80	

The Company as the lessee:

In RMB

Name of lessor	Type of leased assets	Lease fees recognized in the current period	Lease fees recognized in the prior period
Hunan Broadcasting System Logistics Support Center	Lease and property management	6,872,130.83	9,116,528.20
Hunan International Convention & Exhibition Center	Lease and property management	5,047,482.34	4,489,381.74
Hunan Saint Tropez Investment	Lease and property	10,913,921.27	7,227,068.47

Co., Ltd.	management		
Letian Entertainment (Hunan) Co., Ltd.	Lease and property management	2,737,663.90	2,010,765.20
Beijing Jinshiyatang Film & Television Culture Communication Co., Ltd.	Vehicle rental	392,000.00	84,000.00

Description of leases with related parties

**(3) Compensation for key management personnel**

In RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Compensation for key management personnel	27,328,700.00	34,623,300.00

**6. Amounts due from / to related parties****(1) Amounts due from related parties**

In RMB

Account	Related party	Closing balance		Opening balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Notes receivable					
	Hunan Broadcasting System Satellite TV Channel	95,456,357.50			
Sub-total		95,456,357.50			
Accounts receivable					
	Beijing Jinshiyatang Film & Television Culture Communication Co., Ltd.			78,540.00	
	Cheju Interconnection (Tianjin) Automobile Sales Co., Ltd.			3,000.00	30.00
	Hunan Radio and Television	3,420,000.00		17,400,000.00	



	Advertising Corporation				
	Hunan Broadcasting System	127,438,327.00		244,000.00	
	Hunan Broadcasting System Broadcast Media Center	940,000.00		940,000.00	
	Hunan Broadcasting System Satellite TV Channel	146,560,000.00		124,946,000.00	
	Hunan Broadcasting System Channel (excluding Satellite TV Channel)			445,467.17	
	Golden Eagle Broadcasting System Co., Ltd.	2,500,000.00	25,000.00		
	Hunan Golden Eagle Cartoon Co., Ltd.			500,000.00	
	Hunan CATV Network Group Co., Ltd.	8,800,000.00	590,000.00	6,250,000.00	312,500.00
	Hunan EE Advertising Co., Ltd.	41,294,538.32		25,685,241.44	
	Shareholding Companies of Mango Media			481,000.07	4,810.00
	Mango Media Co., Ltd.	20,500,000.00			
	Shanghai Mama Mia Mutual Entertainment Network Technology Co., Ltd.			125,000.00	1,250.00
	Tianjin Sunshine Meichuang Technology Co., Ltd.	766,557.10	71,405.67	766,557.10	38,327.86
	Yunhong Communication Technology	47,659,781.04	2,382,989.05		

	(Guangzhou) Co., Ltd.				
	Hunan Happy Avant Garde Media Co., Ltd.	150,000.00			
	MIGU Culture Technology Co., Ltd.	353,707,200.78	17,685,360.05		
Sub-total		753,736,404.24	20,754,754.77	177,864,805.78	356,917.86
Prepayments					
	Yunhong Communication Technology (Guangzhou) Co., Ltd.	164,717.00		75,471.70	
	Hunan Broadcasting System Channel (excluding Satellite TV Channel)			24,689,744.62	
	Hunan Radio and Television Advertising Corporation	111,344.33		26,438.67	
	Hunan Broadcasting System Logistics Support Center	236,399.19		134,512.39	
	Hunan Broadcasting System Satellite TV Channel			56,603.77	
	Hunan International Convention & Exhibition Center			254,716.98	
	Hunan EE Advertising Co., Ltd.	257,835.67		226,415.09	
	Hunan Saint Tropez Investment Co., Ltd.	40,820.20		4,069.34	
	Shareholding Companies of Mango Media			42,757,075.64	
	Tianjin Sunshine Meichuang	6,014,723.96	428,072.40	6,467,085.03	

	Technology Co., Ltd.				
	Hunan Golden Eagle Cartoon Co., Ltd.	824,175.81			
Sub-total		7,650,016.16	428,072.40	74,692,133.23	
Other receivables					
	Hunan International Convention & Exhibition Center	101,000.00		1,400.00	
	Hunan Saint Tropez Investment Co., Ltd.	1,161,620.80		1,102,441.00	
	Letian Entertainment (Hunan) Co., Ltd.	399,105.00		399,105.00	
	Shanghai Mama Mia Mutual Entertainment Network Technology Co., Ltd.	3,000,000.00	1,000,000.00	3,000,000.00	400,000.00
	Chengdu GiMi Technology Co., Ltd.			1,000,000.00	
	Beijing Jinshiyatang Film & Television Culture Communication Co., Ltd.	241,069.50			
Sub-total		4,902,795.30	1,000,000.00	5,502,946.00	400,000.00
Other current assets					
	Hunan Broadcasting System			1,125,000.00	
	Hunan CATV Network Group Co., Ltd.	1,940,764.58		2,305,807.16	
Sub-total		1,940,764.58		3,430,807.16	

**(2) Amount due to related parties**

In RMB

Account	Related party	Closing balance of carrying amount	Opening balance of carrying amount
Accounts payable			
	Beijing Happywoods Culture Communication Co., Ltd.	112,140.24	112,140.24

	Yunhong Communication Technology (Guangzhou) Co., Ltd.	152,095,293.45	68,881,664.61
	Hunan Broadcasting System	157,092,020.64	449,189,444.95
	Hunan Broadcasting System Channel (excluding Satellite TV Channel)	10,503,786.55	6,491,509.42
	Hunan Broadcasting System Logistics Support Center	409,217.00	1,244,543.33
	Hunan Broadcasting System Satellite TV Channel	4,622,628.53	
	Hunan International Convention & Exhibition Center	263,453.77	38,457.80
	Hunan Golden Eagle Cartoon Co., Ltd.		3,773,888.92
	Hunan CATV Network Group Co., Ltd.	235,849.06	646,477.39
	Hunan EE Advertising Co., Ltd.	41,762,467.87	20,018,564.31
	Letian Entertainment (Hunan) Co., Ltd.	288,246.49	175,751.00
	Shanghai Mama Mia Mutual Entertainment Network Technology Co., Ltd.	185,956.40	344,844.18
	Chengdu GiMi Technology Co., Ltd.		169,025.66
	Shareholding Companies of Mango Media		41,582,598.42
	Hunan Fukun Culture Media Investment Center (LP)	179,055.14	179,055.14
	Hunan Saint Tropez Investment Co., Ltd.	168,778.36	
	Hunan Happy Avant Garde Media Co., Ltd.	236,792.42	
	Tianjin Sunshine Meichuang Technology Co., Ltd.	25,350.00	
	MIGU Culture Technology Co., Ltd.	17,963,977.49	
Sub-total		386,145,013.41	592,847,965.37

Receipts in advance			
	Yunhong Communication Technology (Guangzhou) Co., Ltd.	110,717.09	5,788,742.56
	Hunan Broadcasting System	1,800,031.00	5,781,449.00
	Hunan Broadcasting System Satellite TV Channel	45,500.00	63,544,150.97
	Hunan Broadcasting System Channel (excluding Satellite TV Channel)	331,395.58	1,904,092.45
	Hunan EE Advertising Co., Ltd.	247,660.23	200,000.00
	Mango Media Co., Ltd.		32,400,000.00
	Shanghai Shang Xiang Entertainment Group Co., Ltd.		10,500,000.00
	Hunan Broadcasting System International Media Co., Ltd.	19,700.00	
	TIK Films	400,000.00	
	MIGU Culture Technology Co., Ltd.	1,962,264.10	
Sub-total		4,917,268.00	120,118,434.98
Other payables			
	Beijing Jinshiyatang Film & Television Culture Communication Co., Ltd.		84,000.00
	Hunan Saint Tropez Investment Co., Ltd.	559,752.67	543,896.75
	Hunan Broadcasting System	104,245.28	4,500,327.48
	Hunan Broadcasting System Logistics Support Center	91,192.95	118,675.20
	Hunan Broadcasting System Channel (excluding Satellite TV Channel)	1,496,081.24	2,132,156.61
	Mango Media Co., Ltd.	3,796,820.30	3,796,739.24
	Shanghai Mama Mia Mutual Entertainment Network Technology Co., Ltd.	207,397.81	89,953.61
	Chengdu GiMi Technology Co., Ltd.		300,000.00

	Hunan International Convention & Exhibition Center	527,290.57	
Sub-total		6,782,780.82	11,565,748.89
Other current liabilities			
	Hunan CATV Network Group Co., Ltd.	1,273,669.54	566,037.69
Sub-total		1,273,669.54	566,037.69

### XIII. COMMITMENTS AND CONTINGENCIES

#### 1. Significant commitments

Significant commitments as of the balance sheet date

As of the balance sheet date, the Company and its subsidiaries have had the following commitments in respect of non-cancellable operating leases:

In RMB 0,000

##### 1. Operating lease commitment

Minimum lease payments under non-cancellable operating leases:	Closing balance	Opening balance
1st year subsequent to the balance sheet date	4,804.20	3,510.89
2nd year subsequent to the balance sheet date	3,655.84	2,130.15
3rd year subsequent to the balance sheet date	2,562.88	1,426.49
Subsequent periods	8,597.38	1,527.43
Total	19,620.30	8,594.96

Operating lease expenses are the expenses to rent office and program production space at the Property Management Center of Hunan Radio, Film and Television and the expenses spent by each subsidiary to rent office and storage facilities.

##### 2. Commitment to payments for internet access cooperation

Payments for internet access cooperation	Closing balance	Opening balance
1st year subsequent to the balance sheet date	6,710.50	11,340.10
2nd year subsequent to the balance sheet date	410.40	557.00
3rd year subsequent to the balance sheet date	410.00	0.26
Subsequent periods		
Total	7,530.90	11,897.36

Payments for internet access cooperation are charges for use that should be paid by the Company in each relevant agreement period subject to agreements concluded by the Company and each local TV station with cooperation.

##### 3. Copyright purchase commitment

Copyright purchase agreements	Closing balance	Opening balance
1st year subsequent to the balance sheet date	54,571.00	46,910.00
2nd year subsequent to the balance sheet date		54,571.00
3rd year subsequent to the balance sheet date		
Subsequent periods		

Total	54,571.00	101,481.00
-------	-----------	------------

Copyright purchase agreements are concluded by and between Happy Sunshine and Hunan Broadcasting System for considerations that should be paid by the Company to purchase copyrights in each relevant agreement period.

## 2. Contingencies

### (1) Significant contingencies as at the balance sheet date

1. In July 2019, Jiangsu Baozi Film and Television Media Co., Ltd. (hereinafter referred to as “Baozi Film and Television”) brought lawsuits against Zhejiang Hengrui Film and Television Media Co., Ltd. (hereinafter referred to as “Hengrui Film and Television”) and Happy Sunshine Company on the grounds of copyright infringement, and against Hengrui Film and Television, Sanyuan Space-time Film and Television Media Co., Ltd. (hereinafter referred to as “Sanyuan Space-time”) and Happy Sunshine Company on the grounds of unfair competition before Changsha Intermediate People's Court, requiring the Company, as the sole shareholder of Happy Sunshine Company, to assume joint and several responsibilities for the above two cases. The claimed amount involved in above two lawsuit cases totaled about RMB 6.3 million, and these two cases were heard by Changsha Intermediate People's Court in October 2019. This case which is pending in the first instance is expected to bring an immaterial adverse effect on the financial position of the company.

2. After the cooperation of Yunnan Mobile Project between Happy Sunshine Company and Smile TV Information Technology (Beijing) Co., Ltd. (hereinafter referred to as “Smile TV”) was terminated on December 31, 2018, as Happy Sunshine Company thought Smile TV should be liable for the deduction of settlement payment to Happy Sunshine Company by Yunnan Mobile due to Smile TV's three serious technical failures in 2018, the two parties did not reach an agreement on the proportion of payments attributable to each party in terms of the continuing cooperation in 2019, hence the cooperation agreement was failed to renew, resulting to a controversy between the two parties. In December 2019, Smile TV brought a lawsuit against Happy Sunshine before the People's court in Kaifu District to claim for the project settlement payment from January to June 2019 amounting to RMB 4.722 million and the liquidation of the assets in the cooperative project. This case which has not decided in the first instance is expected to bring an immaterial adverse effect on the financial position of the company.

## XIV. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

### 1. Distribution of profits

In RMB

Profits or dividends proposed to be distributed	178,037,751.10
Declared profits or dividends that has been discussed and approved	178,037,751.10

### 2. Other events subsequent to the balance sheet date

(1) After the outbreak of the COVID-19, the Company has paid great attentions to the spread of the COVID-19 and assessed and actively responded to its impact on the Company's financial position and operating results. To some extent, the outbreak of the COVID-19 may affect the Company's revenue with detailed affected amounts determined based on the prevention and control of the COVID-19, the duration of the COVID-19 and the implementation of various regulatory policies. The Company estimates that this outbreak will bring a temporary impact on the Company's production and operations in 2020. As at the issued date of the financial statements, the Company has detected no other material adverse effects.

(2) As the Proposal to Transfer of 40% shares held by the Company in Malanshan Culture Creative Investment Co., Ltd. and Related Party Transactions was discussed and approved in the 28<sup>th</sup> meeting of the third board of directors of the Company on March 17, 2019, the Company intended to transfer 40% shares held by the Company in the its participated company, Malanshan Culture Creative Investment

Co., Ltd.(hereinafter referred to as “Malanshan Investment”), to its controlling shareholder, Mango Media Co., Ltd.(hereinafter referred to as “Mango Media ”). The price of the transferred shares is RMB 259,679,200 in total. Upon completion of the transfer of the shares, the Company will no longer hold any share in Malanshan Investment.

## XV. OTHER SIGNIFICANT EVENTS

### 1. Segment information

#### (1) Determination basis and accounting policies of reporting segments

Happy Sunshine, the subsidiary of the Company, is engaged in two segments, new media platform operation and new media interactive entertainment content production and operation, and cannot separate its assets and liabilities by industrial segments, hence the Company’s assets and liabilities are not presented by industrial segments.

#### (2) Financial information of reporting segments

In RMB

Item	New media platform operation	New media interactive entertainment content production and operation	Media retail business	Others	Inter-segment offset	Total
Income from principal operating activities	6,318,231,214.48	3,902,187,958.57	2,007,314,831.02	56,234,849.86		12,283,968,853.93
Cost of principal operating activities	3,818,414,397.48	2,856,465,390.47	1,468,987,207.33	37,320,352.51		8,181,187,347.79

## XVI. NOTES TO KEY ITEMS IN THE COMPANY’S FINANCIAL STATEMENTS

### 1. Accounts receivable

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

In RMB

Category	Closing balance					Opening balance				
	Carrying amount		Bad debt provision		Book value	Carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Including:										
Accounts receivable for which the						27,000.00	100.00%	270.00	1.00%	26,730.00



provision for bad debts is made by group										
Including:										
Total	0.00				0.00	27,000.00	100.00%	270.00	1.00%	26,730.00

Provision for bad debts made individually:

In RMB

Name	Closing balance			
	Carrying amount	Bad debt provision	Proportion of provision (%)	Reasons for provision

Provision for bad debts made by group:

In RMB

Name	Closing balance		
	Carrying amount	Bad debt provision	Proportion of provision (%)

Description of basis to determine the group:

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

☐ Applicable ☒ N/A

Disclosure by aging

In RMB

Aging	Carrying amount
Within 1 year (including)	0.00
Total	0.00

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

Provision for bad debts made for the current period:

In RMB

Category	Opening balance	Changed amounts for the current period				Closing balance
		Provision	Recovery or reversal	Write-off	Others	
Provision for bad debts made by group	270.00	-270.00				
Total	270.00	-270.00				

Significant recovery or reversal of bad debt provision for the current period:

In RMB

Entities	Amount of recovery or reversal	Method of recovery
----------	--------------------------------	--------------------

## 2. Other receivables

In RMB

Item	Closing balance	Opening balance
Other receivables	260,036,746.64	100,010,740.28
Total	260,036,746.64	100,010,740.28

### (1) Other receivables

#### 1) Categorization of other receivables by nature

In RMB

Nature	Closing balance of carrying amount	Opening balance of carrying amount
Security deposit		10,740.28
Petty cash	25,673.88	
Receivables and payables	11,443.94	
Amount due to or from related parties within the scope of consolidation	260,000,000.00	100,000,000.00
Total	260,037,117.82	100,010,740.28

#### 2) Provision for bad debts

In RMB

Bad debt provision	Stage I	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL(without credit impairment)	Lifetime ECL(with credit impairment)	
Balance as at January 1, 2019	—	—	—	—
Provision	371.18			371.18
Balance as at December 31, 2019	371.18			371.18

Changes in carrying amount of other receivables for which the provision loss changed significantly in the current period

□ Applicable √ N/A

Disclosure by aging

In RMB

Aging	Carrying amount
Within 1 year (including)	260,037,117.82
Total	260,037,117.82

**3) Provisions, recovery or reversal of bad debts for the current period**

Provision for bad debts made for the current period:

In RMB

Category	Opening balance	Changed amounts for the current period				Closing balance
		Provision	Recovery or reversal	Write-off	Others	
Other receivables for which the bad debt provision are made by groups classified according to credit risk characteristics		371.18				371.18
Total		371.18				371.18

Significant recovery or reversal of bad debt provision for the current period:

In RMB

Entities	Amount of recovery or reversal	Method of recovery
----------	--------------------------------	--------------------

**4) Top five closing balances of other receivables categorized by debtor:**

In RMB

Entities	Nature	Closing balance	Aging	Proportion to total closing balance of other receivables	Closing balance of bad debt provision
The First	Amount due to or from subsidiaries	130,000,000.00	Within 1 year	49.99%	
The Second	Amount due to or from subsidiaries	130,000,000.00	Within 1 year	49.99%	
Total	--	260,000,000.00	--	99.98%	

**3. Long-term equity investments**

In RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for	Book value	Carrying amount	Provision for	Book value

		impairment			impairment	
Investments in subsidiaries	7,780,583,738.35		7,780,583,738.35	5,791,171,924.44		5,791,171,924.44
Investments in associates and joint ventures	189,814,452.82		189,814,452.82	196,935,570.32		196,935,570.32
Total	7,970,398,191.17		7,970,398,191.17	5,988,107,494.76		5,988,107,494.76

**(1) Investments in subsidiaries**

In RMB

Investee	Opening balance (carrying amount)	Changes in the current period				Closing balance (carrying amount)	Closing balance of bad debt impairment
		Additional investment	Decreased investment	Provision for bad debt	Others		
Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd.	3,674,253,519.57	1,983,911,813.91				5,658,165,333.48	
Happigo Co., Ltd.	592,544,905.21	3,500,000.00				596,044,905.21	
Shanghai EE-Media Co., Ltd.	535,281,326.72					535,281,326.72	
Mango Studios Co., Ltd.	211,030,100.57					211,030,100.57	
Hunan Mango Entertainment Co., Ltd.	143,185,235.62	2,000,000.00				145,185,235.62	
Shanghai Mangofun Technology Co., Ltd.	334,876,836.75					334,876,836.75	
Hunan Happy Money Microfinance Co., Ltd.	300,000,000.00					300,000,000.00	
Total	5,791,171,924.44	1,989,411,813.91				7,780,583,738.35	

**(2) Investments in associates and joint ventures**

In RMB

Investee	Opening balance (carrying amount)	Changes in the current period								Closing balance (carrying amount)	Closing balance of bad debt impairment
		Additional investment	Decreased investment	Investment profit or loss under equity method	Adjustment in other comprehensive income	Other equity changes	Declared cash dividends or profit	Provision for bad debt	Others		
I. Joint venture											
II. Associates											
Malanshan Culture Creative Investment Co., Ltd.	196,935,570.32			-7,121,117.50						189,814,452.82	
Sub-total	196,935,570.32			-7,121,117.50						189,814,452.82	
Total	196,935,570.32			-7,121,117.50						189,814,452.82	

#### 4. Operating income and operating costs

In RMB

Item	Amount incurred in the current period		Amount incurred in the prior period	
	Income	Cost	Income	Cost
Principal operating activities			1,475,536,015.07	1,009,575,822.81
Other operating activities			97,807,222.39	13,136,491.56
Total			1,573,343,237.46	1,022,712,314.37

If the new revenue standard has been adopted

☐ Yes ☒ No

Other description:

#### 5. Investment income

In RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Income from long-term equity investments under equity method	-7,121,117.50	-3,064,429.68
Income from investments in wealth management products	2,559,846.51	9,175,141.30
Total	-4,561,270.99	6,110,711.62

## 6. Others

## XVII. SUPPLEMENTARY INFORMATION

## 1. Breakdown of non-recurring profit or loss for the current period

√ Applicable □ N/A

In RMB

Item	Amount	Description
Profit or loss on disposal of non-current assets	-253,138.65	
Government grants recognized in profit or loss (other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	57,599,556.19	
Profit or loss on entrusted investments or assets management	7,344,704.18	
Reversal of provision for accounts receivable and contract assets that are tested for impairment losses individually	1,800,000.00	
Other non-operating income or expenses other than the above	-111,786.45	
Less: effects of income tax	2,138,585.88	
Effects attributable to minority interests	991,661.34	
Total	63,249,088.05	--

It is required to specify the reason for defining items as non-recurring profit or loss items according to *Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 1 — Non-recurring Profit or Loss*, and reasons for defining non-recurring profit or loss items illustrated in *Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 1 — Non-recurring Profit or Loss* as recurring profit or loss items.

□ Applicable √ N/A

## 2. Return on net assets and earnings per share

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic EPS (RMB/Share)	Diluted EPS (RMB/Share)
Net profit attributable to ordinary	15.68%	0.66	0.66

shareholders of the Company			
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	14.80%	0.63	0.63

## **Section XIII List of Documents Available for Inspection**

1. Financial statements with seals and signatures of legal person, the chief financial officer and the head of accounting department (the person in charge of accounting).
2. The original auditor's report with seals of the accounting firm and seals and signatures of the certified public accountants.
3. All original documents and announcements of the Company publicly disclosed in the websites designated by the CSRC as of the reporting period.
4. Other relevant materials.