

# Songcheng Performance Development Co., Ltd

## 2020 Annual Report



April 2021

## Section I Important Notes, Contents And Definitions

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

Zhang Xian, Chief Executive Officer (CEO), Chen Shengmin, chief accountant, and Zhu Shana, head of accounting department (Accounting Officer) hereby declare and warrant that the financial statements in the annual report are authentic, accurate, and complete.

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

There are specific reasons for the sharp decline in the Company's performance during the reporting period. Risk factors that may exist in the production and operation of the Company and countermeasures, have been detailed in the sections "I. Overview" and "IX. Prospects for Future Development of the Company" of Section IV "Discussion and Analysis on Business Situation" of this report. Investors should be mindful to investment risks.

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

### **1. Risks of Natural Factors and Social Factors**

The natural and social factors such as major natural disasters, public health emergencies and large social activities will affect the number of tourists received. The outbreak of COVID-19 in 2020 was a global public health event, which resulted in stagnation of tourist and cultural consumption on the site, thereby affecting the business performances of the Company. The Company may diffuse such risks through its strategic layout, but such periodical and local risk factors are generally irresistible once they occur.

### **2. Risks of Macroeconomic Fluctuation**

In 2020, COVID-19 epidemic swept the world, and accelerated the change of the world political and economic situation unseen in a century. This presented the risk of change and anxiety to China's economy which was in and will remain in an important period of strategic transformation and development for an extended period. The complicated and changeable domestic and international macroeconomic environments may affect the level of national income and further, the consumer demands, thereby affecting the operating performance of the Company.

### **3. Competition Risks**

The competition risks include those from the same industry and those from the substitutes. The current high-quality development of China's economy and the increasing cultural consumption demands from the general public drive the rapid development of the live performance industry, particularly the tourist performance. Seeing the enormous business opportunities, a large amount of social capital swarmed into the tourist performance industry. This, on the one hand, promotes the development of the entire live performance industry, but on the other hand, inevitably intensifies the industry competition and affects the operation of the Company. Meanwhile, the performance industry in the first-tier cities has developed to a certain level, presenting a small but scattered development pattern. The Company, starting as a newcomer and integrator, shall undergo market adjustment and adaptation at the initial stage.

With continuous technological progress, people have more choices for their cultural consumption from the emerging market of digital cultural consumption such as short videos, movies, games, TV shows, live broadcasts and VR/AR. Despite the irreplaceable

role of live experience, digital entertainment will attract some tourists and impact the live experience to a certain extent, affecting the operation of the Company.

#### **4. Risks in Safety Accidents**

Live performances being a key component in the Company's operation, may be occasionally hindered by safety accidents. Personal safety of visitors remains a major importance to the reputation of the Company.

The profit distribution proposal approved by the Board of Directors is: Taking 2,614,694,040 as the basis, RMB 0.5 (tax included) of cash dividend and 0 bonus share (tax included) for every 10 shares will be distributed to all shareholders, and 0 share capitalized from the capital reserves will be distributed to all the shareholders for every 10 shares.

#### **Note:**

This document is a translated version of the Chinese version 2020 Annual Report ( “2020 年年度报告” ), and the published annual report in the Chinese version shall prevail. The complete published Chinese 2020 Annual Report may be obtained at [www.cninfo.com.cn](http://www.cninfo.com.cn).

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## Definitions

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

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

## Section II Company Profile and Key Financial Indicators

### I. Company Information

Stock Abbreviation	Songcheng Performance	Stock Code	300144
Company Name in Chinese	宋城演艺发展股份有限公司		
Company Abbreviation in Chinese	宋城演艺		
Company Name in Foreign Language (If any)	Songcheng Performance Development Co., Ltd		
Abbreviation of Company Name in Foreign Language (If any)	Songcheng Performance		
Legal Representative	Zhang Xian		
Registered Address	148 Zhijiang Road, Hangzhou City, Zhejiang Province		
Post Code of Registered Address	310008		
Office Address	148 Zhijiang Road, Hangzhou City, Zhejiang Province		
Post Code of Office Address	310008		
Internet Website of the Company	<a href="https://www.songcn.com/Shares/">https://www.songcn.com/Shares/</a>		
E-mail	<a href="mailto:zqb@chinascyy.com">zqb@chinascyy.com</a>		

### II. Contact Person and Contact Information

	Secretary of the Board	Representative of Securities Affairs
Name	Hou Li	Hou Li
Contact Address	148 Zhijiang Road, Hangzhou City, Zhejiang Province	148 Zhijiang Road, Hangzhou City, Zhejiang Province
Tel.	0571-87091255	0571-87091255
Fax	0571-87091233	0571-87091233
E-mail	<a href="mailto:hl@songcn.com">hl@songcn.com</a>	hl@songcn.com

### III. Information Disclosure and Location

The Media Selected by the Company for Disclosure	Securities Times, Securities Daily
Website Designated by CSRC for Publishing Annual Report	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Location for Annual Report of the Company	Securities Investment Department of the Company

#### IV. Other Related Information

##### Accounting Firm Hired by the Company

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

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

Applicable  Not applicable

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

Applicable  Not applicable

#### V. Key Accounting Data and Financial Indicators

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

Yes  No

	2020	2019	Increase/decrease compared with previous year	2018
Operating income (RMB)	902,586,125.63	2,611,753,208.86	-65.44%	3,211,192,814.48
Net profit attributable to shareholders of the listed Company (RMB)	-1,752,398,009.60	1,339,790,994.94	-230.80%	1,287,186,547.41
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	-1,767,861,638.68	1,222,100,617.31	-244.66%	1,279,733,108.31
Net cash flow generated by operational activities (RMB)	393,941,899.94	1,571,451,499.51	-74.93%	1,647,243,748.01
Basic Earnings per Share (RMB/Share)	-0.6702	0.5124	-230.80%	0.8861
Diluted Earnings per Share (RMB/Share)	-0.6702	0.5124	-230.80%	0.8861
Weighted Average ROE	-20.50%	14.52%	-35.02%	16.38%
	End of 2020	End of 2019	Increase/Decrease at the end of the current year compared with the end of the previous year	End of 2018
Total assets (RMB)	9,195,342,831.06	11,041,076,933.58	-16.72%	10,817,160,458.62
Net assets attributable to shareholders of the listed company (RMB)	7,412,287,432.06	9,614,069,166.64	-22.90%	8,471,075,013.49



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

Yes  No

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

Yes  No

Item	2020	2019	Notes
Operating income (RMB)	902,586,125.63	/	Total Operating Income
Amount deducted from operating income (RMB)	6,381,032.95	/	Income from personnel dispatch management and other miscellaneous businesses
Amount of operating income after deduction (RMB)	896,205,092.68	/	Operating income of main business

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

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

Yes  No

Preferred stock dividends paid	0.00
Fully diluted earnings per share calculated with the latest share capital (RMB/share)	-0.6702

## VI. Key Financial Indicators by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating income	134,352,197.80	148,522,407.15	335,646,114.92	284,065,405.76
Net profit attributable to shareholders of the listed company	49,960,280.55	-10,112,011.86	93,903,527.78	-1,886,149,806.07
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	18,467,729.86	1,512,334.57	91,357,882.55	-1,879,199,585.66
Net cash flow generated by operating activities	-20,444,426.81	-103,304,029.48	282,447,994.96	235,242,361.27

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

Yes  No

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

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

Applicable  Not applicable

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

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

Applicable  Not applicable

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

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

Applicable  Not applicable

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

Applicable  Not applicable

Unit: RMB

Item	Amount in 2020	Amount in 2019	Amount in 2018	Note
Profits or losses from disposal of non-current assets (including the write-off for the accrued impairment of assets)	-37,625,882.13	70,970,952.64	-30,333,257.21	
The government subsidies included in the current profits and losses (excluding the government subsidies closely related to regular businesses of the Company and issued in the quota or quantity based on the national standards)	35,618,594.19	5,629,978.38	12,326,627.98	
Gains or losses from investment or asset management entrusted to others			25,795,007.28	
Profits and losses resulting from the changes in fair value for holding trading financial assets, derivative financial assets and trading financial liabilities, derivative financial liabilities and investment income from disposal of trading financial assets, derivative financial assets, trading financial	19,619,586.83	52,061,383.80	21,276,486.89	

Item	Amount in 2020	Amount in 2019	Amount in 2018	Note
liabilities, derivative financial liabilities, and other obligatory right investment, excluding the effective hedging businesses related to the regular business operation of the Company				
Non-Operating Revenue and expenses other than the above	-509,618.20	-19,029,327.85	-21,969,795.85	
Less: Impact of income tax	2,230,795.39	-7,184,125.78	556,654.96	
Impact of minority equity (after tax)	-591,743.78	-873,264.88	-915,024.97	
Total	15,463,629.08	117,690,377.63	7,453,439.10	--

For items defined as non-recurring gains and losses according to the No. 1 Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to Public - Non-recurring Gains and Losses, or non-recurring gains and losses items listed in the said document defined as recurring ones, please specify the reasons.

Applicable  Not applicable

In the reporting period, the Company did not define any non-recurring gains and losses items defined and listed in the No. 1 Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to Public - Non-recurring Gains and Losses, as recurring gains and losses items.

## Section III Corporate Business Overview

### I. The Principal Business of the Company during the Reporting Period

#### 1. Vision and mission

The Company upholds the philosophy of *"a drop of water in need, shall be returned with a spring in deed"*, to provide customers with warm on-site entertainment experiences. It is dedicated to telling global stories of Chinese culture, promoting confidence of the nation, and striving to become the world's premier company in cultural performing arts.

#### 2. Main business and products

During the reporting period, the Company was mainly engaged in cultural performance business. On-site performance and tourism and recreation are the Company's main businesses.

Live performance is the Company's core business and main source of incomes and profits. Based on the Company's two major brands of "Songcheng" and "Romantic Show", the original business mode of "theme park + cultural performance" provides customers with theme park amusement and a variety of shows. Business income mainly comes from sales of tickets. Projects under operation include "Romantic Show of Songcheng", "Romantic Show of Sanya", "Romantic Show of Lijiang", "Romantic Show of Jiuzhai", "Romantic Show of Guilin", "Romantic Show of Zhangjiajie", and "Romantic Show of Xi'an". The Songcheng project in Shanghai will be unveiled on April 29, 2021, and projects under construction in Foshan, Xitang, and Zhuhai will also be introduced to the market.

Tourism and recreation mainly refer to light-asset output business and online sales of tickets. Based on the Company's business capabilities and brand accumulation over the years, the light-asset output business provides partners with brand authorization, planning and design, director and creation, entrusted operation and other services, and realizes business income by a package of service fees and entrusted operation management fees. The light-asset output projects in operation include "Romantic Show of Tanhe", "Romantic Show of Mingyue (Moon)" and "Romantic Show of Huangdi (Yellow Emperor)". Online sales of tickets refer to online direct sales and distribution of tickets of performances and projects operated by the Company, and sales of joint tickets and ticket packages with third-party tourist attractions.

### II. Material Changes to Major Assets

#### 1. Major changes in main assets

Major Assets	Explanation Of Material Changes
Equity assets	At the end of the reporting period, the long-term equity investment decreased by RMB 1,934,056,500 compared with the beginning of the period, which was mainly due to the impairment of the long-term equity investment of Huafang Technology held by the Company during the reporting period.
Fixed Assets	By the end of the reporting period, the fixed assets increased by RMB 197,503,700 compared with the beginning of the period, which was mainly due to conversion of the Company's projects in construction to fixed assets during the reporting period.
Intangible Assets	At the end of the reporting period, the intangible assets increased by RMB 381,541,800 compared with the beginning of the period, mainly due to the acquisition of land use rights by Zhuhai Songcheng Performance Kingdom during the reporting period.

Projects under Construction	By the end of the reporting period, projects in construction increased by RMB 401,871,300 compared with the beginning of the period, which was mainly due to the increased investment in construction by the Company during the reporting period.
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## 2. Major overseas assets

Applicable  Not applicable

Details of the Assets	Causes	Asset Size	Location	Operation Mode	Control Measures to Ensure Asset Safety	Income Status	Proportion of Foreign Assets in Company's Net Assets	Significant Risk of Impairment
Land	Purchase	448,900 square meters	Gold Coast, Queensland, Australia	Theme park + Art performance		Suspended	3.80%	No
Other Information	N/A							

## III. Core Competitiveness Analysis

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

### 1. Advantages of business mode

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

### 2. Advantages in creation and design

The Company has an experienced, professional and independent team in planning, design, creation and performance. In the planning and design of theme parks and creation of performance products, team members can fully integrate their own innovative ideas through a deep understanding of local culture. During operation, new elements can be included in a timely manner according to changes in the industry and the market. Simultaneously, inspiration and creativity are encouraged to constantly upgrade products and services for better tourist experiences. The advantages in creation and design are an important guarantee for the Company to advance through exciting innovation and breakthroughs.

### 3. Professional advantages

After years of development in the performing arts industry, the Company has accumulated and trained a large number of professional talents, and established a standardized operation and management system, with a strong understanding of

development laws and features of the industry. The Company has become highly skilled in project site selection, investment control, performing arts creativity and design, stage presentation, costume props, scenic spot operation, viewing experience, and daily management.

#### **4. Marketing advantages**

As internet, mobile internet, and new media are on the rise, the Company took advantage of its creative capabilities, and conducted online and offline creative marketing. Topics were made to promote spontaneous media dissemination to realize low-cost coverage of consumers, therefore providing market expansion and income growth in the process. In a time when Generation Z has gradually become the main consumer force, the Company's flexible marketing strategies ensure target groups to be covered through online short videos, in-depth offline promotion and on-site activities.

#### **5. Advantages in on-site experience**

Internet and mobile internet have changed the business models of many traditional industries, and have brought a number of existing industries considerable impacts and challenges. However, they cannot replace the enrichment gained through on-site experience and participation to meet people's spiritual and cultural needs at higher levels. In an era with changing technological innovation, the Company's advantages in outstanding on-site experiences are becoming more obvious.

#### **6. Closed-loop advantages**

The Company has *closed-loop* teams covering the entire industry chain from site selection, planning and design, investment and construction, direction and creation, opening planning, operation management, continuous improvement, event planning, ticket price system setting, and marketing. The *closed-loop* coverage of the entire industry chain contributes in controlling costs, improving efficiency, and enhancing profitability of the Company.

#### **7. Platform advantages**

Thanks to continuous development and expansion, the Company has a leading position in the number of projects, theaters and seats, performances, and audiences. It has initially established a cultural performance platform covering first-tier tourism and leisure destinations and urban clusters across the country. The large scale and huge tourist base will help the Company expand its business boundaries, reduce marginal costs, improve operational efficiency, enhance brand influence and create performance products with brand and its exclusive and innovative features.

#### **8. Brand advantages**

As the largest performing arts group in China, Songcheng Performance's "Songcheng" and "Romantic Show" have become representative brands in live performing arts and creative industries. Our good market reputation and strong brand influence have benefited the Company in project expansion, resource control, talent attraction, and market development.

#### **9. Advantages in locations**

The Company took the lead in businesses in important cities and first-tier tourism and leisure destinations in the country, and has advantages in locations. As urban performing arts continue to advance, the Company will gradually move into mega and large cities, and continue to strengthen and consolidate its position.

## Section IV Discussion and Analysis on Business Circumstance

### I. Overview

2020 is an extraordinary year in the history of the world, a year of ups and downs. The spread of COVID-19 in more than 199 countries and regions has taken a toll on human life safety and global economic development, and significantly raised the risk of economic recession and uncertainties through out the world. The disrupted supply chains, shrinking consumption and investment demand, weakened economic activities, and impaired market confidence have brought unprecedented challenges to the resilience and governance of countries and economic entities. The year of 2020 is also full of critical challenges for the cultural and travel industry. The industry was in a standstill the first half of the year yet managed to recover in the second half of the year when the epidemic receded. The road was a bumpy one, yet in recovery, new opportunities arose.

As the last year for China to build a moderately prosperous society in an all-round way and the "13th Five-Year Plan", 2020 is a historical transition period from the "13th Five-Year Plan" to the "14th Five-Year Plan". It is also a time for China to strive for high-quality economic development with an optimized industrial structure by weighing the modern service industry more. To answer the strategic call for high-quality development, the cultural and tourist industries have entered a new stage for better quality, efficiency, and will become the new powerhouse for further economic growth.

During the reporting period, the Company's scenic spots suspended operations from January 24, 2020, and resumed operations on June 12, 2020. The Company has fully prepared itself to turn crises into opportunities through well balanced epidemic controls and strong corporate oversight. With effective epidemic prevention in place, the Company has optimized and upgraded the hardware, software, marketing, and organizational structure during park closure. Meanwhile, improvement of various projects was also implemented. Hangzhou Songcheng, as a test field, was rebuilt into a new Hangzhou Songcheng Performing Kingdom. The mode of "one show, one park, one ticket" was transformed and upgraded to a performing arts platform with multiple shows and combination of a variety of tickets. Since resumption of business, the Company has been fully prepared to actively promote its market recovery of tourists and revenue through online new media, short videos, offline promotion, special markets and activities and other marketing methods. In terms of new projects, Xi'an and the light-asset project in Zhengzhou successfully presented first shows, projects in Shanghai, Foshan, and Xitang were progressing, the Zhuhai project started construction, and the contract for the light-asset project in Yan'an project was signed, providing significant momentum for the Company's future growth.

During the reporting period, the Company achieved operating income of RMB 902,586,100, a year-on-year decrease of 65.44%; net profit attributable to shareholders of the listed company was -1,752,398,000, a year-on-year decrease of 230.80%; net profit attributable to shareholders of the listed company after deducting non-recurring profit and loss was -1,767,861,600 yuan, a year-on-year decrease of 244.66%.

Excluding the financial data of the digital entertainment platform and the increase or decrease in the long-term equity investment of Huafang Technology, the Company's pro forma profit statement is as follows:

During the reporting period, the Company achieved operating income of RMB 902,586,100, a year-on-year decrease of 59.50%; net profit attributable to shareholders of the listed company was 113,724,700 yuan, a year-on-year decrease of 89.11%; net profit attributable to shareholders of the listed company after deducting non-recurring profit and loss was 98,261,100 yuan, a year-on-year decrease of 90.86%.

The key tasks carried out by the Company during the reporting period are as follows:

**(I) Hardware expansion****1. Increase the type and number of theaters**

With Hangzhou Songcheng as a model, the Company deeply explored existing resources of scenic spots to introduce different types of indoor and outdoor performance venues with varied experiences. It built upgraded standard theaters, walk-around theaters, cliff theaters, forest theaters, floating theater and other new theaters, delivering new and extraordinary experiences to its guests. No. 2 and No.3 Romantic Show Theater is an upgraded version of the Company's standard theaters. The combination of the cliff theater and elegant music, and the forest theater and popular fashion provide visitors with more choices. During the reporting period, 10 indoor and outdoor theaters and more than 10,000 seats were added in the Hangzhou Songcheng scenic spot during business suspension in response to the epidemic. No.2 and other types of theaters were added to existing or new projects to further expand the capacity. The continuous increase in the number of theaters and seats is conducive to diversified performances, larger reception capacity, and better tourist experiences. It also makes it possible in hardware to provide products, content, and tickets on many different levels.

**2. Extend touring routes**

Taking Sanya as an example, the original touring route was only a few hundred meters long. With diversion and aggregation, the route length was extended by 3 to 4 times by combining underutilized space. Another example is the restructuring of Hangzhou Songcheng. Without expanding the area, the play route was redesigned, and indoor and outdoor small theaters, and interactive spaces were added with a series of new performances. These measures have improved the tourist experience and effectively extended park visitor duration.

**3. New popular sites**

The Generation Z loves recommending and sharing. Growing up in the internet era, their consumption is trendier and more individual. To meet the needs of young people, the Company's scenic spots have created many popular sites, including "Glass Skywalk", Setting of Marionette, Sky Tree, Setting of Ayue out of Bath, interactive amusement park of oiled paper umbrellas, love like device, sound post office, and 3D printing wall. The introduction of the role play hall is also favored by young people, enhancing their experience and atmosphere of the scenic spot.

**4. Improved supporting facilities**

Supporting facilities were further improved in scenic spots. Landscape design and presentation were enhanced with more large entrance halls and rest areas. While increasing the proportion of self-operated businesses, the Company will continue to build all-weather, comfortable, convenient and safe scenic spots for all. Hangzhou Songcheng for example, two newly built large food courts can accommodate 1,500 people at the same time, bringing a variety of delicious foods to meet guests expectations. At the same time, the proportion of self-operated shops was also expanded in projects in other parks to upgrade product types, quality control, and hardware.

**(II) Content upgrade**

With continuous expansion of our commercial landscape, the Company, centering on "Romantic Show" and supplemented by "Love in" and "Color" series, has gradually formed a content matrix in outfield performances, cooperation, customization, introduction, and procurement of shows.

**1. "Romantic Show" series**

Led by the chief director under the new organizational structure and creation model, the Company's art team work hard with an innovative spirit. Romantic Show of Xi'an and Romantic Show of Huangdi have opened, and Romantic Show of Shanghai and



Romantic Show of Foshan are proceeding in an orderly manner. During the reporting period, "Romantic Show of Xi'an and Romantic Show of Huangdi have opened. The Company expanded operation in northern areas, with rising market and brand value and a consolidated position as China's top performing arts brand and industry leader.

## **2. "Love in" and "Color" series**

Currently, the Company is stepping up preparations for the "Love in" and "Color" series. The "Love in" series focuses on the original ecological folk culture to present local customs; the "Color" series is a boutique performing arts for tourists, which is a grand interactive show filled with fashion, culture, technology, light and shadow, dreams, surprises, suspense, and elements favored by young people. The Company has also enabled new and young director teams from the headquarters and affiliated art troupes on these shows, cultivating a younger director team.

## **3. Indoor small and medium drama**

In addition to the original 5D real-life drama "The Earthquake" and the holographic show "Phantom", the Company launched a new parent-child show "Beware-Dinosaurs!", nostalgic drama "Katyusha", and walk-around performance "Shangganling" and "'Ahoy' Captain Cook!" during the reporting period. These new performances greatly enhanced its performing arts portfolio.

## **4. Outdoor series**

In terms of outfield performance, the Company has resumed the classic traditional dramas, including the martial arts drama "Yanqing on Stage Contest" and the interactive drama "The Case of Chen Shimei", and added trendy content like cliff concerts, forest and water concerts, and electronic music parties for tourists, providing tourists with more entertainment options.

### **(III) Marketing optimization**

During the reporting period, the Company achieved excellent results in marketing through online short videos and new media, offline field promotion and penetration into special markets.

#### **1. Online**

Build up new space in network communication and strengthen the diversified development of We media and short video platforms. The Company has closely integrated brand promotion with marketing through content marketing, online gifts and coupons, and offline diversion, to maintain continuous growth of its followers and increasing their retention rate. In addition, employees were encouraged to post contents on Tik Tok to increase exposure of various scenic spots on network communication platforms.

#### **2. Offline**

In recent years, consumption of young people in small towns is on the rise. In line with local conditions, the Company started first round marketing in lower-level regions, especially towns contributing more customers. Flyers, wall paintings, and promotion materials were used to effectively expose the brand to potential customers.

#### **3. Activities**

Since resumption of business, the Company has launched different seasonal and holiday themed activities according to various festivals and timings such as surrounding tours, summer night tours, National Day, Halloween, Christmas Day and New Year's Day, and Spring Festival. Different ticket prices and product combinations have been tested in the market, and subsequently, a diverse price system for the it's performing arts venues has been instituted.

**(IV) Optimized organizational structure****1. Optimizing vertical management**

The Company's *vertical management* conducts all-around, refined and standardized management of performance quality, equipment uses, safety, and scenic spot operation, and has instituted a regular meeting system. The management system has been running effectively now for 3 years. With the rapid increase of projects, everything, from lighting, sound, dance, props, management, to guest reception, must have strict oversight. Standards and vertical management can reduce levels to ensure accuracy of management points.

**2. Optimizing creation team**

The continuous development of the Company and the epidemic prompted the optimization, adjustment and integration of the creation team. The original direction and creation team cultivated from actors has limitation in overall quality, which affects the speed and quality of product creation. During the reporting period, the Company adjusted the original team, some were transferred to the management of the art troupe, and others remained in the creation team. At the same time, professional talents with experiences in large-scale performances, and outstanding talents of Beijing Dance Academy and other colleges were absorbed. The current staff structure as a result is more diverse and efficient.

**3. Establishing an innovation department**

The Company established the Innovation Department, which is mainly responsible for creation of popular content on internet and introduction of creative devices. The department shall introduce relevant fresh information within and beyond the industry to the Company in a timely manner, and add, supplement, and improve new business patterns, experience projects, and landscape atmosphere to various scenic spots. At the same time, it will collect information for tourism and urban performance potentials. The department shall help solve the deficiencies of original internet applications and popular contents, and serve as the Company's front runner to reach leading projects.

**(V) Preparation of Shanghai project**

The Shanghai project is located in the city's permanent green space Expo Park near Huangpu River. It combines elements of Shanghai-style culture, old industrial base, and fashion vitality with an outstanding location, convenient transportation and good supporting facilities. In the post-epidemic era, the Shanghai government has put forward a call to "build a performing arts center of Asia". Firmly grasping this opportunity, the Company will spare no effort to create a "jewel" of performing arts in Shanghai.

After more than two years of construction, especially the in-depth development and model testing of the Performing Arts Kingdom since the epidemic, the Shanghai project will open with rich program content.

Rooted in the magnificent history of Shanghai, the main show "Romantic Show of Shanghai" tells the great chapters of the city with profound culture, passion, and high-tech international stage means. The performance is divided into chapters of "The Origin of Shenhu", "1921", "Modern Years", "Shanghai Family", and "Wind from the Sea". On the stage, the audience will experience the Songze archaeological site dating back 6000 years, Sir Chunshen's manor estate granted by the emperor in the Warring States Period, the glorious history of 1st National Congress of CPC, the ups and downs of the Shili Yangchang in the 1920s and 1930s, the grand atmosphere of the World Expo in the new century. On stage, the core culture of the 30-year development and opening of Pudong is proudly presented. The vivid presentation of Shanghai's red culture, Shanghai-style culture, and Jiangnan culture will bring the audience a visual and spiritual feast.

At the same time, the Performing Park also launched 4 special performances for different groups with different styles, including

hundreds of actors from more than ten countries. The High Show "Color" centers on the performing arts complex of Songcheng in Shanghai, and sets up multiple performance spaces with different styles on each floor. Each performance space is uniquely set up with an independent plot in movie-level scenes, which highly restores the real texture under different themes. Walking in the performance space of "Color", the audience will encounter different characters and trigger different stories at every corner. As a high-tech stage production, the parent-child show "Beware-Dinosaurs!" is a collision of art and science filled with knowledge. The large-scale dinner show "Samba Passion" brings together top dancers from Argentina, Cuba, Russia, and Ukraine, presenting the purest South American flavor and beat to the audience. The brilliant show "S" will bring an electric spark to all.

This venue is a brand new performance park designed to shock your imagination. "Battle of Shanghai", "The Earthquake", "Ghost Ship", "Liaozhai Ghost House", "Storm Eye", naked-eye 3D and other large-scale interactive experience projects will impress every tourist. It is like a world away while walking on Crossing Street, Magic Street, Market in Heaven, and Romantic Street; every stop is a scene in the music square. There will also be "the colorful forest", the "fairy valley", the "sky city", the glass platform and the rattan bridge as splendid shows are staged every day at more than 20 theaters and performance venues, including the standard theater, the bird show theater, the forest theater, and the cliff theater. As an open art district, Songcheng Downtown has multiple variable spaces and a performance square that can accommodate tens of thousands of people, which is a comprehensive art performance platform. The performance park welcomes people of all ages with daily shows and trendy activities each week.

Through customized hardware, diversified content creation and a circle-based pricing system, the Shanghai project will cover the overall population and with precise penetration. With rich contents and different customer groups, the Shanghai project will have a diversified ticket pricing system, including single tickets, a package ticket of Romantic Show, combined tickets, discounted group tickets, children's tickets, and night party tickets.

#### **(VI) Live broadcast platform**

In recent years, the internet performance/digital entertainment industry has entered a stage of steady development with intensified competition. The PC market continues to be eroded by the mobile market. During the reporting period, people stayed more at home due to the epidemic. As a result, they spent more time on internet, bringing a new wave of benefits to digital entertainment platforms; live broadcast technology empowered offline industries, live education, live consultation, and "Cloud Concerts", "Cloud Wedding" and "Cloud Recruitment" have emerged. These have integrated into all aspects of people's daily life. In the current market environment, the digital entertainment industry faces both opportunities and challenges. During the reporting period, the overall business of Huafang Technology developed well, with increasing paying users, consumption users, operating income and operating profit. In terms of segments, the performance of Six Rooms has shown fluctuation as it has entered the stage of business optimization and operation improvement; while Huajiao Live has shown a growth trend with a leading position in the industry in terms of user usage time and penetration among active users.

#### **(VII) Other**

In 2020, the global outbreak of COVID-19 brought the cultural travel industry almost to a halt. During this period, the Company did not stop in strategic development thinking and new project expansion, and conducted a comprehensive evaluation of existing projects and businesses. Given that the main business of Zhejiang Songcheng Longquanshan Tourism Development Co., Ltd. is different from the Company's future strategic development plan, the Company signed a contract with Longquan Tourism Investment Development Co., Ltd. under the People's Government of Longquan, Zhejiang Province in April 2021 to transfer all the equity of Zhejiang Songcheng Longquanshan Tourism Development Co., Ltd. at a total consideration of 276 million yuan. The implementation of this equity transfer is conducive to a stable operation transfer of Longquanshan project, and also helps the Company optimize capital, resource allocation and asset structure, and improve asset operation efficiency to focus on its main business.

## II. Main Business Analysis

### 1. Overview

See "I. Overview" in "Discussion and Analysis on Business Circumstance".

### 2. Income and Costs

#### (1) Operating income structure

Overall operating income

Unit: RMB

	2020		2019		Year-on-year increase or decrease
	Amount	Proportion in Operating Revenue	Amount	Proportion in Operating Revenue	
Total Revenue	902,586,125.63	100%	2,611,753,208.86	100%	-65.44%
By Industry					
I. Culture and Art Industry - Live Performance	675,872,865.35	74.88%	1,871,167,934.09	71.64%	-63.88%
II. Culture and Art Industry - Performance on Internet			383,412,284.25	14.68%	-100.00%
III. Tourism Service Industry	226,713,260.28	25.12%	357,172,990.52	13.68%	-36.53%
By Product					
1. Songcheng in Hangzhou	286,877,405.89	31.78%	918,884,614.29	35.18%	-68.78%
2. Songcheng in Sanya	127,098,246.23	14.08%	392,729,155.06	15.04%	-67.64%
3. Songcheng in Lijiang	136,520,949.23	15.13%	333,433,832.57	12.77%	-59.06%
4. Songcheng in Jiuzhai	25,667,095.21	2.84%			
5. Songcheng in Guilin	56,586,027.07	6.27%	160,649,726.51	6.15%	-64.78%
6. Songcheng in Zhangjiajie	18,120,963.58	2.01%	65,470,605.66	2.51%	-72.32%
7. Songcheng in	25,002,178.14	2.77%			

	2020		2019		Year-on-year increase or decrease
	Amount	Proportion in Operating Revenue	Amount	Proportion in Operating Revenue	
Xi'an					
8. Digital entertainment platform			383,412,284.25	14.68%	-100.00%
9. E-commerce service charge	43,316,562.23	4.80%	180,426,687.71	6.91%	-75.99%
10. Design and planning fees	183,396,698.05	20.32%	173,281,416.46	6.63%	5.84%
11. Supporting facilities and transportation services for scenic spots			3,464,886.35	0.13%	-100.00%
<b>By Region</b>					
1. Zhejiang Province	513,590,666.17	56.90%	1,276,057,604.81	48.86%	-59.75%
2. Sanya, Hainan Province	127,098,246.23	14.08%	392,729,155.06	15.04%	-67.64%
3. Lijiang, Yunnan Province	136,520,949.23	15.13%	333,433,832.57	12.77%	-59.06%
4. Sichuan Province	25,667,095.21	2.84%			
5. Beijing			383,412,284.25	14.68%	-100.00%
6. Guilin, Guangxi Province	56,586,027.07	6.27%	160,649,726.51	6.15%	-64.78%
7. Zhangjiajie, Hunan Province	18,120,963.58	2.01%	65,470,605.66	2.50%	-72.32%
8. Xi'an, Shaanxi Province	25,002,178.14	2.77%			

**(2) Industry, product, or region accounting for more than 10% of the company's operating revenue or profit**

√ Applicable □ Not applicable

Unit: RMB

	Operating income	Operating Cost	Gross margin	Increase or decrease of operating income compared with the same period of last year	Increase and decrease of operating cost over the same period of last year	Increase or decrease of gross profit compared with the same period of last year
<b>By Industry</b>						
I. Culture and Art Industry - Live Performance	675,872,865.35	341,549,955.68	49.47%	-63.88%	-28.09%	-25.15%
II. Tourism Service Industry	226,713,260.28	11,120,517.74	95.09%	-36.53%	-89.09%	23.64%
<b>By Product</b>						
1. Songcheng in Hangzhou	286,877,405.89	186,752,833.49	34.90%	-68.78%	-35.30%	-33.69%
2. Songcheng in Sanya	127,098,246.23	29,293,691.27	76.95%	-67.64%	-50.29%	-8.04%
3. Songcheng in Lijiang	136,520,949.23	34,341,329.43	74.85%	-59.06%	-42.14%	-7.35%
4. Design and planning fees	183,396,698.05	8,113,082.55	95.58%	5.84%	100.08%	-2.08%
<b>By Region</b>						
1. Zhejiang Province	513,590,666.17	197,873,351.23	61.47%	-59.75%	-49.34%	-7.92%
2. Sanya, Hainan Province	127,098,246.23	29,293,691.27	76.95%	-67.64%	-50.29%	-8.04%
3. Lijiang, Yunnan Province	136,520,949.23	34,341,329.43	74.85%	-59.06%	-42.14%	-7.35%

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

Applicable  Not applicable

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

Yes  No

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

Applicable  Not applicable

**(5) Operating Cost Structure**

Industry Classification

Unit: RMB

Industry Classification	Item	2020		2019		Year-on-year increase or decrease
		Amount	Proportion to Operating Cost	Amount	Proportion to Operating Cost	
I. Culture and Art Industry - Live Performance	Cost of live performance	341,549,955.68	96.85%	474,975,419.72	63.57%	-28.09%
II. Culture and Art Industry - Performance on Internet	Performance cost on internet			170,265,034.42	22.79%	-100.00%
III. Tourism Service Industry	Cost of tourism service industry	11,120,517.74	3.15%	101,948,847.10	13.64%	-89.09%

Note

N/A

**(6) Has the scope of consolidation changed during the reporting period?**√ Yes  No**There are 5 newly merged units in this period, the reasons are:**

New Merged Units This Year	Investment Ratio	Notes
Zhuhai Songcheng Performance Kingdom Co., Ltd	100%	New in 2020
Zhuhai Southern Film and Television Cultural Industry Co., Ltd.	100%	Acquire 100% equity in 2020
Zhuhai Huayin Landscaping Co., Ltd.	55%	55% holding subsidiary affiliated Zhuhai Southern Film and Television Cultural Industry Co., Ltd. acquired in 2020
Songcheng Brand Management Co., Ltd.	100%	New in 2020
Romance Show Management Co., Ltd.	100%	New in 2020

**In the current period, the number of merged units was reduced by 2 due to:**

Reduced Merged Units This Year	Investment Ratio	Notes
Hangzhou Songcheng Art Troupe Co., Ltd.	100%	Canceled in 2020
Zhejiang Songcheng Entertainment Culture Co., Ltd.	100%	Canceled in 2020

**(7) Major changes or adjustments to the company's business, products, or services during the reporting period**

Applicable  Not applicable

**(8) Major Clients and Suppliers**

The Company's Major Clients

Total sales amount of the top five customers	295,250,820.97
Proportion of the total sales amount of the top five customers to the total annual sales	32.71%
Proportion of the total sales amount of the related parties in the top five customers to the total annual sales	0.00%

Profiles of the Company's top five customers

No.	Name of customer	Sales amount (yuan)	Proportion to the annual sales
1	Customer I	128,933,962.27	14.28%
2	Customer II	50,414,308.38	5.59%
3	Customer III	39,108,962.22	4.33%
4	Customer IV	38,845,104.50	4.31%
5	Customer V	37,948,483.60	4.20%
Total	--	295,250,820.97	32.71%

Other Information Notes for Major Clients

Applicable  Not applicable

**(8) Major suppliers**

Total Purchase Amount of Top Five Suppliers (yuan)	397,247,387.85
Proportion of the total purchase amount of top five suppliers to the total annual purchase amount	34.73%
Proportion of the total purchase amount of the related parties in top five suppliers to the total annual purchase amount	0.00%

Profiles of the Company's top five suppliers

No.	Supplier Name	Purchase amount (yuan)	Proportion to the total annual purchase amount
1	Supplier I	147,103,879.82	12.86%
2	Supplier II	106,202,799.73	9.28%
3	Supplier III	57,800,000.00	5.05%
4	Supplier IV	49,683,318.00	4.34%
5	Supplier V	36,457,390.30	3.19%



Total	--	397,247,387.85	34.73%
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## Other Information Notes for Major Suppliers

Applicable  Not applicable

### 3. Expenses

Unit: RMB

	2020	2019	Year-on-year increase or decrease	Statement on Significant Changes
Sales Expenses	63,649,750.30	145,503,636.64	-56.26%	Mainly due to the impact of the epidemic and Huafang Technology is no longer included in the scope of consolidation
Administration expenses	288,084,167.74	188,215,121.23	53.06%	Mainly due to the closure of various scenic spots of the Company during the epidemic, and the adjustment of operating costs during the closed period to this item
Financial Expenses	-12,843,438.15	-17,743,898.84	27.62%	Mainly due to the increase in bank loan interest and exchange gains and losses
Research and development expense	37,487,964.00	48,424,520.54	-22.58%	Mainly due to the fact that Huafang Technology is no longer included in the scope of consolidation

### 4. R&D Investment

Applicable  Not applicable

During the reporting period, the Company invested RMB 37,488,000 in research and development, mainly input in new technologies to improve the stage effect, the background control system, the production of VR content, and upgrade of the ticketing system. In the light of consistency and prudence, the Company's R&D investment is fully included in the current profit and loss without capitalization.

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

	2020	2019	2018
Number of R&D personnel	253	252	326
Percentage of R&D personnel	17.56%	17.37%	19.09%
R&D investment (yuan)	37,487,964.00	48,424,520.54	70,567,576.48
The proportion of R&D investment to operating income	4.15%	1.85%	2.20%

Capitalized amount of R&D expenditure (yuan)	0.00	0.00	0.00
Percentage of capitalized R&D expenditure in R&D investment	0.00%	0.00%	0.00%
Percentage of capitalized R&D expenditure in current net profit	0.00%	0.00%	0.00%

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

Applicable  Not applicable

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

Applicable  Not applicable

## 5. Cash Flow

Unit: RMB

Item	2020	2019	Year-on-year increase or decrease
Subtotal of cash inflow from operational activities	943,790,117.88	3,146,681,409.32	-70.01%
Subtotal of cash outflow from operational activities	549,848,217.94	1,575,229,909.81	-65.09%
Net cash flow generated by operating activities	393,941,899.94	1,571,451,499.51	-74.93%
Subtotal of cash inflow from investment activities	1,351,939,517.27	1,939,481,747.40	-30.29%
Subtotal of Cash Outflow from Investment Activities	2,292,941,086.10	3,120,852,903.60	-26.53%
Net amount of cash flow generated by investment activities	-941,001,568.83	-1,181,371,156.20	20.35%
Subtotal of cash inflow from financing activities	420,000,000.00	13,500,000.00	3,011.11%
Subtotal of cash outflow from financing activities	306,917,837.81	174,312,936.00	76.07%
Net cash flow generated by financing activities	113,082,162.19	-160,812,936.00	170.32%
Net additions to balance of equivalents	-443,933,773.37	231,761,674.88	-291.55%

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

√ Applicable □ Not applicable

During the reporting period, the subtotals of cash inflows and outflows from operating activities, and the net cash flows from operating activities decreased by 70.01%, 65.09%, and 74.93% respectively year-on-year, mainly due to the impact of the epidemic and the fact that Huafang Technology is no longer incorporated into the scope of the Company's consolidation.

During the reporting period, the subtotals of cash inflow and outflow from investment activities decreased by 30.29% and 26.53% respectively year-on-year, mainly due to the year-on-year decrease in the Company's purchase and redemption of financial products.

During the reporting period, the subtotal of cash inflow from financing activities increased by 3011.11% year-on-year, mainly due to the increase in the Company's bank loans and the receipt of capital contributions from shareholders by Xi'an Romance Show Company.

During the reporting period, the subtotal of cash outflows from financing activities increased by 76.07% year-on-year, mainly due to the year-on-year increase in the Company's repayment of bank loans and dividend distribution.

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

√ Applicable □ Not applicable

Supplementary information	Amount of this period
1. Reconciliation of net profit to cash flows from operational activities:	
Net Profit	-1,766,945,878.00
Plus: Credit impairment loss	32,739,976.91
Provision for Impairment of Assets	1,877,720,155.72
Depreciation of fixed assets	201,385,250.67
Amortization of Intangible Assets	56,669,812.67
Amortization of long-term prepaid expenses	35,034,022.89
Losses on disposal of fixed assets, intangible assets and other long-term assets (mark "-" for incomes)	-676,435.92
Losses on scrapping of fixed assets (mark "-" for incomes)	38,302,318.05
Losses on fair value changes (mark "-" for incomes)	-247,726.31
Financial expenses (mark "-" for incomes)	17,775,739.48
Losses on investment (mark "-" for incomes)	-14,014,892.30
Decrease on deferred income tax assets (mark "-" for increases)	-9,318,905.44
Increase on deferred income tax liabilities (mark "-" for decreases)	-3,137,428.24
Decrease on inventories (mark "-" for increases)	-1,993,817.28
Decrease on operational receivables (mark "-" for increases)	-44,275,900.28
Increase on operational payables (mark "-" for decreases)	-25,074,392.68
Others	
Net cash flow generated by operating activities	393,941,899.94

### III. Non-Core Business

√ Applicable □ Not applicable

Unit: RMB

	Amount	Percentage of Total Profit	Reason	Sustainability
Investment Income	14,014,892.30	-0.81%	Mainly due to long-term equity investment and financial income calculated by the equity method	Yes
Changes in fair value gains and losses	247,726.31	-0.01%		No
Asset Impairment	-1,910,460,132.63	109.98%	Mainly due to the impairment of the long-term equity investment of Huafang Technology held by the Company	No
Non-operating Revenue	3,242,377.14	-0.19%		No
Non-Operating Expenses	41,007,879.43	-2.36%	Mainly due to the Company's scenic upgrades and renovations	No

### IV. Analysis of Assets and Liabilities

#### 1. Significant changes in assets composition

Since 2020, the Company implemented new revenue standards and new leasing standards for the first time, and adjusted the items related to financial statements at the beginning of the year.

Applicable

Unit: RMB

	End of 2020		Early 2020		Proportion increase and decrease	Statement on Significant Changes
	Amount	Proportion To Total Assets	Amount	Proportion To Total Assets		
Cash and Bank Balances	1,337,776,253.98	14.55%	1,785,124,821.87	16.17%	-1.62%	
Accounts receivable	5,887,012.36	0.06%	5,337,855.43	0.05%	0.01%	
Inventory	13,424,146.50	0.15%	6,110,221.56	0.06%	0.09%	

Long-term Equity Investment	1,534,539,625.11	16.69%	3,468,596,165.08	31.42%	-14.73%	Mainly due to the impairment of the long-term equity investment of Huafang Technology held by the Company
Fixed Assets	2,508,754,929.16	27.28%	2,311,251,277.89	20.93%	6.35%	Mainly due to the transfer of the Company's project in construction into fixed assets
Projects under Construction	771,871,563.73	8.39%	370,000,233.10	3.35%	5.04%	Mainly due to increased input in the Company's projects in construction
Long-term loan	282,000,000.00	3.07%		0.00%	3.07%	Mainly due to increase in the Company's bank loans

## 2. Assets and liabilities measured at fair value

√ Applicable □ Not applicable

Unit: RMB

Item	At the beginning of the reporting period	Changes in fair value gains and losses in the current period	Cumulative fair value changes in equity	Impairment loss of the reporting period	Purchase amount of the reporting period	Sales amount of the reporting period	Other variations	At the end of the reporting period
Financial Assets								
1. Trading financial assets (excluding derivative financial assets)	854,108,086.54	-4,999,569.16			814,776,184.30	1,354,628,734.60	19,371,860.52	328,627,827.60
2. Derivative financial assets		6,589,730.08						6,589,730.08
3. Other credit investments								
4. Investment in other	300,959,931.64		-76,693,334.90					224,266,596.74

equity instruments								
Subtotal of financial assets	1,155,068,018.18	1,590,160.92	-76,693,334.90		814,776,184.30	1,354,628,734.60	19,371,860.52	559,484,154.42
Total	1,155,068,018.18	1,590,160.92	-76,693,334.90		814,776,184.30	1,354,628,734.60	19,371,860.52	559,484,154.42
Financial liabilities	0.00	0.00	0.00		0.00	0.00		0.00

Note: ① Changes in fair value recognized in profit or loss for the current period are 1,590,160.92 yuan, which is composed of changes in fair value recognized in profit or loss of 247,726.31 yuan and converted difference in foreign currency statements of 1,342,434.61 yuan; ② Other changes are accumulated investment income.

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

Yes  No

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

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

## V. Investment analysis

### 1. Overview

Applicable  Not applicable

Investment In The Reporting Period (RMB)	Investment Over The Corresponding Period Of Last Year	Rate Of Change
2,159,030,550.7	2,680,647,888.78	-19.46%

### 2. Significant equity investments acquired during the reporting period

Applicable  Not applicable

Unit: RMB

Invested Company Name	Main businesses	Investment Mode	Investment Amount	Shareholding Percentage	Capital Source	Partner	Investment Period	Product type	Progress as of Balance Sheet Date	Anticipated Income	Current Investment Profit and Loss	Involved in a Lawsuit	Disclosing Date (If Any)	Disclosing Index (If Any)
Zhuhai Southern Film and Television Cultural Industry Co., Ltd.	Project development, operation and management of film and television industry;	Acquisition	378,000,000.00	100.00%	Equity Fund	N/A	Long-term	Film and television culture	Completed	0.00	-16,469,469.80	No		

Invested Company Name	Main businesses	Investment Mode	Investment Amount	Shareholding Percentage	Capital Source	Partner	Investment Period	Product type	Progress as of Balance Sheet Date	Anticipated Income	Current Investment Profit and Loss	Involved in a Lawsuit	Disclosing Date (If Any)	Disclosing Index (If Any)
	development, operation and management of tourism projects; real estate development; business services and commercial wholesale and retail													
Total	--	--	378,000,000.00	--	--	--	--	--	--	0.00	-16,469,469.80	--	--	--

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

Applicable  Not applicable

### 4. Financial assets at fair value

Applicable  Not applicable

Unit: RMB

Asset Class	Initial Investment Cost	Changes in fair value gains and losses in the current period	Cumulative fair value changes in equity	Amount purchased during the reporting period	Amount sold during the reporting period	Cumulative investment income	Amount at the end of the period	Capital Source
Fund	110,024,148.79	-538,080.75		103,776,184.30	40,362,625.24	-454,248.84	172,445,378.26	Temporarily idle own funds
Financial Derivatives		6,589,730.08					6,589,730.08	Temporarily idle own funds
Other (Bank Financial Products)	744,083,937.75	-4,461,488.41		711,000,000.00	1,314,266,109.36	19,826,109.36	156,182,449.34	Temporarily idle own funds
Total	854,108,086.54	1,590,160.92	0.00	814,776,184.30	1,354,628,734.60	19,371,860.52	335,217,557.68	--

Note: The current fair value change in profit and loss in the table is 1,590,160.92 yuan, which is composed of the fair value change in profit and loss of 247,726.31 yuan and the converted difference in foreign currency statements of 1,342,434.61 yuan.

## 5. Utilization of raised funds

Applicable  Not applicable

No use of funds in the reporting period of the Company

## VI. Major Assets and Equity Sales

### 1. Major assets sales

Applicable  Not applicable

No major assets sales in the reporting period of the Company

### 2. Major equity sales

Applicable  Not applicable

## VII. Analysis of Major Subsidiaries and Investees

Applicable  Not applicable

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

Unit: RMB

Company Name	Company Type	Main businesses	Registered Capital	Total Assets	Net Assets	Operating income	Operating Profit	Net Profit
Sanya Romance Tourism Performance Co., Ltd.	Subsidiary Company	Theme park + Art performance	490,000,000.00	934,587,240.66	898,931,442.88	127,098,246.23	79,054,679.57	69,002,874.47
Lijiang Chama Ancient City Tourism Development Co., Ltd.	Subsidiary Company	Theme park + Art performance	250,000,000.00	606,265,695.91	579,980,699.81	136,520,949.23	74,962,536.68	62,836,710.80
Songcheng Tourism Development Co., Ltd.	Subsidiary Company	Tourism resource development, tourism planning and design, artistic creation, brand and marketing planning of tourist attractions	50,000,000.00	709,296,365.59	416,014,324.88	168,821,226.38	163,040,087.48	162,911,596.90
Beijing Huafang Technology Co., Ltd. (formerly known as Beijing	Joint stock company	Internet information service, performance brokerage business,	53,333,333.00	1,882,542,983.27	1,503,710,234.65	3,777,442,691.41	9,844,199.94	-10,799,124.63



Six Rooms Technology Co., Ltd.)		business on music entertainment products through information network, competition activities						
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Major holding companies and joint stock companies;

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

2. This year, the Company made 1,861,297,284.90 yuan of impairment provision for the long-term equity investment in Beijing Huafang Technology Co., Ltd.

Acquisition and disposal of subsidiaries during the reporting period

Applicable  Not applicable

Company Name	Method of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production management and performance
Zhuhai Songcheng Performance Kingdom Co., Ltd	New in 2020	
Zhuhai Southern Film and Television Cultural Industry Co., Ltd.	Acquire 100% equity in 2020	
Zhuhai Huayin Landscaping Co., Ltd.	A 55% holding subsidiary of Zhuhai Southern Film and Television Culture Industry Co., Ltd. acquired in 2020	
Songcheng Brand Management Co., Ltd.	New in 2020	
Romance Show Management Co., Ltd.	New in 2020	
Hangzhou Songcheng Art Troupe Co., Ltd.	Canceled in 2020	
Zhejiang Songcheng Entertainment Culture Co., Ltd.	Canceled in 2020	

## VIII. The structured entity controlled by the Company

Applicable  Not applicable

## IX. Prospects for the Future Development of the Company

At the beginning of 2020, the COVID-19 pandemic swept across the world, taking a considerable toll on the social order and economic operation of all the countries, especially the entertainment and service industries. As a pioneer in the nation's cultural and tourism industry, the Company closed all the scenic spots since January 24 under the call the CPC and government. Until the full resumption on June 12, financial impact is inevitable due to business suspension and recovering of the industry chain.

After 20 years of development, the Company has experienced difficult times such as the Southeast Asian financial crisis, SARS, and the 2008 financial crisis. The history shows that every crisis is a rare development opportunity, especially for companies that are

prepared. After this epidemic, competitors with weak financial strength will fail, those lacking creative ability will lose more shares, and new comers will become more cautious. As a subsequent result, the competition pattern in the industry will be more favorable to the Company.

As the downward trends of the cultural and travel industry slid as a result of the epidemic, the Company is more aware of its own position and weak links in the industry. During the epidemic, the Company upgraded hardware against the difficult time, tried the performing arts kingdom model, and achieved initial results. In the future, the Company will unswervingly transform and upgrade itself to a performance platform company, and think from the perspective of social communication, internet, and users. Connecting upstream and downstream sectors, it will build a new value ecology and industry order, and absorb more diversified professional talents. Meanwhile, a variety of economic components will be developed to constantly activate the creativity and vitality of the Company, making it a more vibrant and imaginative company.

### **(I) Overview of industry background**

In 2020, the entire cultural and tourism industry was hit hard by the COVID-19 epidemic, and many were pushed on the verge of bankruptcy. According to the National Bureau of Statistics, there were 2.88 billion domestic tourists in 2020, a decrease of 52.1% from the previous year. Domestic tourism revenue was 2,228.6 billion yuan, down by 61.1%. The Blue Book of Chinese Tourism Economics (NO.13), issued by the China Tourism Academy (Data Center of the Ministry of Culture and Tourism), estimated that the number of domestic tourists in 2021 will recover to 68.3% of 2019 and the revenue of domestic tourism will recover to 57.6% of 2019.

As the epidemic is gradually under control with expanding vaccination, the cultural and tourism industry is slowly recovering, and market data is increasing, especially that on domestic tourism. Being the epidemic is still prevalent in other countries, outbound travel will continue to be restricted. It is expected that the internal circulation of tourism and the return of tourism consumption will continue to be the main trend of the industry in the future. In the post-epidemic era, demand-side trends of the industry are as follows:

#### **1. Rising consumption of Generation Z**

Generation Z refers to the "indigenous people" of internet born between 1995 and 2009. They grew up with computers, smartphones, and instant messaging software, carrying features of circle cultures, ACG, and niche preference. According to the National Bureau of Statistics, the total population of Generation Z in the Chinese mainland is about 260 million, accounting for about 20% of the total population. The generation is the main group of consumption upgrades with frequent consumption in tourism. According to the survey data of Mafengwo, 45.3% of Generation Z people travel 2-3 times a year, and 12.4% travel more than 4 times. The proportions are much higher than those of other age groups, and nearly half of the respondents said that the epidemic has a small impact on tourism consumption and will maintain their previous level of consumption in tourism after the epidemic.

The rise of Generation Z is an iterative update of new consumer demand and group culture, and it also brings new economic trends. In 2021, for the cultural and tourism industry hit by the COVID-19, seizing Generation Z is to grasp the incremental market for new cultural and tourism consumption in the post-epidemic era. The ability to accurately capture the travel consumption preferences of Generation Z is the key to success.

#### **2. Rising popularity of surrounding travel**

Long-distance travel is relatively restricted during the recovery period of the epidemic, the popularity of travel around the cities will continue to increase and exist for a long time. Overlapped with the demand back from outbound travel, the surrounding tourism markets of the Yangtze River Delta, Pearl River Delta, Beijing-Tianjin-Hebei and other core tourist source areas are expanding significantly. According to the research report of the China Tourism Academy, in the post-epidemic era, tourists of various

scenic spots mainly come from within the province. Urban one-day trips and suburban tours have recovered and the proportion of self-driving trips has increased. Self-guided family tours have become the main market contributor. The in-depth exploration and repeated consumption of the population in the core cities around the scenic spot will become one of the important tasks of the market.

### **3. Tourism consumption from lower-level regions**

According to data from the National Bureau of Statistics, in recent years, the growth rate of per capita consumption expenditure in rural areas was higher than that of urban residents, indicating that rural residents also begun to have more potential for consumption. The growth rate of domestic tourist arrivals and consumption of rural residents has shown an upward trend in recent years, while that of urban residents has declined. The decline of domestic cultural and tourism consumption to third-tier and fourth-tier cities and towns is also related to the more balanced development of the economic level, which will become a long-term trend.

The Company's performing arts kingdom model caters to the current consumption needs of Generation Z from the content side; special events such as summer night tours to meet the surrounding tourism market; the high, medium and low product system to cope with cultural and tourism consumption from lower-level regions, and the work done during the reporting period closely focused on the current changes in market trends.

## **(II) Development strategy planning of the Company**

After more than 20 years of development, the Company has established a relatively large competitive advantage in scale, market, marketing, technology, brand and industry status. In the future, tourism and cultural industries will face unprecedented development opportunities in consumption upgrades. To meet market challenges and seize industry development opportunities, the Company will adhere to the differentiated and centralized development strategy, give full play to its creative and innovative capabilities, strengthen development and application of new technologies, continue to make breakthroughs in innovative business forms, and maintain integrated development. While consolidating its foundation in the performing arts, the Company will seek another leapfrog development to bring its value to a new level.

### **1. Adhere to differentiation and centralized development**

The Company will adhere to the differentiated competition strategy, uphold the banner of "performing arts", and strengthen the development mode of "theme park + cultural performance", to avoid homogenous competition with other types of theme parks; value application of technological innovation to cater to the needs of young people; give full play to creativity to increase attraction and improve experiences of performance content.

It will remain committed to the strategy of centralized development, and focus on the layout in first-line tourism destinations and live entertainment fields related to performing arts; remain within its ability circle to avoid excessive development, and stay cautious in diversification.

### **2. Attention to creativity and innovation**

Innovation is the lifeblood of the Company and only internal creativity can build a century-old Songcheng. The Company, based on market direction, will adhere to performing arts as the core, and focus on experience. Starting from planning, it will continue to strengthen the core competitiveness of "performance", and integrate innovation into planning and design, interactive experience, theater matrix, performance content and market planning.

### **3. Drive innovation in live performance with technology**

Technological innovation is a powerful tool to promote the transformation and by upgrading the cultural industry and achieve

high-quality development. Technology is playing an increasingly important role in performance effects and the audience experience. The combination of cutting-edge stage machinery, lighting, sound, and smart equipment will realize the coexistence of the real and virtual worlds on the same stage/scene, and enhance visitors/audience's experience of the real world while bringing them unperceivable feelings. In addition, live entertainment with a strong sense of immersion will innovate the overall entertainment experience.

#### **4. Breakthroughs in business forms**

The Company has become an industry leader in tourism and performing arts. That is not enough, it is actively exploring innovative models, thereby enhancing social contributions. "Tourism performance + urban performance" is advancing, and the construction of a performing arts kingdom will make it to penetrate from mass tourism to segmented population markets. The Company will constantly challenge itself to seek a broader market scale and greater development segment. In the construction of the Shanghai project, multiple shows and diversified ticket combinations will be introduced based on the Romantic Show, extending its services to tourist groups, locals and those from close regional markets.

#### **5. Committed to integrated development**

The current corporate governance has created greater possibilities for the Company's resource integration and group operations. Integrated development is a powerful weapon to improve combat capabilities and achieve strategic goals. In the future, the Company will be committed to integration of tourism and cultures, cultures and technology, independent investment and light assets, entertainment and vacation, marketing and planning, products and markets, contents and platforms, consumers and producers, theme scenic spots and performing arts kingdom, as well as internet and the capital market.

#### **6. Platform-based strategy for performance**

The epidemic has resulted in negative impact to the industrial chain and structure, but also gave birth to new opportunities. The Company is considering to become a platform for industry accumulation, to gather the industrial chain shattered by the epidemic and that squeezed out by urbanization on the Company's platform. That includes, for example, professional equipment, various studios, performing talents and drama platforms, performance management and output, ticketing and international art exchange platform. The Company will be built into a platform for social communication of young people, family gatherings, the elderly, and relaxing for business people. It is also a communication platform for various artists and art categories.

### **(III) Work plan in 2021**

Since the outbreak of the epidemic, the Company has focused on recovery strategy and economy. After years of development, the Company has formed strong capital strength and brand influence, rich intellectual resources and significant competitive advantages. It has stronger anti-risk capabilities and a better development foundation than ever before. Through systematic review, consideration and preparation, the Company is full of confidence and enthusiasm, and is ready for the market repair and further development after the epidemic is over.

#### **1. Development of Shanghai project**

2021 is the first year of the nation's 14th Five-Year Plan and also the 25th anniversary of the establishment of Songcheng Group, an important milestone for the Company's development. The Shanghai project is a key node to link the past and present, and is also an important stage for Songcheng to further consolidate and establish its top position in performance in the world. The Company will be more tolerant and open while leveraging its closed-loop advantages. Songcheng in Shanghai will become a rich platform for exchanges of various art forms and a platform for live entertainment. In the future, the Shanghai project, with its location advantages, will carry out various activities like performances, festivals, exhibitions, and IP exhibitions through self-made shows, customization, introduction, cooperation, and sharing. It will continuously expand circles and influence, and complete the

three-dimensional concept of the performance kingdom, while laying a solid foundation for its replication.

## **2. Upgrade of existing projects**

The continuous improvement of existing projects is conducive to better product quality and user experience. The Company will continue to renovate and upgrade existing projects by expanding and renewing travel routes, adding various types of indoor and outdoor theaters and shows, and adding popular sites and rest areas. The new changes will increase return visitor attendance potential.

## **3. Establish a hierarchical system for high-end, medium-end and low-end products**

For the core projects of "Romantic show", some adjustments were made to the "Romantic Show" in Sanya, Xi'an and other places to extract in-depth new cultural elements, and integrate more stage expressions; the introduction of "Love in" and "Color", different from the "Romantic Show" series, presents culture in a newer and purer form; the existing outfield performances were also improved, and the features of the scenic spot were fully used to make a point-line-field presentation layout of outfield performances, namely a system in which tourists can watch the shows and participate in immersive interactions. The differentiation in the market will not only deepen the type and quality of Songcheng's performance product line, but also further consolidate its the core position in the local tourism and performance market.

## **4. Promotion of projects in Foshan, Xitang and Zhuhai**

The projects in Foshan and Xitang are the continuation of the Romantic Show product line in the Yangtze River Delta and the Pearl River Delta. The Company will ensure the steady progress of various projects and accelerate the construction. As a flagship product in the future, the Zhuhai project has generated high expectations for the Company, and it will invest accordingly to the planning and design, engineering construction, and artistic creation to ensure that the Zhuhai project will become a world-class entertainment destination for performing arts.

## **5. Continue to strengthen marketing**

The Company will penetrate into low-level regions to consider local cultural and market features, and establish a differentiated market mechanism according to different tourist destinations; strengthen overall layout of channels in each scenic spot market based on the introduction of visitor flow, and build an intensive marketing network through online and offline marketing channels in combination with point, line and field; Combine reshaping of the brand, event marketing and precise placement, to make a good job in the promotion and comprehensive marketing of each project; innovate the promotion mode and find suitable partners and internet celebrities, strengthen the use of short videos and We media, and activate the promotion of young people on We media.

## **6. Improve mechanism and talent structure**

The Company will focus on three key points in building a talent system in 2021:

(1) Introduction: Fully research the talents required by the post, and identify the features of talents required by different posts. Introduce high-level talents and establishment a talent pool of Songcheng through external introduction and internal exploration; expand contacts for professional posts to provide talent support for the Company's innovation strategy.

(2) Use of talents: Today, realizing self-value has become the demand of most young employees. Based on this, the Company will combine the situation of talents and posts to set up jobs that meet employees' ability development and expectations, and enable them to achieve self-satisfaction and self-realization while gaining sufficient growth. In addition, a variety of incentive channels such as joint systems and performance, as well as warm and effective communication will bind talents to promote their sustainable development.

(3) Cultivation: Build a stage for outstanding talents to display their skills and expand their horizons, help them go beyond

limitations of the original work and give full play to their ability. The Company will implement a training plan for Songcheng's high-potential talents, integrate and upgrade the existing talent training system, putting talent and the Company on the same page in transformation and development.

## X. Registration Form for Reception of Research, Communication, Interviews and Other Activities

### 1. Registration Form for reception of research, communication, interviews and other activities during the reporting period

Applicable  Not applicable

Reception Time	Reception location	Reception Method	Reception target type	Reception objects	Main content of the discussion and the information provided	Index of the basic information of research
August 8, 2020	Company meeting room	Field Investigation	Institution	Brokerage researcher and fund company manager	Business introduction in first half of the year and Q&A	For details, please refer to the "Record of Investor Relations Activities on August 8, 2020" announced by the Company on <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> on August 10, 2020.
October 29, 2020	Company meeting room	Field Investigation	Institution	Brokerage researcher and fund company manager	Business introduction in Q3 and Q&A	For details, please refer to the "Record of Investor Relations Activities on Thursday, October 29, 2020" announced by the Company on <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> on Sunday, November 1, 2020.

## Section V Significant Events

### I. Distribution of Common Stock Profits of the Company and Capitalization of Capital Reserves

Distribution policies of the common stock profits during the reporting period, especially the formulation, implementation or adjustment of the cash dividend policies

Applicable  Not applicable

Reviewed and approved at the 6th meeting of the 7th Board of Directors held on April 27, 2020 and at the annual shareholders' meeting for 2019 held on May 18, 2020, the company's plan for profit distribution in 2019 was: Taking the total share capital of 1,452,607,800 shares of 2019 as the basis, RMB 2.00 (tax included) of dividend for every 10 shares was distributed to all the shareholders, with a total amount of cash dividend of RMB 290,521,560 and 8 shares capitalized from the capital reserves were distributed to all the shareholders for every 10 shares, with a total number of 1,162,086,240 shares. After capitalization, the total share capital amounted to 2,614,694,040 shares. During the reporting period, the Company has completed the equity distribution. The equity registration date: May 28, 2020 and the date of exclude right (XR) and exclude dividend (DR): May 29, 2020.

Special notes on cash dividend policies	
Whether they comply with the requirements of the Company's articles of incorporation or the resolutions of the General Meeting of Shareholders:	Yes
Whether the dividend standards and proportions are distinct and clear:	Yes
Whether the relevant decision-making procedures and mechanisms are complete:	Yes
Whether the independent directors performed their duties and played their due role:	Yes
Whether the minority shareholders have the opportunity to fully express their opinions and appeals, and whether their legitimate rights and interests have been fully protected:	Yes
Whether relevant conditions and procedures are compliant and transparent when the cash dividend policies are being adjusted or changed:	Not applicable.

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

Yes  No  Not applicable

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

Profit distribution and capitalization of capital reserves in the current year

Number of bonus shares per 10 shares (shares)	0
Number of dividend payout per 10 shares (RMB) (tax included)	0.5

Number of capitalized shares per 10 shares (shares)	0
Equity base in the distribution preplan (shares)	2,614,694,040
The amount of cash dividends (yuan) (including tax)	130,734,702.00
The amount of cash dividends (yuan) in other ways (such as share repurchase)	0.00
The total amount of cash dividends (including in other ways) (yuan)	130,734,702.00
Distributable profits (RMB)	3,132,049,591.95
The ratio of the total amount of cash dividends (including in other ways) to the total amount of profit distribution	100.00%
Latest cash dividend	
If the Company's development stage is not easy to define but there are significant capital expenditure arrangements, when the profits are being distributed, the proportion of the cash dividends in this profit distribution should be at least 20%	
Details of the preplans on profit distribution or capitalization of capital reserves	
Audited by BDO China Shu Lun Pan CPAs (special general partnership), the net profit attributable to the shareholders of the listed company in 2020 was RMB -1,752,398,000. Based on the total share capital of 2,614,694,040 shares as at December 31, 2020, the Company distributed RMB 0.50 (tax included) of dividend for every 10 shares to all the shareholders, with a total cash dividend of RMB 130,734,702.	

The Company's common stock dividends distribution plan (preplan) and capital reserve capitalization plan (preplan) in the past three years (including this reporting period)

The 2018 profit distribution plan: according to the resolution of 2018 annual shareholders' meeting, the Company implemented the 2018 profit distribution plan on May 15, 2019, which was: based on the total share capital of 1,452,607,800 shares as at December 31, 2018, the Company distributed RMB 1.2 (tax included) of dividend for every 10 shares to all the shareholders, with a total cash dividend of RMB 174,312,900.

The plan for profit distribution and capitalization of capital reserves of the Company in 2019: according to the resolution of 2019 annual shareholders' meeting, the Company implemented the 2019 profit distribution plan on May 28, 2020, which was: Taking the total share capital of 1,452,607,800 shares as at December 31, 2019 as the basis, RMB 2.00 (tax included) of dividend for every 10 shares was distributed to all the shareholders, with a total cash dividend of RMB 290,521,560 and 8 shares capitalized from the capital reserves were distributed to all the shareholders for every 10 shares, with a total number of 1,162,086,240 shares. Upon such capitalization, the total share capital amounted to 2,614,694,040 shares.

The 2020 profit distribution preplan: the 10th meeting of the 7th Board of Directors and the 8th meeting of the 7th Board of Supervisors held by the Company on April 22, 2021 reviewed and approved the 2020 Profit Distribution Preplan. According to the Audit Report issued by BDO China Shu Lun Pan CPAs Co., Ltd (Xin Kuai Shi Bao Zi [2021] No. ZA11461), the Company achieved a net profit attributable to the shareholders of listed companies in the amount of RMB -1,752,398,009.60 in 2020, plus the undistributed profits at the end of the previous year in the amount of RMB 5,176,157,180.79, deduct the distributed dividends for 2019 in the amount of RMB 290,521,560.00 and add the retained earnings carried forward from other comprehensive income in the amount of RMB -1,356,586.59, the actual distributable profit for shareholders in 2020 was RMB 3131881024.60. As at December 31, 2020, the balance of capital reserves of the Company was RMB 1,211,364,214.86.

Based on the total share capital of 2,614,694,040 shares at the end of 2020, the Company planned to distribute RMB 0.50 (tax included) of dividend for every 10 shares to all the shareholders, with a total cash dividend of RMB 130,734,702 in 2020.

It is held by the Board of the Directors of the Company that although the epidemic impacted the performances of the Company,



the 2020 profit distribution plan proposed by the Company was consistent with the provisions concerning profit distribution in the Company Law, the Circular of the CSRC on Further Implementation of the Matters Concerning Cash Dividends of the Listed Companies, the Guideline No. 3 of the CSRC on Regulation of the Listed Companies - Cash Dividends of the Listed Companies, the Articles of Association, and other laws and regulations, and was legal, compliant and reasonable in view of the Company's confidence for long-term development, for better consideration of both the immediate interests and long-term interests, in accordance with the relevant provisions of the CSRC which encourage distribution of dividends and on the condition that the healthy, sustainable development of the Company was guaranteed. The Company needs to submit the above plan to 2020 annual shareholders' meeting of the Company for review.

The Company's cash dividends for common stocks in the past three years (including this reporting period)

Unit: RMB

Year	Cash dividend amount (tax included)	Net profit attributable to common stock shareholders of listed companies in the consolidated financial statement of the year for dividend distribution	The ratio of cash dividends to the net profit attributable to ordinary shareholders of listed companies in the consolidated statements	The amount of cash dividends in other ways (such as share repurchase)	The proportion of cash dividends in other ways to the net profit attributable to ordinary shareholders of listed companies in the consolidated statements	Total amount of cash dividends (including other ways)	The ratio of total amount of cash dividends (including other ways) to the net profit attributable to ordinary shareholders of listed companies in the consolidated statements
2020	130,734,702.00	-1,752,398,009.60	-7.46%			130,734,702.00	-7.46%
2019	290,521,560.00	1,339,790,994.94	21.68%			290,521,560.00	21.68%
2018	174,312,936.00	1,287,186,547.41	13.54%			174,312,936.00	13.54%

The Company's profits during the reporting period and the parent company's distribution of common stock shareholders' profits are positive but a cash dividend distribution preplan for common stock is not proposed.

Applicable  Not applicable

## II. Performance of Commitments

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

Applicable  Not applicable

There are no commitments which should be fulfilled during the reporting period as promised by the Company's actual controller, shareholders, related parties, purchasers and purchasing companies and those that have not been fulfilled by the end of the reporting period.

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

Applicable  Not applicable

**III. Occupation of the Capital of Listed Companies by Controlling Shareholders and Their Related Parties for Non-operational Purposes**

Applicable  Not applicable

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

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

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

**1、Changes in significant accounting policies**

1) Implementation of "Accounting Standards for Business Enterprises No. 14 - Revenue" (revised in 2017) (hereinafter referred to as "New Revenue Standards")

The Ministry of Finance revised the "Accounting Standards for Business Enterprises No. 14 - Revenue" in 2017. The revised standards stipulate that for the first implementation of the standards, the amount of retained earnings and other related items in the financial statements at the beginning of the year should be adjusted according to the cumulative effects, and the information for the comparable period should not be adjusted.

This Company implemented the new revenue standards since January 1, 2020. According to the standards, the company only adjusted the retained earnings and other related items in the financial statements at the beginning of the year 2020 for the cumulative effects of contracts that have not been completed on the date of first implementation, and the comparative financial statements were not adjusted. These standards have the following major effects:

Content and Reasons for Change in Accounting Policies	Approval process	Statements Affected	Affected Amount of Balance on January 1, 2020	
			Consolidated Subsidiaries	Parent company
(1) The advance payments related to the contractual income are reclassified into the	The 6th meeting of the 7th Board of Directors	Received Prepayments	-311,838,903.34	-731,628.89

contractual liabilities.		Contract liabilities	294,302,487.38	710,319.31
		Other Current Liabilities	17,536,415.96	21,309.58

Compared with the original revenue standards, implementation of the new revenue standards has the following effects on the relevant items of the financial statements in 2020 (increase/(decrease)):

Balance Sheets Items Affected	Affected Amount of Balance on Thursday, December 31, 2020	
	Consolidated Subsidiaries	Parent company
Contract liabilities	188,550,237.52	
Received Prepayments	-192,064,139.60	
Other Current Liabilities	3,513,902.08	

#### 2) Implementation of "Accounting Standards for Business Enterprises Interpretation No. 13"

The Ministry of Finance issued the "Accounting Standards Interpretation for Business Enterprises No. 13" (CaiKuai [2019] No. 21, hereinafter referred to as "Interpretation No. 13") on December 10, 2019, which came into force on January 1, 2020. Retrospective adjustment was not required.

##### ① Identification of Related Parties

Interpretation No. 13 clarifies that the following circumstances constitute a related party: a joint venture or affiliated business between an enterprise and other member units (including parent companies and subsidiaries) of the enterprise group to which it belongs; a joint venture of the enterprise and other joint ventures or affiliated business. In addition, Interpretation No. 13 also clarifies that only two or more companies that are only significantly affected by one party do not constitute a related party. It also adds that affiliated business includes affiliated business and their subsidiaries, and joint ventures include joint ventures and their subsidiaries.

##### ② Definition of Business

Interpretation No. 13 completes the three elements of business composition, refines the judgment conditions of business composition, and at the same time introduces the "concentration ratio test" option to simplify to a certain extent the problems such as judgment of whether a combination obtained under the same control constitutes a business, etc.

The company implemented Interpretation No. 13 since January 1, 2020, and the comparative financial statements were not adjusted. The implementation of Interpretation No. 13 did not have significant impact on the company's financial status and operating results.

#### 3) Implementation of the "Interim Provisions on Accounting Treatment of Carbon Emission Rights Trading"

On December 16, 2019, the Ministry of Finance issued the "Interim Provisions on Accounting Treatment of Carbon Emission Rights Trading" (CaiKuai [2019] No. 22), which is applicable to related companies in the key emission units (hereinafter referred to as key emission companies) which operate carbon emission rights trading business in accordance with the "Interim Measures for the Management of Carbon emission Rights Trading". This provision came into effect on January 1, 2020, and key emission companies should adopt prospective application to apply this provision.

The company implemented this provision since January 1, 2020, and the comparative financial statements were adjusted. The implementation of this provision did not have significant impact on the company's financial status and operating results.

#### 4) Implementation of the "Provisions on accounting treatment of rent concessions related to COVID-19"

On June 19, 2020, the Ministry of Finance issued the "Provisions on accounting treatment of rent concessions related to COVID-19" (CaiKuai (2020) No. 10), which came into effect on June 19, 2020, allowing companies to adjust related rent concessions that occurred between January 1, 2020 and the implementation date of this provision. According to this provision, for rent concessions directly caused by COVID-19 that meet the conditions, for example, rent remission and deferred payment of rent,

companies can choose to adopt simplified methods for accounting treatment.

The company adopts the simplified method for accounting all rent concessions within the scope the provision, and adjusted the relevant rent concessions from January 1, 2020 to the date of implementation of the provision accordingly.

As the lessee, this Company adopted simplified methods for treatment of relevant rent concessions in order to write down the operating costs, management expenses and sales expenses for the current period in the total amount of RMB 13,042,042.83.

As the lessee, this Company adopted simplified methods for treatment of relevant rent concessions in order to write down the operating costs for the current period, such rent simplification had no significant impact on the Company.

## 2. Changes in Significant Accounting Estimates

There were no changes in significant accounting estimates during the reporting period.

## 3. First implementation of the new revenue standards, and adjustment of related items of the financial statements at the beginning of the year

### Consolidated Balance Sheet

Item	Balance at the end of the previous year	Balance at the beginning of the year	Adjusted amount		
			Re-classification	Re-measurement	Total
Current Assets:					
Cash and Bank Balances	1,785,124,821.87	1,785,124,821.87			
Deposit Reservation for Balance					
Loans to Banks and Other Financial Institutions					
Trading Financial Assets	854,108,086.54	854,108,086.54			
Derivative Financial Assets					
Note's receivable					
Accounts receivable	5,337,855.43	5,337,855.43			
Receivables Financing					
Prepayments	17,221,603.54	17,221,603.54			
Premium Receivable					
Reinsurance Accounts Receivable					
Reinsurance Contract Reserves Receivable					
Other Receivables	125,573,266.78	125,573,266.78			
Buying Back the Sale of Financial Assets					
Inventory	6,110,221.56	6,110,221.56			
Contract Assets	Not applicable.				
Holding for-sale assets					
Non-current Assets Due within 1 Year					
Other Current Assets	127,570,975.96	127,570,975.96			
<b>Subtotal of Current Assets</b>	<b>2,921,046,831.68</b>	<b>2,921,046,831.68</b>			
Non-current Assets:					

Item	Balance at the end of the previous year	Balance at the beginning of the year	Adjusted amount		
			Re-classification	Re-measurement	Total
Granting of loans and advances					
Investment in Creditor's Rights					
Investment in Other Creditor's Rights					
Long-term Receivables					
Long-term Equity Investment	3,468,596,165.08	3,468,596,165.08			
Investment in Other Equity Instruments	300,959,931.64	300,959,931.64			
Other Non-current Financial Assets					
Investment Property					
Fixed Assets	2,311,251,277.89	2,311,251,277.89			
Projects under Construction	370,000,233.10	370,000,233.10			
Productive Biological Assets					
Oil and gas assets					
Intangible Assets	1,498,490,129.82	1,498,490,129.82			
Development Expenditure					
Goodwill	28,078,665.69	28,078,665.69			
Long-term unamortized expenses	112,440,627.02	112,440,627.02			
Deferred Income Tax Assets	9,148,452.39	9,148,452.39			
Other Non-current Assets	21,064,619.27	21,064,619.27			
<b>Subtotal of Non-current Assets</b>	<b>8,120,030,101.90</b>	<b>8,120,030,101.90</b>			
<b>Total Assets</b>	<b>11,041,076,933.58</b>	<b>11,041,076,933.58</b>	-		
Current Liabilities:					
Short-term loan					
Borrowings from the Central Bank					
Borrowings from Banks and Other Financial Institutions					
Transactional financial liabilities					
Derivative Financial Liabilities					
Notes Payable					
Accounts Payable	300,656,879.62	300,656,879.62			
Received Prepayments	351,733,456.28	39,894,552.94	-311,838,903.34		-311,838,903.34

Item	Balance at the end of the previous year	Balance at the beginning of the year	Adjusted amount		
			Re-classification	Re-measurement	Total
Contract liabilities	Not applicable	294,302,487.38	294,302,487.38		294,302,487.38
Financial Assets Sold for Repurchase					
Deposit Taking and Interbank Deposit					
Receiving from Vicariously Traded Securities					
Receiving from Vicariously Sold Securities					
Payroll payable	26,737,888.43	26,737,888.43			
Tax Payable	22,614,171.64	22,614,171.64			
Other Payables	63,299,348.02	63,299,348.02			
Service Charge and Commission Payable					
Reinsurance Accounts Payable					
Holding for-sale liabilities					
Non-current Liabilities Due within 1 Year					
Other Current Liabilities		17,536,415.96	17,536,415.96		17,536,415.96
<b>Subtotal of Current Liabilities</b>	<b>765,041,743.99</b>	<b>765,041,743.99</b>			
Non-current Liabilities:					
Insurance Contract Reserves					
Long-term loan					
Bonds Payable					
Including: Preferred Stocks					
Perpetual Bonds					
Long-term Payables					
Long-term payroll payable					
Expected Liabilities					
Deferred Income	382,872,318.90	382,872,318.90			
Deferred Income Tax Liabilities	10,771,548.18	10,771,548.18			
Other Non-current Liabilities					
<b>Subtotal of Non-current Liabilities</b>	<b>393,643,867.08</b>	<b>393,643,867.08</b>			
<b>Total Liabilities</b>	<b>1,158,685,611.07</b>	<b>1,158,685,611.07</b>			
Shareholders' Equity:					
Share Capital	1,452,607,800.00	1,452,607,800.00			
Other Equity Instruments					

Item	Balance at the end of the previous year	Balance at the beginning of the year	Adjusted amount		
			Re-classification	Re-measurement	Total
Including: Preferred Stocks					
Perpetual Bonds					
Capital Reserves	2,476,312,069.09	2,476,312,069.09			
Less: Treasury Share					
Other Comprehensive Incomes	-8,681,151.59	-8,681,151.59			
Special Reserves					
Surplus Reserves	517,673,268.35	517,673,268.35			
General Risk Reserves					
Undistributed Profits	5,176,157,180.79	5,176,157,180.79			
Total Shareholders' Equity Attributable to the Parent Company	9,614,069,166.64	9,614,069,166.64			
Minority Shareholders' Equity	268,322,155.87	268,322,155.87			
<b>Total Shareholders' Equity</b>	<b>9,882,391,322.51</b>	<b>9,882,391,322.51</b>			
<b>Total Liabilities and Shareholders' Equity</b>	<b>11,041,076,933.58</b>	<b>11,041,076,933.58</b>			

#### Balance Sheet of the Parent Company

Item	Balance at the end of the previous year	Balance at the beginning of the year	Adjusted amount		
			Re-classification	Re-measurement	Total
Current Assets:					
Cash and Bank Balances	645,534,966.84	645,534,966.84			
Trading Financial Assets	351,492,520.54	351,492,520.54			
Derivative Financial Assets					
Note's receivable					
Accounts receivable	1,269,835.09	1,269,835.09			
Receivables Financing					
Prepayments	2,458,855.65	2,458,855.65			
Other Receivables	1,100,294,815.74	1,100,294,815.74			
Inventory	2,465,844.42	2,465,844.42			
Contract Assets	Not applicable				
Holding for-sale assets					
Non-current Assets Due within 1 Year					
Other Current Assets	1,671,867.65	1,671,867.65			
<b>Subtotal of Current Assets</b>	<b>2,105,188,705.93</b>	<b>2,105,188,705.93</b>			
Non-current Assets:					
Investment in Creditor's					

Item	Balance at the end of the previous year	Balance at the beginning of the year	Adjusted amount		
			Re-classification	Re-measurement	Total
Rights					
Investment in Other Creditor's Rights					
Long-term Receivables					
Long-term Equity Investment	6,941,849,814.49	6,941,849,814.49			
Investment in Other Equity Instruments	294,665,442.88	294,665,442.88			
Other Non-current Financial Assets					
Investment Property					
Fixed Assets	503,463,063.75	503,463,063.75			
Projects under Construction	59,331,122.60	59,331,122.60			
Productive Biological Assets					
Oil and gas assets					
Intangible Assets	145,128,033.35	145,128,033.35			
Development Expenditure					
Goodwill					
Long-term unamortized expenses	10,183,821.75	10,183,821.75			
Deferred Income Tax Assets	7,476,137.89	7,476,137.89			
Other Non-current Assets	9,838,928.50	9,838,928.50			
<b>Subtotal of Non-current Assets</b>	<b>7,971,936,365.21</b>	<b>7,971,936,365.21</b>			
<b>Total Assets</b>	<b>10,077,125,071.14</b>	<b>10,077,125,071.14</b>			
Current Liabilities:					
Short-term loan					
Transactional financial liabilities					
Derivative Financial Liabilities					
Notes Payable					
Accounts Payable	44,171,004.81	44,171,004.81			
Received Prepayments	22,214,761.65	21,483,132.76	-731,628.89		-731,628.89
Contract liabilities	Not applicable	710,319.31	710,319.31		710,319.31
Payroll payable	12,673,534.31	12,673,534.31			
Tax Payable	4,818,330.21	4,818,330.21			
Other Payables	1,953,433,149.11	1,953,433,149.11			



Item	Balance at the end of the previous year	Balance at the beginning of the year	Adjusted amount		
			Re-classification	Re-measurement	Total
Holding for-sale liabilities					
Non-current Liabilities Due within 1 Year					
Other Current Liabilities		21,309.58	21,309.58		21,309.58
<b>Subtotal of Current Liabilities</b>	2,037,310,780.09	2,037,310,780.09			
Non-current Liabilities:					
Long-term loan					
Bonds Payable					
Including: Preferred Stocks					
Perpetual Bonds					
Long-term Payables					
Long-term payroll payable					
Expected Liabilities					
Deferred Income	5,620,598.89	5,620,598.89			
Deferred Income Tax Liabilities	9,983,693.86	9,983,693.86			
Other Non-current Liabilities					
<b>Subtotal of Non-current Liabilities</b>	15,604,292.75	15,604,292.75			
<b>Total Liabilities</b>	2,052,915,072.84	2,052,915,072.84			
Shareholders' Equity:					
Share Capital	1,452,607,800.00	1,452,607,800.00			
Other Equity Instruments					
Including: Preferred Stocks					
Perpetual Bonds					
Capital Reserves	2,478,350,525.70	2,478,350,525.70			
Less: Treasury Share					
Other Comprehensive Incomes	31,870,051.79	31,870,051.79			
Special Reserves					
Surplus Reserves	517,673,268.35	517,673,268.35			
Undistributed Profits	3,543,708,352.46	3,543,708,352.46			
<b>Total Shareholders' Equity</b>	8,024,209,998.30	8,024,209,998.30			
<b>Total Liabilities and Shareholders' Equity</b>	10,077,125,071.14	10,077,125,071.14			

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

Applicable  Not applicable

There are 5 newly merged units in this period, the reasons are:

New Merged Units This Year	Investment Ratio	Notes
Zhuhai Songcheng Performance Kingdom Co., Ltd	100%	New in 2020
Zhuhai Southern Film and Television Cultural Industry Co., Ltd.	100%	Acquire 100% equity in 2020
Zhuhai Huayin Landscaping Co., Ltd.	55%	55% holding subsidiary affiliated Zhuhai Southern Film and Television Cultural Industry Co., Ltd. acquired in 2020
Songcheng Brand Management Co., Ltd.	100%	New in 2020
Romance Show Management Co., Ltd.	100%	New in 2020

In the current period, the number of merged units was reduced by 2 due to:

Reduced Merged Units This Year	Investment Ratio	Notes
Hangzhou Songcheng Art Troupe Co., Ltd.	100%	Canceled in 2020
Zhejiang Songcheng Entertainment Culture Co., Ltd.	100%	Canceled in 2020

## VIII. Appointment and Dismissal of Accounting Firms

Currently appointed accounting firms

Names of domestic accounting firms	BDO China Shu Lun Pan CPAs (special general partnership)
Remuneration to domestic accounting firms (Unit: ten thousand yuan)	130
Years of continuous audit service of domestic accounting firms	20 years
Names of Certified Public Accountants from domestic accounting firms	Ni Yilin, Jiang Xuelian
The continuous period of audit service for certified public accountants in domestic accounting firms	2 years, 2 years

Whether to employ another accounting firm

Yes  No

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

Applicable  Not applicable

## IX. Delisting after Disclosure of Annual Report

Applicable  Not applicable

## **X. Bankruptcy and Restructuring**

Applicable  Not applicable

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

## **XI. Major Lawsuits and Arbitrations**

Applicable  Not applicable

There is no major lawsuit or arbitration in this year.

## **XII. Penalties and Rectification**

Applicable  Not applicable

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

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

Applicable  Not applicable

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

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

Applicable  Not applicable

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

## XV. Significant Related-party Transactions

### 1. Related transactions relevant to daily operations

√ Applicable □ Not applicable

Related transaction	Relation with related party	Type of related transaction	Content of the related - party transaction	Principle for pricing of related transaction	Price of related transaction	Amount of related transaction (RMB Ten Thousand)	Proportion in the number of similar transactions	Approved transaction limit (RMB Ten Thousand)	Whether the approved limit is exceeded	Settlement of related transaction	Available market price for similar transactions	Date of Disclosure	Disclosure Index
Hangzhou First World Hotel Co., Ltd.	Affiliated legal person	Recurring related transactions	On-line procurement of hotel products	Refer to the market price	282.04	282.04	1.32%	37,062.23	No	Cash and Bank Balances	282.04	Thursday, March 28, 2019	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Hangzhou Songcheng Industry Co., Ltd	Affiliated legal person	Recurring related transactions	On-line procurement of hotel products	Refer to the market price	634.3	634.3	2.96%	37,062.23	No	Cash and Bank Balances	634.3	Thursday, March 28, 2019	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Beijing Beite Shengdi Technology Development Co., Ltd.	Affiliate	Contingent related transactions	Delegation of the scenic spot-related projects	Refer to the market price	2915.6	2,915.60	3.02%	2,915.60	No	Cash and Bank Balances	2915.6		
Hangzhou First World Hotel Co., Ltd.	Affiliated legal person	Recurring related transactions	Ticket sales	Refer to the market price	143.58	143.58	0.67%	37,062.23	No	Cash and Bank Balances	143.58	Thursday, March 28, 2019	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

Related transaction	Relation with related party	Type of related transaction	Content of the related-party transaction	Principle for pricing of related transaction	Price of related transaction	Amount of related transaction (RMB Ten Thousand)	Proportion in the number of similar transactions	Approved transaction limit (RMB Ten Thousand)	Whether the approved limit is exceeded	Settlement of related transaction	Available market price for similar transactions	Date of Disclosure	Disclosure Index
Hangzhou Songcheng Industry Co., Ltd	Affiliated legal person	Recurring related transactions	Ticket sales	Refer to the market price	242.57	242.57	1.13%	37,062.23	No	Cash and Bank Balances	242.57	Thursday, March 28, 2019	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Hangzhou Songcheng Industry Co., Ltd	Affiliated legal person	Recurring related transactions	Leasing of the office space	Refer to the market price	251.62	251.62	9.75%	402.59	No (The rent of 4.5 months is reduced for related parties due to the epidemic)	Cash and Bank Balances	251.62	Thursday, March 28, 2019	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Hangzhou Songcheng Industry Co., Ltd	Affiliated legal person	Recurring related transactions	Leasing of the parking lot	Refer to the market price	622.51	622.51	24.11%	996.01	No (The rent of 4.5 months is reduced for related parties due to the epidemic)	Cash and Bank Balances	622.51	Saturday, December 17, 2016	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Hangzhou Songcheng Industry Co., Ltd	Affiliated legal person	Recurring related transactions	Leasing of the operating room in the	Refer to the market price	149.49	149.49	5.79%	239.18	No (The rent of 4.5 months is reduced	Cash and Bank Balances	149.49	Thursday, March 28, 2019	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

Related transaction	Relation with related party	Type of related transaction	Content of the related-party transaction	Principle for pricing of related transaction	Price of related transaction	Amount of related transaction (RMB Ten Thousand)	Proportion in the number of similar transactions	Approved transaction limit (RMB Ten Thousand)	Whether the approved limit is exceeded	Settlement of related transaction	Available market price for similar transactions	Date of Disclosure	Disclosure Index
			scenic spot						for related parties due to the epidemic)				
Hangzhou Songcheng Industry Co., Ltd	Affiliated legal person	Recurring related transactions	Leasing of the dormitory	Refer to the market price	160.06	160.06	6.20%	256.1	No (The rent of 4.5 months is reduced for related parties due to the epidemic)	Cash and Bank Balances	160.06	Thursday, March 28, 2019	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Hangzhou Songcheng Industry Co., Ltd	Affiliated legal person	Recurring related transactions	Leasing of the parking lot	Refer to the market price	296.66	296.66	11.49%	474.66	No (The rent of 4.5 months is reduced for related parties due to the epidemic)	Cash and Bank Balances	296.66	Thursday, March 28, 2019	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Hangzhou Songcheng Industry Co., Ltd	Affiliated legal person	Recurring related transactions	Leasing of the operating room in the	Refer to the market price	173.93	173.93	6.74%	278.28	No (The rent of 4.5 months is reduced	Cash and Bank Balances	173.93	Thursday, March 28, 2019	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

Related transaction	Relation with related party	Type of related transaction	Content of the related-party transaction	Principle for pricing of related transaction	Price of related transaction	Amount of related transaction (RMB Ten Thousand)	Proportion in the number of similar transactions	Approved transaction limit (RMB Ten Thousand)	Whether the approved limit is exceeded	Settlement of related transaction	Available market price for similar transactions	Date of Disclosure	Disclosure Index
			scenic spot						for related parties due to the epidemic)				
Hangzhou First World Hotel Co., Ltd.	Affiliated legal person	Recurring related transactions	Leasing of the operating room in the scenic spot	Refer to the market price	47.25	47.25	1.83%	75.6	No (The rent of 4.5 months is reduced for related parties due to the epidemic)	Cash and Bank Balances	47.25	Monday, February 29, 2016	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Hangzhou World Leisure Expo Park Co., Ltd	Affiliated legal person	Recurring related transactions	Leasing of the parking lot	Refer to the market price	431.82	431.82	16.73%	690.91	No (The rent of 4.5 months is reduced for related parties due to the epidemic)	Cash and Bank Balances	431.82	Thursday, March 28, 2019	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Hangzhou World Leisure Expo Park Co., Ltd	Affiliated legal person	Recurring related transactions	Leasing of the dormitory	Refer to the market price	67.73	67.73	2.62%	108.36	No (The rent of 4.5 months is reduced	Cash and Bank Balances	67.73	Thursday, March 28, 2019	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

Related transaction	Relation with related party	Type of related transaction	Content of the related-party transaction	Principle for pricing of related transaction	Price of related transaction	Amount of related transaction (RMB Ten Thousand)	Proportion in the number of similar transactions	Approved transaction limit (RMB Ten Thousand)	Whether the approved limit is exceeded	Settlement of related transaction	Available market price for similar transactions	Date of Disclosure	Disclosure Index
									for related parties due to the epidemic)				
Total				--	--	6,419.16	--	154,686.21	--	--	--	--	--
Details of major sales returned				N/A									
Actual performance during the reporting period where the total amount of daily related party transactions in the current period is estimated by category (if any)				N/A									
Reasons for the big difference between the transaction price and the reference market price, if applicable				Not applicable.									



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

Applicable  Not applicable

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

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

Applicable  Not applicable

Co-investor	Relation with related party	Name of the invested enterprise	Main business of the invested enterprise	Registered capital of the invested enterprise	Total assets of the invested enterprise (RMB Ten Thousand)	Net asset of the invested enterprise (RMB Ten Thousand)	Net profit of the invested enterprise (RMB Ten Thousand)
Ningbo Songcheng Qixian Investment Management Co., Ltd.	Affiliate	Ningno Songcheng Performance Live Entertainment Investment Partnership (limited partnership)	Equity investment, project investment, investment management, enterprise management and investment consultation	RMB 300 million	17,550.96	17,550.96	-102.44
Hangzhou Songcheng Group Holdings Co., Ltd, Ningbo Qixian Internet Investment Management Co., Ltd.	Controlling shareholder, affiliate	Ningno Songcheng Internet Entertainment Investment Partnership (limited partnership)	Project investment, investment management, enterprise management consultation, investment consultation and equity investment	RMB 125 million	7,180.58	7,100.58	-1,914.45
Shenzhen CGS Fund Management Co., Ltd., Qixian Equity Investment Management Co., Ltd.	Affiliated legal person, affiliate	Ningno Meishan Bonded Port Area Qixian Innovation Entertainment Investment Partnership (limited partnership)	Entertainment project investment, industrial investment, project investment, investment management, enterprise management consultation and investment management	RMB 155 million	7,334.14	7,331.64	-212.43

Progress of major projects under construction of the invested enterprise, if any	N/A
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Other notes: in September 2019, Songcheng Holdings (Thailand) Co., Ltd., a wholly-owned subsidiary of the Company, and Qiyun Holdings (Thailand) Co., Ltd., a related person, jointly established Songcheng (Pattaya) International Culture Co., Ltd. with the registered capital of THB 5 million, for which the parties paid THB 3.25 million and THB 750 thousand respectively, accounting for 65.00% and 15.00%. As at December 31, 2020, neither the Company nor the related persons have completed the contribution.

#### 4. Related-party creditor's rights and debts

Applicable  Not applicable

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

#### 5. Other major related transactions

Applicable  Not applicable

### XVI. Major Contracts and Their Performance

#### 1. Matters on trusteeship, contracting, and leasehold

##### (1) Matters on trusteeship

Applicable  Not applicable

No such case as custody during the reporting period.

##### (2) Contracting

Applicable  Not applicable

No such case as contracting during the reporting period.

##### (3) Leasing

Applicable  Not applicable

#### 2. Significant guarantees

Applicable  Not applicable

There is no guarantee during the reporting period.

### 3. Entrusting Others to Manage Cash Assets

#### (1) Entrusted Financing

Applicable  Not applicable

No such case as entrusted financing during the reporting period.

#### (2) Entrusted Loans

Applicable  Not applicable

No such case as entrusted loan during the reporting period.

### 4. Other Significant Contracts

Applicable  Not applicable

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

## XVII. Social Responsibilities

### 1. Fulfillment of Social Responsibilities

Since establishment, the Company, has been exploring in the cultural and tourist industry with the spirit of craftsmanship, and been devoted to cultivating the traditional culture and art of China with the idea of industry innovation, which formed a unique business model and made contributions to the dissemination of Chinese culture. In the past years, the Company stayed true to its mission, and insisted on fulfilling its corporate social responsibilities with the support from its operating performances such as continued expansion of businesses, year-on-year increase of visitors and stable profit growth. The company always adheres to the practice of corporate social responsibility, and promotes the prosperity and development of the Chinese culture and art in an all-round, three-dimensional and multi-angle manner through featured theme activities, public charity and other methods, so as to make its contribution to promotion of the Chinese traditional culture.

The Company brought magnificent art feasts for thousands of masses in the mountainous areas through "Songcheng Travel of Poverty Alleviation in Cultural Caravans", donated RMB 10 million to the areas ravaged by catastrophic floods in Ningxiang City, Hunan Province, helped Guilin, Zhangjiajie and Xi'an in poverty alleviation in the field of culture and art through its local projects, established "Culture and Art Poverty Alleviation Fund" by donation, and supported the development of the local culture. What traditional culture gives Songcheng is not only the inexhaustible source of creation, but also the special cultural feeling.

In September 2018, the Company initiated and established Zhejiang Songcheng Performance Art Development Foundation to "support the development of the national art and performance and the poverty alleviation in art". It was a new attempt of the Company in the field of public charity to better achieve the goal of "contributing to the society". The Foundation will promote the prosperous development of the Chinese culture and art in an all-round, three-dimensional and multi-angle manner through poverty alleviation in art, industry-university-research cooperation, funding of excellent projects and talents, driving of public culture activities and external exchange in art, making new efforts to carry forward the traditional culture of China.

## 2. Social responsibility fulfillment regarding targeted poverty alleviation

### (1) Plan for Targeted Poverty Alleviation

The Company earnestly responds to the call of the national, provincial and municipal authorities for poverty alleviation by fully displaying its own advantages and the advantages in industry, and by actively carrying out targeted poverty alleviation work.

### (2) Overview of Annual Targeted Poverty Alleviation

During the reporting period, the Company actively responded to the call of the Central Government “to win the battle against poverty” by carrying out the poverty alleviation work in the field of culture and art. During the reporting period, the Company and its subsidiaries also participated in public welfare activities such as donation to schools and donation for poverty alleviation.

### (3) Result of Targeted Poverty Alleviation

Indicator	Measurement Unit	Quantity/Implementation
I. Overview	---	---
II. Itemized investment	---	---
1. Poverty alleviation by industry development	---	---
2. Poverty alleviation by transfer and employment	---	---
3. Poverty alleviation by relocation	---	---
4. Educational poverty alleviation	---	---
5. Health poverty alleviation	---	---
6. Ecological poverty alleviation	---	---
7. Minimum guarantee	---	---
8. Social poverty alleviation	---	---
9. Others	---	---
III. Awards (content and level)	---	---

### (4) Plan for Subsequent Targeted Poverty Alleviation

In 2021, the Company will actively respond to the call of the national, provincial and municipal authorities about poverty alleviation by cooperating with the government departments at all levels to win the battle against poverty alleviation and fulfilling the social responsibilities and obligations.

## 3.Environmental Protection-related Matters

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

protection department

Yes  No

The listed company and its subsidiaries are not the key pollutant discharging units announced by the environmental protection department.

### **XVIII. Explanations to Other Significant Matters**

Applicable  Not applicable

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

### **XIX. Major Events of the Company's Subsidiaries**

Applicable  Not applicable

## Section VI Changes in Shares and Information about Shareholders

### I. Changes in Shares

#### 1. Changes in shares

Unit: share

	Before the change		Increase or decrease in the change (+, -)					After the change	
	Number	Percentage	Shares newly issued	Bonus shares	Shares converted from capital reserves	Others	Subtotal	Number	Percentage
I. Shares with limited sales condition	263,918,107	18.17%	0	0	180,437,715	-38,370,962	142,066,753	405,984,860	15.53%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state-owned legal persons	0	0.00%	0	0	0	0	0	0	0.00%
3. Other domestic shares	263,918,107	18.17%	0	0	180,437,715	-38,370,962	142,066,753	405,984,860	15.53%
Including: Shares held by domestic legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic natural persons	263,918,107	18.17%	0	0	180,437,715	-38,370,962	142,066,753	405,984,860	15.53%
4. Foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
Including: Shares held by overseas legal persons	0	0.00%	0	0	0	0	0	0	0.00%
	0	0.00%	0	0	0	0	0	0	0.00%

Shares held by foreign natural persons									
II. Shares without restrictions	1,188,689,693	81.83%	0	0	981,648,525	38,370,962	1,020,019,487	2,208,709,180	84.47%
1. RMB ordinary shares	1,188,689,693	81.83%	0	0	981,648,525	38,370,962	1,020,019,487	2,208,709,180	84.47%
2. Foreign shares list in China	0	0.00%	0	0	0	0	0	0	0.00%
3. Foreign shares listed in overseas	0	0.00%	0	0	0	0	0	0	0.00%
4. Other	0	0.00%	0	0	0	0	0	0	0.00%
III. Total	1,452,607,800	100.00%	0	0	1,162,086,240	0	1,162,086,240	2,614,694,040	100.00%

## Reasons for changes in shares

Applicable  Not applicable

(1) During the reporting period, 38,830,789 shares locked by executives were unlocked, and 459,827 shares locked by executives were added.

(2) During the reporting period, the Company implemented 2019 equity distribution plan: Taking the total share capital of 1,452,607,800 shares of 2019 as the basis, RMB 2.00 (tax included) of dividend for every 10 shares was distributed to all the shareholders, with a total cash dividend of RMB 290,521,560 and 8 shares capitalized from the capital reserves were distributed to all the shareholders for every 10 shares, with a total number of 1,162,086,240 shares. Upon such capitalization, the total share capital after conversion amounted to 2,614,694,040 shares.

## Approval for changes in shares

Applicable  Not applicable

(1) On April 27, 2020, the 6th meeting of the 7th Board of Directors and the 5th meeting of the 7th Board of Supervisors were held by the Company, which reviewed and approved the 2019 Proposal on Profit Distribution and Capital Reserve Capitalization. The proposal on profit distribution and capital reserve capitalization of the Company in 2019 was: Taking the total share capital of 1,452,607,800 shares of 2019 as the basis, RMB 2.00 (tax included) of dividend for every 10 shares was distributed to all the shareholders, with a total cash dividend of RMB 290,521,560 and 8 shares capitalized from the capital reserves were distributed to all the shareholders for every 10 shares, with a total number of 1,162,086,240 shares. Upon such capitalization, the total share capital amounted to 2,614,694,040 shares.

(2) On May 18, 2020, the annual shareholders' meeting was held by the Company in 2019, which reviewed and approved the 2019 Proposal on Profit Distribution and Capital Reserve Capitalization.

## Transfer for changes in shares

Applicable  Not applicable

During the reporting period, the appropriate procedures for the capitalized share capital have been completed at Shenzhen Branch, China Securities Depository and Clearing Corporation Limited.

## The progress on share repurchases

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

## 2. Changes in restricted stocks

Applicable  Not applicable

Unit: share

Name of Shareholder	Number Of Shares With Limited Sales Condition At The Beginning Of The Period	Number of increased shares with limited sales condition in current period	Number of unlocked shares with limited sales condition in current period	Number of shares with limited sales condition at the end of the period	Reasons for limited sales	Proposed date of lifting sales restriction
Huang Qiaoling	163,913,427	131,130,742		295,044,169	Shares locked by executives	In respect of the shares locked by executives, 75% of the total shares will be locked at the beginning of each year
Huang Qiaolong	41,181,934	32,945,547		74,127,481	Shares locked by executives	Ibid
Liu Ping	17,879,482	15,131,274		33,010,756	Shares locked by executives	Ibid
Liu Yan	38,741,884		38,741,884	0	Resignation of the director	It shall be executed as per the regulations on management of executive shares
Zhang Xian	902,767	722,214		1,624,981	Shares locked by executives	Ibid
Zhang Jiankun	686,103	548,882		1,234,985	Shares locked by executives	Ibid
Shang Lingxia	343,051	274,440		617,491	Shares locked by executives	Ibid
Chen Shengmin	180,554	144,443		324,997	Shares locked by executives	Ibid
Dong Xin	88,905		88,905		Resignation of the secretary	It shall be executed as per the regulations on management of



					to the Board of Directors	executive shares
Total	263,918,107	180,897,542	38,830,789	405,984,860	--	--

## II. Issuance and listing of securities

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

Applicable  Not applicable

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

Applicable  Not applicable

### 3. Existing shares held by internal staff of the Company

Applicable  Not applicable

## III. Particulars about the shareholders and actual controller

### 1. Total number of shareholders and their shareholdings

Unit: share

Total Number Of Common Shareholders At The End Of The Reporting Period	39,572	Total number of common shareholders at the end of previous month before the disclosure date of the annual report	53,817	Total number of preferred shareholders (if any) (refer to Note 9) whose voting rights have been recovered at the end of the reporting period	0	Total number of preferred shareholders (if any) (refer to Note 9) with resumed voting rights at the end of previous month before the disclosure date of the annual report	0	
Shareholding list of shareholders with over 5% shares or top ten shareholders								
Name of Shareholder	Nature Of Shareholder	Shareholding Percentage	Number of shares held at the end of the reporting period	Changes in the reporting period	Number of shares held with limited sales conditions	Number of shares held without limited sales condition	Pledges or freezings	
							State Of Shares	Number

Hangzhou Songcheng Group Holdings Co., Ltd	Domestic Non-state-owned Legal Person	29.48%	770,835,254	342,593,446	0	770,835,254	Pledge	122,400,000
Huang Qiaoling	Domestic Natural Person	11.83%	309,192,225	90,640,989	295,044,169	14,148,056		
Hong Kong Securities Clearing Company Ltd.	Overseas Legal Person	3.74%	97,849,470	66,514,862	0	97,849,470		
Huang Qiaolong	Domestic Natural Person	3.28%	85,836,643	30,927,397	74,127,481	11,709,162		
Industrial Bank Co., Ltd. - Xingquan Trend Investment Hybrid Type Securities Investment Fund	Others	2.21%	57,764,086	32,388,617	0	57,764,086		
Liu Yan	Domestic Natural Person	1.70%	44,553,289	2,897,395	0	44,553,289		
One One Two Combination of National Social Security Fund	Others	1.53%	39,889,483	39,889,483	0	39,889,483		
Liu Ping	Domestic Natural Person	1.37%	35,910,758	12,071,448	33,010,756	2,900,002		
One Zero Eight Combination of National Social Security Fund	Others	1.22%	32,000,000	32,000,000	0	32,000,000		
Puxin Investment Company - Customer Fund	Overseas Legal Person	1.16%	30,416,249	30,416,249	0	30,416,249		

Description of the association relationship or concerted action of above-mentioned shareholders	Hangzhou Songcheng Group Holdings Co., Ltd and Huang Qiaoling are the controlling shareholder and actual controller of the Company, respectively; Huang Qiaolong and Liu Ping are the related natural persons of the actual controller Mr. Huang Qiaoling.		
Shareholding list of top ten shareholders without limited sales condition			
Name of Shareholder	Number of shares held without limited sales condition at the end of the reporting period	Type of shares	
		Type of shares	Number
Hangzhou Songcheng Group Holdings Co., Ltd	770,835,254	RMB common stock	770,835,254
Hong Kong Securities Clearing Company Ltd.	97,849,470	RMB common stock	97,849,470
Industrial Bank Co., Ltd. - Xingquan Trend Investment Hybrid Type Securities Investment Fund	57,764,086	RMB common stock	57,764,086
Liu Yan	44,553,289	RMB common stock	44,553,289
One One Two Combination of National Social Security Fund	39,889,483	RMB common stock	39,889,483
One Zero Eight Combination of National Social Security Fund	32,000,000	RMB common stock	32,000,000
Puxin Investment Company - Customer Fund	30,416,249	RMB common stock	30,416,249
Industrial Bank Co., Ltd. - Xingquan New Vision Hybrid Type Initiated Securities Investment Fund with Flexible Setting and Regular Availability	26,279,865	RMB common stock	26,279,865
Industrial and Commercial Bank of China - Huitianfu Growth Focus Hybrid Type Securities Investment Fund	25,500,081	RMB common stock	25,500,081
Industrial and Commercial Bank of China Company Limited -	23,500,000	RMB common	23,500,000

Huitianfu Blue-chip Hybrid Type Securities Investment Fund with Stable, Flexible Setting		stock	
Explanation on associated relationship or persons acting in concert among top ten shareholders without limited shares, and between top ten shareholders without limited shares and top ten shareholders	Hangzhou Songcheng Group Holdings Co., Ltd and Huang Qiaoling are the controlling shareholder and the actual controller of the Company, respectively; Huang Qiaolong and Liu Ping are the related natural persons of the actual controller Mr. Huang Qiaoling.		

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

Yes  No

None of the Company's top ten common shareholders or top ten common shareholders without limited shares agreed on repurchase in the reporting period.

## 2. Particulars about the controlling shareholder

Nature of the controlling shareholder: Natural person-owned

Type of the controlling shareholder: legal person

Name of the controlling shareholder	Legal representative/unit head	Date of establishment	Organization Code	Main businesses
Hangzhou Songcheng Group Holdings Co., Ltd	Wang Pengyu	November 21, 1997	91330109255712632Y	Industrial investment
Equity interest of other listed companies, at home and abroad, controlled and jointly controlled by controlling shareholders during the reporting period	N/A			

Change of the controlling shareholders in the reporting period

Applicable  Not applicable

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

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

Nature of the actual controller: Domestic natural person

Type of the actual controller: Natural person

Name of the actual controller	Relationship with the actual controller	Nationality	Whether he/she has obtained the right of residence in another country or

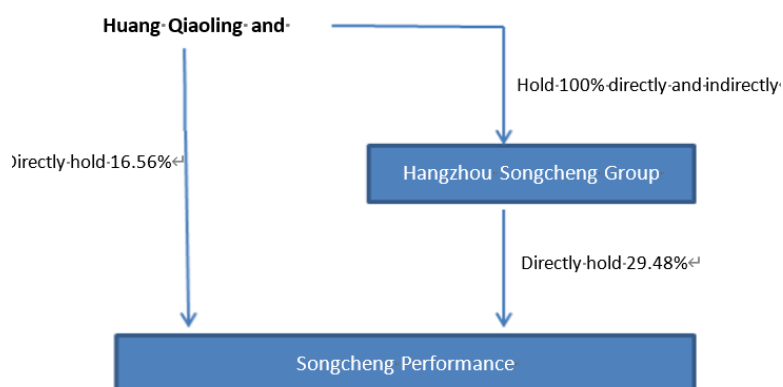
			region
Huang Qiaoling	Himself	China	No
Main occupation and title	Mr. Huang Qiaoling served as the chairman and president of Songcheng Tourism Development Co., Ltd from February 1999 to December 2000. He served as the chairman of Hangzhou Songcheng Group Holdings Co., Ltd from November 1997 to March 2013. He served as the chairman of Hangzhou World Leisure Expo Park Co., Ltd from August 2001 to March 2013. He has been serving as the chairman of this Company since December 2000.		
Information about other listed companies at home and abroad controlled in the last ten years	N/A		

Change of the actual controller in the reporting period

Applicable  Not applicable

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

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



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

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

## Section VII Information of Preferred Shares

Applicable  Not applicable

There are no preferred shares in the reporting period.

## Section VIII Convertible Corporate Bonds

Applicable  Not applicable

There are no convertible corporate bonds in the reporting period.

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

### I. Shareholding Changes of Directors, Supervisors and Senior Management

Name	Post	Position status	Gender	Age	Starting date of tenure	Termination Date of tenure	Number of shares held at the beginning of the period (share)	Number of shares increased in the period (share)	Number of shares decreased in the period (share)	Other changes (share)	Number of shares held at the end of the period
Huang Qiaoling	Chairman	Incumbent	Male	63	June 6, 2010	August 8, 2022	218,551,236		84,200,000	174,840,989	309,192,225
Huang Qiaolong	Director	Incumbent	Male	61	June 6, 2010	August 8, 2022	54,909,246		13,000,000	43,927,397	85,836,643
Zhang Xian	Director, President	Incumbent	Female	47	June 6, 2010	August 8, 2022	1,203,690			962,952	2,166,642
Zhang Jiankun	Director, Executive President	Incumbent	Male	57	March 20, 2013	August 8, 2022	914,804			731,843	1,646,647
Huang Hongming	Director	Incumbent	Male	49	April 26, 2019	August 8, 2022					
Shang Lingxia	Director, Executive Vice President	Incumbent	Female	46	August 12, 2013	August 8, 2022	457,402			365,921	823,323
Lanke	Independent Director	Incumbent	Male	71	August 21, 2015	August 8, 2022					
Liu Shuzhe	Independent Director	Incumbent	Male	64	August 8, 2019	August 8, 2022					
Yu Qinyi	Independent Director	Incumbent	Female	41	March 24, 2017	August 8, 2022					
Zhu Hualu	Supervisor	Incumbent	Female	66	June 6, 2010	August 8, 2022					
Yu Feng	Staff Supervisor	Incumbent	Female	45	August 12, 2013	August 8, 2022					
Xu Jie	Supervisor	Incumbent	Female	53	August 9, 2016	August 8, 2022	200			160	360
Zheng Qi	Vice President	Incumbent	Male	44	October 26, 2018	August 8, 2022					



Chen Shengmin	Secretary to the Board of Directors and Chief Financial Officer	Incumbent	Male	50	May 21, 2010	August 8, 2022	240,739			192,591	433,330
Total	--	--	--	--	--	--	276,277,317	0	97,200,000	221,021,853	400,099,170

## II. Changes of Directors, Supervisors and Senior Management

Applicable  Not applicable

## III. Positions

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

1. Mr. Huang Qiaoling: 63 years old, senior economist, Chinese nationality, without permanent residency abroad. Mr. Huang Qiaoling served as Chairman and President of Songcheng Tourism Development Co., Ltd. from February 1999 to December 2000; From November 1997 to March 2013, he served as Chairman of Songcheng Holdings; From August 2001 to March 2013, he served as Chairman of Hangzhou World Leisure Expo Park Co., Ltd. He has been serving as the chairman of this Company since December 2000.

2. Mr. Huang Qiaolong: 61 years old, college degree, economist, Chinese nationality, without permanent residency abroad. Mr. Huang Qiaolong served as Vice President and Chairman of Songcheng Holdings from March 2003 to November 2009. He has served as a director of the Company since December 2000.

3. Ms. Zhang Xian: 47 years old, master degree, a famous person in national publicity and cultural system, with the prestigious title of "Four Excellency" talent. Chinese nationality, without permanent residency abroad. Ms. Zhang Xian taught initially English and advanced to become Deputy Director of Nanhu Revolutionary Memorial Hall. In December 2000, she joined Songcheng Group as Deputy General Manager of Songcheng Holdings; From February 2002 to July 2003, she served as the General Manager of Songcheng Tourism Management Branch; From August 2003 to February 2007, she served as Vice President of Songcheng Holdings; From March 2007 to February 2009, she served as Vice President of the Company; From March 2009 to December 2010, she served as Executive President of the Company; She has served as a director of the Company since June 2010 and as President of the Company since December 2010.

4. Mr. Zhang Jiankun: 57 years old, college degree, Chinese nationality, without permanent residency abroad. From October 1994 to April 1999, Mr. Zhang Jiankun served as the director of Songcheng Real Estate Engineering Department; From May 1999 to February 2002, he served as the Engineering Department Manager of Hangzhou Huamei Science and Technology Education Investment Co., Ltd.; From March 2002 to February 2004, he served as Deputy General Manager of Songcheng Holding Engineering Construction Department; From March 2004 to February 2005, he served as Deputy General Manager of Landscape Real Estate; From March 2005 to February 2006, he served as General Manager of Songcheng Holdings Engineering Department; From March 2006 to February 2009, he served as Vice President of Landscape Real Estate; From March 2009 to February 2012, he served as Vice President of the Company; From March 2012 to December 2013, he served as Executive Vice President of the Company; He has been the Executive President of the Company since January 2013 and the director of the Company since February 2013.

5. Mr. Huang Hongming: 49 years old, bachelor degree, senior economist, Chinese nationality, without permanent residency abroad. Mr. Huang Hongming has been the Deputy General Manager of Songcheng Real Estate Company; Vice Chairman and President of Hong Kong Jinhui International Investment Group; Since September 2013, he has served as Executive President of Songcheng Holdings Company, and has served as a director of the Company since April 2019.

6. Ms. Shang Lingxia: 46 years old, bachelor degree, Chinese nationality, without permanent residency abroad. Ms. Shang Lingxia served as the secretary of Chairman of Songcheng Holdings from March 2001 to July 2003; From August 2003 to September 2005, she served as General Manager of Songcheng Tourism Management Subsidiary; From October 2005 to April 2008, she served as General Manager of Hangzhou World Leisure Expo Park Co., Ltd.; From May 2008 to November 2010, she served as General Manager of First World Hotel; From December 2010 to December 2017, she served as Vice President of the Company; She has served as a director of the Company since August 2013 and as Executive Vice President of the Company since January 2018.

7. Mr. Lanke: 71 years old, bachelor degree, professor, Chinese nationality, without permanent residency abroad. Mr. Lanke has been engaged in the research and teaching of Chinese folk culture for fourteen years. In 1989, he went to Shenzhen Overseas Chinese Town to participate in the planning and construction management of the Splendid China Folk Culture Village, and served as General Manager of Happy Valley and the Group's Tourism Development Department; from 2000 to 2003, he was President of Songcheng Group; later, he was Vice Chairman and senior advisor of Haichang Group, and has been an independent director of the Company since August 2015.

8. Mr. Liu Shuzhe: 64 years old, master degree, senior economist, Chinese nationality, without permanent residency abroad. Mr. Liu Shuzhe has served as loan officer of Jiande Sub-branch of People's Bank of China, Deputy Head of Xiaoshan Sub-branch of Industrial and Commercial Bank of China, Chief, Deputy Director and Vice President of Hangzhou Branch of Industrial and Commercial Bank of China, and has been an independent director of the Company since August 2019.

9. Ms. Yu Qinyi: 41 years old, master degree, Chinese nationality, without permanent residency abroad. From July 2005 to December 2009, she served as strategic investment consultant of Zhongxin Zhongliang Lianxing Co., Ltd.; Since January 2010, she has been a certified public accountant of Zhejiang Herui Certified Public Accountants Co., Ltd., and has been an independent director of the Company since March 2017.

10. Ms. Zhu Hualu: 66 years old, college degree, Chinese nationality, without permanent residency abroad. From January 1995 to January 2005, Ms. Zhu Hualu served as Art Department Manager, General Manager Assistant and Executive Deputy General Manager of Hangzhou World City Songcheng Real Estate Co., Ltd., and Vice President of Hangzhou Songcheng Group Holdings Co., Ltd.; She has served as Chairman of the Board of Supervisors of the Company since December 2000.

11. Ms. Yu Feng: 45 years old, bachelor degree, Chinese nationality, without permanent residency abroad. Ms. Yu Feng served as Deputy Manager of Xiaoshan International Hotel from October 1995 to June 2003; From August 2003 to July 2004, she served as Deputy Manager of Human Resources Department of Hangzhou Paradise; From August 2004 to November 2006, she served as HR Manager of Hangzhou Landscape Real Estate Co., Ltd. and HR Manager of Hangzhou World Leisure Expo Park Co., Ltd.; From December 2006 to April 2011, she served as Director of Human Resources Department and Deputy General Manager of general manager office of Hangzhou First World Hotel Co., Ltd.; From April 2011 to December 2012, she served as Deputy Director of Human Resources Department of Hangzhou Songcheng Group Holdings Co., Ltd.; From January 2013 to December 2015, she served as Director of Hangzhou First World Hotel Co., Ltd. and Deputy General Manager of the administrative office; From January 2016 to December 2017, she served as General Manager of Hangzhou Songcheng Tourism Development Co., Ltd.; She has served as President Assistant of the Company since January 2018, and has served as supervisor of the Company since August 2013.

12. Ms. Xu Jie, 53 years old, assistant ideological and political worker, Chinese nationality, without permanent residency abroad. From June 1999 to February 2002, Ms. Xu Jie served as Deputy Manager of Real Estate Marketing Department of Hangzhou Xianghu Green Valley Tourism Development Co., Ltd. From March 2002 to June 2002, she served as Deputy Manager of Early Stage Department of Hangzhou Nandu Songcheng Real Estate Co., Ltd.; From July 2002 to May 2006, she served as Property Manager of Hangzhou World Leisure Expo Park Co., Ltd.; From June 2006 to December 2008, she served as Property Manager of Hangzhou Songcheng Landscape Real Estate Co., Ltd.; From February 2009 to December 2010, she served as General Manager Assistant of Hangzhou Songcheng Group Property Services Co., Ltd.; Since January 2010, she has served as Deputy General Manager of Hangzhou World Leisure Expo Park Co., Ltd., and since August 2016, she has served as supervisor of the Company.

13. Mr. Zheng Qi: 44 years old, college degree, Chinese nationality, has served as Sales Manager of the mobile phone business unit of the Market Development Department of China Putian Hangzhou Subsidiary; Manager of Jiangsu and Hubei Regions of

Mobile Communications Division of East China Representative Office of Ericsson China Investment Co., Ltd.; General Manager of Energy Division of Aerospace Communications Holding Group Co., Ltd.; Deputy general manager of Zhejiang Aerospace Electronic Information Industry Co., Ltd. Since December 2013, he has served as Executive Director and General Manager of Lijiang Chama Ancient City Tourism Development Co., Ltd, Chairman and General Manager of Aba Zhou Jiuzhai Romance Tourism Development Co., Ltd, Director and General Manager of Guilin Lijiang Romance Performance Development Co., Ltd, Director and General Manager of Jiuzhaigou Tibetan Mystery Culture Co., Ltd and President Assistant of Songcheng Performance Development Co., Ltd, and has served as Vice President of the Company since October 2018.

14. Mr. Chen Shengmin: 50 years old, college degree, accountant, Chinese nationality, without permanent residency abroad. From March 2002 to March 2004, Mr. Chen Shengmin served as the lead accountant of Finance Department of the Leyuan Tourism; From April 2004 to February 2005, he served as the Finance Manager of the Leyuan Tourism; From March 2005 to July 2007, he served as Finance Manager of Landscape Real Estate; He has been Chief Financial Officer of the Company since July 2007 and the Secretary of the board of directors of the Company since May 2017.

Position held in shareholders entities

Applicable  Not applicable

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

Position held in other entities

Applicable  Not applicable

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

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

Applicable  Not applicable

#### IV. Remuneration of Directors, Supervisors and Senior Management

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

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

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

Actual payment of the remuneration of directors, supervisors and senior management personnel: RMB 3,808,500  
Remuneration of directors, supervisors and senior management in the reporting period of the Company

Unit: ten thousand RMB

Name	Post	Gender	Age	Position status	Total remuneration from the Company before tax	Whether to receive remuneration from related parties or not
Huang Qiaoling	Chairman	Male	63	Incumbent	62.85	No
Huang Qiaolong	Director	Male	61	Incumbent		Yes
Zhang Xian	Director, President	Female	48	Incumbent	62.85	No
Zhang Jiankun	Director, Executive President	Male	57	Incumbent	56.81	No
Huang Hongming	Director	Male	49	Incumbent		Yes
Shang Lingxia	Director, Executive Vice President	Female	46	Incumbent	53.25	No
Lanke	Independent Director	Male	71	Incumbent	5	No
Liu Shuzhe	Independent Director	Male	64	Incumbent	5	No
Yu Qinyi	Independent Director	Female	41	Incumbent	5	No
Zhu Hualu	Chairman of the Board of Supervisors	Female	66	Incumbent	5	No
Yu Feng	Staff Supervisor	Female	45	Incumbent	33.23	No
Xu Jie	Supervisor	Female	53	Incumbent		Yes
Zheng Qi	Vice President	Male	44	Incumbent	48.96	No
Chen Shengmin	CFO and Secretary of the Board	Male	50	Incumbent	42.9	No
Total	--	--	--	--	380.85	--

Share incentives for the Company's directors, supervisors and senior executives in the reporting period

Applicable  Not applicable

## V. Employees in the Company

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

Number of incumbent employees in the parent company (person)	143
Number of incumbent employees in major subsidiaries (person)	1,298
Total number of incumbent employees (person)	1,441
Number of employees receiving salaries in current period (person)	1,441
Number of retired employees requiring the parent company and major subsidiaries to bear their costs	0
Profession composition	
Type of profession composition	Number of employees for profession composition (person)
Production personnel	451
Salesperson	94
Technical personnel	253
Financial personnel	85
Administrative personnel	75
Executive personnel	192
Service personnel	291
Total	1,441
Educational background	
Type of educational background	Number of employees (person)
Junior high school and below	110
High school/technical secondary school	313
Junior college	556
Bachelor	437
Master and above	25
Total	1,441

### 2. Remuneration policies

The Company set up an extensive "H" broadband salary system, which not only provides a promotion channel and platform for management positions, but also encourages employees to get salary rises through improvement of their skills and

professionalism. We evaluate and adjust employees' salaries based on the Company's operating performance, employees' appraisal results, work performance, social and economic developments, price level and regional differences, and advocate a salary confidentiality system.

Salary is composed of post salary, various subsidies, benefits and bonuses. The salary of management personnel consists of basic salary, post salary, performance salary and allowance; the salary of employee-level positions consists of basic salary, performance salary and allowance. Among them, the basic salary and performance salary are verified according to the management level and performance appraisal scheme, and the performance salary of employees is closely linked with the Company's operating performance. The post salaries for the management personnel at supervisor level or above are determined according to their management level.

### 3. Training plan

(1) The Company is committed to building a comprehensive talent training system and a scientific talent promotion mechanism to help the Company achieve its strategic goals and continuously improve the all-round ability of its employees. The Company provides employees with professional development opportunities, and continuously provides key employees and middle and senior managers who conform to Songcheng's corporate culture and possess excellent professional skills and management talents for new projects, which not only provides a platform for talent growth, but also facilitates the healthy development of the Company. The cultivation and promotion of talents are the main components of the annual KPI for each manager of the Company and also an important part in assessing the responsibility system of annual business objectives of the company. The Company attaches great importance to the cultivation of talents, and gives notices of praise and material rewards to subsidiaries that have made outstanding contributions to the cultivation of talents.

(2) The Company has established a sound staff training system and internal trainer training system, and has formulated targeted training programs such as "Induction Training", "Job Skills Training", "General Skills Training", "Professional Skills Upgrading Training", "Professional Skills Upgrading Training", "Management Skills Training", "Internal Trainer Training (TTT)", "Songcheng Star Training Class", "Artistic Performance and Management", and intensive training classes within each vertical management system. Especially, the "Songcheng Star Training Class" focuses on training excellent managers and outstanding backbone personnel for the Company, and a number of management backbone personnel have taken up important management positions. The Company has established ten vertical management systems, held vertical management meetings regularly, and carried out various forms of training every year to improve the business and management skills of their employees within the system. Each vertical department of the Group regularly visits each subordinate company for work inspection every year. In addition to such inspections, the excellent work experience and cases of each company are also shared within the system. The Company continued to carry out various forms of talent selection examinations and training programs in 2020 to reserve various types of management-oriented talents for the Company's strategic objectives.

(3) The Company helps the growth of talents through a combination of internal and external trainings. We have cooperated with many external professional training institutions to constantly update and strengthen the professional knowledge and practical skills of our talents in administration, human resources, finance and taxation, marketing, planning, business and management. Moreover, the Company has set up "Songcheng Group Network College" to create a good learning atmosphere for internal employees to attend online training anytime and anywhere, and the Company also encourages each department to use the excellent courses broadcast live on the Internet for internal trainings. The Company also encourages employees to improve their academic qualifications and participate in professional title and qualification examinations.

(4) The Company has held a variety of theme activities such as "Skills Competition", "Excellent Staff and Management Travel Inspection", "Employee Outward Bound", "Staff Four Seasons Theme Activities" and "Internal Trainer Salon Activities" to enrich its

training programs. All skill competition programs, especially the annual skill competition, serve to improve the business skills and comprehensive skills of employees. Through business skills competition, debate competition, host competition, poetry competition, work innovation and other projects, the Company cultivates talents who can "do, speak, write and innovate".

(5) The Company registered an official corporate culture publicity account named "Songcheng people" on WeChat, so as to display various corporate culture activities organized by the Company to employees, and strengthen the publicity of award-winning employees such as "the Most Beautiful Songcheng people", "Star Employees" and "Excellent Interns", thus creating an excellent corporate culture atmosphere and advocating all employees to achieve excellence. Employees can also leave messages on WeChat, and any suggestions and opinions about the Company can be sent to the chairman's mailbox. In addition, the Company shall strengthen the interaction and communication between its management and the employees, and implement excellent and feasible suggestions put forward by employees. The WeChat account also has the function of points exchange, employees who have signed in may redeem the corresponding prizes, enabling the employees to focus on and recognize the Company's corporate culture.

#### 4. Labor outsourcing

Applicable  Not applicable

Total hours of labor outsourcing (hours)	1,210,380
Total remuneration paid for labor outsourcing (RMB)	23,844,490.08

## Section X Corporate Governance

### I. Basic Situation on Corporate Governance

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

#### 1. About Shareholders and Shareholders' Meetings

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

#### 2. About the Company and the Controlling Shareholders

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

#### 3. About the Directors and the Board of Directors

The Company elects directors in strict accordance with the selection and appointment procedures stipulated in the *Articles of Association*; the Board of Directors of the Company has nine directors, including three independent directors, accounting for one-third of all directors, and the number and composition of the Board of Directors are in compliance with laws and regulations and the requirements of the *Articles of Association*. All directors of the Company shall carry out their work in accordance with the *Rules of Procedure of the Board of Directors* and the *Management System of Independent Directors*, attend the board meetings and shareholders' meetings timely, actively participate in relevant professional training and familiarize themselves with relevant laws and regulations.

#### 4. About the Supervisors and Board of Supervisors

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

#### 5. Performance Evaluation & Incentive and Restraint Mechanism

The Company has gradually established a fair and transparent performance evaluation standards and incentive and restraint



mechanisms for directors, supervisors and senior management (managers), and the appointment of senior management (managers) of the Company is open and transparent and in compliance with the laws and regulations.

#### 6. Relevant stakeholders

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

#### 7. Information Disclosure and Transparency

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

Whether the actual status of corporate governance significantly deviates from the regulatory documents issued by the China Securities Regulatory Commission regarding the governance of listed companies.

Yes  No

There is no significant difference between the actual situation of corporate governance and the regulatory documents on the governance of listed companies issued by China Securities Regulatory Commission.

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

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

## III Horizontal competition

Applicable  Not applicable

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

### 1. The shareholders' meetings for this reporting period

Conference Session	Conference Type	Percentage of Investors Involved	Date of Conference	Date of Disclosure	Disclosure Index
Shareholders' General Meeting in 2019	Annual General Meeting	58.04%	Monday, May 18, 2020	Monday, May 18, 2020	<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>

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

Applicable  Not applicable

## V. The performance of the duties of independent directors during the reporting period

### 1. Attendance of independent directors in the board of directors and shareholders' meeting

Attendance of independent directors at the BOD meeting and shareholders' general meetings							
Name of independent director	Number of board meetings to attend during the reporting period	Number of on-site attendance of board meetings	Number of attendance of board meetings by means of telecommunications	Number of attendance of board meetings by entrusts	Number of absence at board meetings	Whether absent from board meetings in person for two consecutive times	Number of attendance of shareholders' general meetings
Lanke	5	5				No	1
Liu Shuzhe	5	5				No	1
Yu Qinyi	5	5				No	1

### 2. Objections of independent directors to related issues of the company

Whether the independent directors challenge the company's related issues?

Yes  No

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

### 3. Other information on independent directors' performance of duties

Whether independent director's proposals on the company issues are accepted

Yes  No

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

During the reporting period, all reasonable suggestions put forward by the independent directors to the Company have been adopted.

## VI. Performance of duties of the special committee under the board of directors during the reporting period

### 1. Performance of Duties by the Audit Committee

According to the *Rules of Work of the Audit Committee of the Board of Directors* of the Company, the Audit Committee has given full play to its role of audit and supervision and is mainly responsible for financial supervision and verification work of the Company, as well as the communication and coordination with external auditors. The Audit Committee verified the internal control of the Company in 2020 and considered that the internal control system already established by the Company is in compliance with

the relevant regulations and can effectively control the relevant risks. In 2020, the Audit Committee focused on the Company's periodic financial reports, production and operation control, use of funds raised, and capital appropriation by controlling shareholders and related parties. The Audit Committee conducted a summary and evaluation of the work of the accounting firm engaged in the annual audit of the Company, and put forward the suggestion of renewing the employment of the accounting firm.

## **2. Performance of Duties of the Remuneration and Appraisal Committee**

During the reporting period, the Remuneration and Appraisal Committee of the Board of Directors of the Company diligently performed its duties in accordance with relevant regulations and the provisions of the Articles of Association and the Rules of Procedure of the Remuneration and Appraisal Committee of the Board of Directors, and reviewed matters such as the remuneration of directors and senior management in 2020.

## **3. Performance of Duties by the Nomination Committee**

During the reporting period, the Nomination Committee of the Board of Directors actively performed its duties in accordance with relevant regulations and the provisions of *Articles of Association* and *Rules of Procedure of the Nomination Committee of the Board of Directors*, and put forward feasible guidance and requirements for construction of a talent team for sustainable development of the Company.

## **4. Performance of Duties by the Strategy Committee**

During the reporting period, the Strategy Committee of the Board of Directors reviewed and summarized the implementation of the Company's strategy in accordance with relevant regulations and the provisions of *Articles of Association* and *Rules of Procedure of the Strategy Committee of the Board of Directors*, and timely conducted a study on strategic planning according to the market situation and the industry in which the Company is engaged in, and put forward reasonable suggestions on implementation of the development strategy according to the actual situation of the Company.

## **VII. Work of the Board of Supervisors**

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

Yes  No

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

## **VIII. Evaluation and Incentive Mechanisms for Senior Management**

In accordance with *Remuneration Management System for Directors, Supervisors and Senior Management*, the Company has established a performance appraisal and incentive and restraint mechanism linking the remuneration of senior management with the Company's performance, and the Company has implemented a remuneration system combining basic annual salary and year-end performance appraisal for senior management.

Based on the achievement of the Company's annual operating objectives and the performance of senior management, the Remuneration and Appraisal Committee of the Board of Directors conducts annual performance appraisal of senior management and supervises the implementation of the remuneration system. The Company, in turn, pays their annual performance salary and provides rewards and punishments based on the results of the performance appraisal. The Remuneration and Appraisal Committee of the Board of Directors of the Company, after assessing the senior management of the Company based on the actual situation, unanimously agreed that the remuneration plan of the senior management of the Company for the year 2020 has strictly implemented the remuneration management system of the Company.

## IX. Internal Control Assessment Report

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

Yes  No

### 2. Internal control self-evaluation report

Date of full-text disclosure for internal control assessment report	Thursday, April 22, 2021	
Full-text disclosure index for internal control assessment report	For details, see <i>2020 Annual Internal Control Self-Evaluation Report</i> published by the company on <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> on April 22, 2021	
Percentage of total asset from units included in the assessment out of the total asset from the company's consolidated financial statements	63.24%	
The proportion of operating income of parties included in the assessment to the operating income from the Company's consolidated financial statements	79.38%	
Defect identification criteria		
Category	Financial Report	Non-financial reports
Qualitative standards	<p>A material deficiency in internal control over financial reporting is considered to exist if:</p> <p>(1) The Company's control environment is ineffective;</p> <p>(2) Fraud by any of the directors, supervisors and senior management;</p> <p>(3) The Certified Public Accountant finds that there is a material misstatement in the current financial report, however, the Company's internal control fails to detect such misstatement in the course of operation;</p> <p>(4) Ineffective supervision of internal</p>	<p>The Company is deemed to have a material deficiency in internal control not related to financial reporting if the following circumstances occur:</p> <p>(1) The Company's operating activities seriously violate national laws and regulations;</p> <p>(2) Unscientific decision-making procedures, resulting in major mistake in decision-making, which causes significant property losses to the Company;</p> <p>(3) Significant loss of key management personnel or technical personnel;</p> <p>(4) Frequent occurrence of negative news or reports, which aroused great concern of regulatory authorities and cannot be eliminated in a long period of time.</p> <p>Significant deficiency: A deficiency that, alone or in</p>

	control by the Company's Audit Committee and internal audit department. Significant deficiency: A deficiency that, alone or in combination with other deficiencies, is less serious than a material deficiency but may still cause the Company to deviate from its control objectives. General deficiency: Other internal control deficiencies that do not constitute a material deficiency or a significant deficiency.	combination with other deficiencies, is less serious than a material deficiency but may still cause the Company to deviate from its control objectives. General deficiency: Other internal control deficiencies that do not constitute a material deficiency or a significant deficiency.
Quantitative standards	Potential misstatement of total profits, material deficiency: misstatement $\geq 5\%$ of total profits; significant deficiency: 2% of total profits $\leq$ misstatement $< 5\%$ of total profits; general deficiency: misstatement $< 2\%$ of total profits	Property losses caused by deficiencies, material deficiency: property losses caused by deficiencies $\geq 5\%$ of total profits; significant deficiency: 2% of total profits $\leq$ property losses caused by deficiencies $< 5\%$ of total profits; general deficiency: property losses caused by deficiencies $< 2\%$ of total profits
Number of material weakness in financial reports		0
Number of material weakness in non-financial reports		0
Number of significant deficiency in financial reports		0
Number of significant deficiency in non-financial report		0

## X. Internal Control Audit Report or Assurance Report

### Internal Control Assurance Report

Deliberations Paragraph in the Internal Control Assurance Report	
In our opinion, your company has maintained effective internal control related to financial statements in all major aspects in accordance with the <i>Basic Norms of Enterprise Internal Control</i> and relevant regulations promulgated by the five ministries including the Ministry of Finance as at December 31, 2020. This conclusion was formed under the inherent limitations indicated in the assurance report.	
Disclosure in the Internal Control Assurance Report	Disclosure
Date of full-text disclosure for the internal control assurance report	Thursday, April 22, 2021
Full-text disclosure index for the	For details, please refer to the <i>Internal Control Assurance Report of Songcheng Performance</i>

internal control assurance report	<i>Development Co., Ltd</i> published by the company on <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> on April 22, 2021
Opinion type in the internal control assurance report	Standard unqualified opinion
Whether there are material deficiencies in the non-financial reports	No

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

Yes  No

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

Yes  No

## **Section XI Corporate Bonds**

Whether the Company has corporate bonds which have been publicly issued and listed on the stock exchange and have not matured or are not fully redeemed at the approval date of annual report

No

## Section XII Financial Report

### I. Audit Reports

Audit opinion type	Standard Unqualified Opinion
Signature Date of audit report	Thursday, April 22, 2021
Name of audit institution	BDO China Shu Lun Pan CPAs (special general partnership)
Audit report ref.	Xin Kuai Shi Bao Zi [2021] No.ZA11461
Name of Certified Public Accountant	Ni Yilin, Jiang Xuelian

Audit Report Text

Xin Kuai Shi Bao Zi [2021] No.ZA11461

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

#### I Opinion

We audited the financial statements of Songcheng Performance Development Co., Ltd. (hereinafter referred to as Songcheng Performance), including the consolidated and parent company Balance Sheet as of December 31, 2020, as well as the consolidated and parent company income Statement, consolidated and parent company Cash Flow Statement, consolidated and parent company Statement of Shareholder's Equity Changes, and notes to relevant financial statements in 2020.

In our opinion, the attached financial statements are prepared in accordance with "Accounting Standards for Business Enterprises" in all major aspects, and fairly reflect the financial situation of the merger and the parent company of Songcheng Performance as of December 31, 2020, as well as the operating situation and cash flow of Songcheng Performance and its parent company in 2020.

#### II Basis for Our Opinion

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

#### III Key Audit Matters

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

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

Key Audit Matters	How the matter was addressed in the audit
<b>(I) Recognition of revenue</b>	
Since January 1, 2020, the company has implemented the "Accounting Standards for Business Enterprises No. 14-Revenue" (hereinafter referred to as the "New Revenue Standards") revised by the Ministry of Finance in 2017. The Operating Income of Songcheng Performance is mainly from	The main audit procedures we performed for revenue recognition include: 1. Understand and evaluate the design and operation effectiveness of internal control related to revenue recognition of the company;



<p>cultural and artistic live performances.</p> <p>According to Note 5 (27) of the financial report, the specific principles for recognition of revenue from cultural and artistic live performances are as follows: The company provides scenic spots and live performance services. Different ticket prices are set according to the types of tourists. Tourists have right to watch live performances at the scenic spot after purchasing tickets and entering the scenic spots. When the ticket amount has been collected or the right to receive payment has been obtained, the revenue should be generated.</p> <p>In 2020, the revenue of cultural and artistic live performances was RMB 636,915,500, accounting for 70.57% of the consolidated total income. Since revenue is one of key performance indicators of the company, there may be inherent risks of the management manipulating revenue recognition in order to achieve specific goals or targets. For this reason, we take revenue recognition as a key issue for audit.</p>	<ol style="list-style-type: none"> <li>2. Check the contracts of the company, identify the contract terms and conditions related to the recognition of Operating Revenue, and evaluate if revenue recognition of the company meets the requirements of the new revenue standards;</li> <li>3. Perform letter verification procedures to verify the Account Receivable balance and Sales Revenue amount for authenticity and completeness;</li> <li>4. Verify the company revenue for accuracy and completeness by checking the records of the business system or order records from third-party platform;</li> <li>5. Perform analysis on Operating Revenue, and ensure logical rationality of revenue recognition based on the amount of Operating Revenue, cash flow, and taxes. Analyze reasons for abnormal changes by comparing revenue over the same period.</li> <li>6. Check the supporting documents related to revenue confirmation by sampling, including: system orders, admission orders, receipts, gate records, ticketing records and other documents to evaluate the occurrence, authenticity and deadline of Operating Revenue.</li> </ol>
<b>(2) Long-term Equity Investment Impairment test of Beijing Huafang Technology Co., Ltd.</b>	
<p>As listed in Note 7 (8) of the consolidated financial statements, as of December 31, 2020, the company's Long-term Equity Investment in Beijing Huafang Technology Co., Ltd. was originally valued at RMB 3,354,224,700, and provision for Long-term Equity Investment Impairment of RMB 1,861,297,300 was made in the current period, with book value of RMB 1,492,927,400.</p> <p>In our opinion, the amount of Long-term Equity Investments Impairment has a significant impact on the financial statements. The management is required to make significant judgments based on evaluation and testing. Therefore, we recognize the impairment assessment of this asset as a key issue for audit.</p>	<p>Our audit procedures for testing of Long-term Equity Investments Impairment mainly include:</p> <ol style="list-style-type: none"> <li>1. Understand and evaluate the effectiveness of the company internal control design and implementation related to Long-term Equity Investments Impairment;</li> <li>2. Understand and evaluate the operating result and financial position of the invested company, discuss with the management to understand and evaluate the methods used in the testing of Long-term Equity Investments Impairment, including the reasonableness of the assumptions such as future revenue forecast and cash flow discount rate , judgment and evaluation of profitability of the components;</li> <li>3. Understand and evaluate the assessment specialists, hired by the management, for their competence, professionalism and objectivity;</li> </ol>

	<p>4. We hired external assessment specialists to assist us to review impairment testing. We have considered their competence, professionalism and objectivity;</p> <p>5. We evaluated whether the evaluation method of Long-term Equity Investments Impairment test was reasonable;</p> <p>6. We evaluated whether the key assumptions of Long-term Equity Investments Impairment test were appropriate;</p> <p>7. We evaluated whether the calculation process of forecasting future net cash flow and the selection of discount rate calculation model were reasonable during Long-term Equity Investment Impairment test.</p>
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#### **IV Other Information**

The management of Songcheng Performance (hereinafter referred to as "the management") is responsible for other information. Other information includes the information covered in annual report of Songcheng Performance of Year 2020, but the financial statements and our audit report are excluded.

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

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

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

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

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

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

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

#### **VI CPA'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 audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

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

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

(2) Obtain an understanding of internal control relevant to the audit in order to design appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

(4) Conclude on the appropriateness of using the going concern assumption by the Management. At the same time, based on the obtained audit evidence, a conclusion can be drawn on whether there are material uncertainties in matters or circumstances that may cause significant doubt on going concern ability of Songcheng Performance. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the information available up to the date of our audit report. However, future events or circumstances may cause Songcheng Performance unable to continue its operations.

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

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

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

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

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

**(No text below)**

**BDO China Shu Lun Pan CPAs**  
**Certified Public Accountant:**  
**(Special general partnership) (Project partner)**

**Certified Public Accountant:**

Shanghai, China

April 22, 2021

## II. Financial Statements

Units of financial reports in the notes: yuan

### 1. Consolidated Balance Sheet

Prepared by: Songcheng Performance Development Co., Ltd.

December 31, 2020

Unit: RMB

Item	December 31, 2020	December 31, 2019
Current Assets:		
Cash and Bank Balances	1,337,776,253.98	1,785,124,821.87
Deposit Reservation for Balance		
Loans to Banks and Other Financial Institutions		
Trading Financial Assets	335,217,557.68	854,108,086.54
Derivative Financial Assets		
Note's receivable		
Accounts receivable	5,887,012.36	5,337,855.43
Receivables Financing		
Prepayments	21,934,226.54	17,221,603.54
Premium Receivable		
Reinsurance Accounts Receivable		
Reinsurance Contract Reserves Receivable		
Other Receivables	50,524,990.69	125,573,266.78
Including: interest receivable		
Dividends Receivable		
Buying Back the Sale of Financial Assets		
Inventory	13,424,146.50	6,110,221.56
Contract Assets		
Holding for-sale assets		
Non-current Assets Due within 1 Year		
Other Current Assets	148,641,404.47	127,570,975.96
Subtotal of Current Assets	1,913,405,592.22	2,921,046,831.68

Non-current Assets:		
Granting of loans and advances		
Investment in Creditor's Rights		
Investment in Other Creditor's Rights		
Long-term Receivables		
Long-term Equity Investment	1,534,539,625.11	3,468,596,165.08
Investment in Other Equity Instruments	224,266,596.74	300,959,931.64
Other Non-current Financial Assets		
Investment Property		
Fixed Assets	2,508,754,929.16	2,311,251,277.89
Projects under Construction	771,871,563.73	370,000,233.10
Productive Biological Assets		
Oil and gas assets		
Right-of-use Assets		
Intangible Assets	1,880,031,922.56	1,498,490,129.82
Development Expenditure		
Goodwill	11,655,794.87	28,078,665.69
Long-term unamortized expenses	323,741,176.89	112,440,627.02
Deferred Income Tax Assets	18,485,803.52	9,148,452.39
Other Non-current Assets	8,589,826.26	21,064,619.27
Subtotal of Non-current Assets	7,281,937,238.84	8,120,030,101.90
Total Assets	9,195,342,831.06	11,041,076,933.58
Current Liabilities:		
Short-term loan		
Borrowings from the Central Bank		
Borrowings from Banks and Other Financial Institutions		
Transactional financial liabilities		
Derivative Financial Liabilities		
Notes Payable		
Accounts Payable	372,476,464.69	300,656,879.62
Received Prepayments	12,888,689.05	351,733,456.28

Contract liabilities	188,550,237.52	
Financial Assets Sold for Repurchase		
Deposit Taking and Interbank Deposit		
Receiving from Vicariously Traded Securities		
Receiving from Vicariously Sold Securities		
Payroll payable	18,817,804.74	26,737,888.43
Tax Payable	19,869,808.49	22,614,171.64
Other Payables	65,149,971.79	63,299,348.02
Including: interest payable		
Dividends Payable		
Service Charge and Commission Payable		
Reinsurance Accounts Payable		
Holding for-sale liabilities		
Non-current Liabilities Due within 1 Year	12,426,708.33	
Other Current Liabilities	3,513,902.08	
Subtotal of Current Liabilities	693,693,586.69	765,041,743.99
Non-current Liabilities:		
Insurance Contract Reserves		
Long-term loan	282,000,000.00	
Bonds Payable		
Including: Preferred Stocks		
Perpetual Bonds		
Lease Liabilities		
Long-term Payables		
Long-term payroll payable		
Expected Liabilities		
Deferred Income	387,619,860.41	382,872,318.90
Deferred Income Tax Liabilities	96,769,220.18	10,771,548.18
Other Non-current Liabilities		
Subtotal of Non-current Liabilities	766,389,080.59	393,643,867.08

Total Liabilities	1,460,082,667.28	1,158,685,611.07
Shareholders' Equity:		
Share Capital	2,614,694,040.00	1,452,607,800.00
Other Equity Instruments		
Including: Preferred Stocks		
Perpetual Bonds		
Capital Reserves	1,211,364,214.86	2,476,312,069.09
Less: Treasury Share		
Other Comprehensive Incomes	-63,325,115.75	-8,681,151.59
Special Reserves		
Surplus Reserves	517,673,268.35	517,673,268.35
General Risk Reserves		
Undistributed Profits	3,131,881,024.60	5,176,157,180.79
Total Shareholders' Equity Attributable to the Parent Company	7,412,287,432.06	9,614,069,166.64
Minority Shareholders' Equity	322,972,731.72	268,322,155.87
Total Shareholders' Equity	7,735,260,163.78	9,882,391,322.51
Total Liabilities and Shareholders' Equity	9,195,342,831.06	11,041,076,933.58

Legal representative: Zhang Xian

Person in charge of accounting work: Chen Shengming

Person in charge of accounting department: Zhu Shana

## 2. Balance Sheet of the Parent Company

Unit: RMB

Item	December 31, 2020	December 31, 2019
Current Assets:		
Cash and Bank Balances	788,724,841.16	645,534,966.84
Trading Financial Assets		351,492,520.54
Derivative Financial Assets		
Note's receivable		
Accounts receivable	38,224.90	1,269,835.09
Receivables Financing		

Prepayments	2,031,894.01	2,458,855.65
Other Receivables	1,046,160,763.74	1,100,294,815.74
Including: interest receivable		
Dividends Receivable		
Inventory	651,042.56	2,465,844.42
Contract Assets		
Holding for-sale assets		
Non-current Assets Due within 1 Year		
Other Current Assets	1,240,658.07	1,671,867.65
Subtotal of Current Assets	1,838,847,424.44	2,105,188,705.93
Non-current Assets:		
Investment in Creditor's Rights		
Investment in Other Creditor's Rights		
Long-term Receivables		
Long-term Equity Investment	6,433,238,270.32	6,941,849,814.49
Investment in Other Equity Instruments	214,975,166.42	294,665,442.88
Other Non-current Financial Assets		
Investment Property		
Fixed Assets	1,912,986.88	503,463,063.75
Projects under Construction		59,331,122.60
Productive Biological Assets		
Oil and gas assets		
Right-of-use Assets		
Intangible Assets	3,418,590.95	145,128,033.35
Development Expenditure		
Goodwill		
Long-term unamortized expenses	2,600,000.20	10,183,821.75
Deferred Income Tax Assets	15,581,293.31	7,476,137.89
Other Non-current Assets		9,838,928.50
Subtotal of Non-current Assets	6,671,726,308.08	7,971,936,365.21
Total Assets	8,510,573,732.52	10,077,125,071.14



Current Liabilities:		
Short-term loan		
Transactional financial liabilities		
Derivative Financial Liabilities		
Notes Payable		
Accounts Payable	1,154,036.06	44,171,004.81
Received Prepayments		22,214,761.65
Contract liabilities		
Payroll payable	7,873,282.52	12,673,534.31
Tax Payable	1,394,799.62	4,818,330.21
Other Payables	2,056,738,130.14	1,953,433,149.11
Including: interest payable		
Dividends Payable		
Holding for-sale liabilities		
Non-current Liabilities Due within 1 Year	12,426,708.33	
Other Current Liabilities		
Subtotal of Current Liabilities	2,079,586,956.67	2,037,310,780.09
Non-current Liabilities:		
Long-term loan	282,000,000.00	
Bonds Payable		
Including: Preferred Stocks		
Perpetual Bonds		
Lease Liabilities		
Long-term Payables		
Long-term payroll payable		
Expected Liabilities		
Deferred Income		5,620,598.89
Deferred Income Tax Liabilities		9,983,693.86
Other Non-current Liabilities		
Subtotal of Non-current Liabilities	282,000,000.00	15,604,292.75
Total Liabilities	2,361,586,956.67	2,052,915,072.84
Shareholders' Equity:		
Share Capital	2,614,694,040.00	1,452,607,800.00

Other Equity Instruments		
Including: Preferred Stocks		
Perpetual Bonds		
Capital Reserves	1,248,861,998.85	2,478,350,525.70
Less: Treasury Share		
Other Comprehensive Incomes	-38,171,990.42	31,870,051.79
Special Reserves		
Surplus Reserves	517,673,268.35	517,673,268.35
Undistributed Profits	1,805,929,459.07	3,543,708,352.46
Total Shareholders' Equity	6,148,986,775.85	8,024,209,998.30
Total Liabilities and Shareholders' Equity	8,510,573,732.52	10,077,125,071.14

### 3. Consolidated Income Statement

Unit: RMB

Item	2020	The Year Of 2019
I. Total Operating Revenue	902,586,125.63	2,611,753,208.86
Including: Operating Revenue	902,586,125.63	2,611,753,208.86
Interest Income		
Earned Premiums		
Service Charge and Commission Income		
II. Total Operating Cost	740,982,414.36	1,147,753,469.26
Including: Operating Cost	352,670,473.42	747,189,301.24
Interest Expenditures		
Service Charge and Commission Expenses		
Surrender Value		
Net Claims Paid		
Net Amount of Withdrawn Reserve for Insurance Liability Contract		
Policyholder Dividend Expense		
Reinsurance Cost		
Taxes and Surcharges	11,933,497.05	36,164,788.45

Sales Expenses	63,649,750.30	145,503,636.64
Administration expenses	288,084,167.74	188,215,121.23
Research and development expense	37,487,964.00	48,424,520.54
Financial Expenses	-12,843,438.15	-17,743,898.84
Including: interest expenses	7,822,986.14	
Interest Income	32,572,127.48	22,648,412.21
Add: Other income	34,572,160.23	4,285,224.19
Investment Income (Mark "-" for Loss)	14,014,892.30	273,166,244.68
Including: Investment Income from Affiliates and Joint Ventures	-5,356,968.22	72,523,327.47
Profits from recognition Termination of Financial Assets at Amortized Cost		
Exchange Gains (Mark "-" for Losses)		
Profit of Net Exposure Hedging (Mark "-" for Loss)		
Incomes from changes in fair value (losses marked with "-")	247,726.31	991,859.52
Credit Impairment Losses (Mark "-" for Loss)	-32,739,976.91	1,325,984.52
Asset Impairment Losses (Mark "-" for Loss)	-1,877,720,155.72	-17,425,960.27
Asset Disposal Income (Mark "-" for Loss)	676,435.92	-767,848.08
III. Operating Profit (Mark "-" for Loss)	-1,699,345,206.60	1,725,575,244.16
Add: Non-operating Revenues	3,242,377.14	5,997,838.03
Less: Non-operating Expenses	41,007,879.43	101,517,003.90
IV. Total Profit (Mark "-" for Total Loss)	-1,737,110,708.89	1,630,056,078.29
Less: Income Tax Expense	29,835,169.11	265,152,567.09
V. Net Profit (Mark "-" for Net Loss)	-1,766,945,878.00	1,364,903,511.20
i. Classified by operation continuity		
1. Net Profit as a Going Concern (Mark "-" for Net Loss)	-1,766,945,878.00	1,364,903,511.20

2. Net Profit of Discontinued Operation (Mark "-" for Net Loss)		
ii. Classified by the attribution of ownership		
1. Net Profit Attributable to Shareholders of Parent Company	-1,752,398,009.60	1,339,790,994.94
2. Minority Shareholders' Profit and Loss	-14,547,868.40	25,112,516.26
VI. Net Amount of Other Comprehensive Incomes after Tax	-54,643,377.96	-436,587,617.54
Net Amount of Other Comprehensive Incomes after Tax Attributable to the Parent Company's Owner	-54,643,964.16	-436,587,615.65
(1) Other comprehensive income that cannot be reclassified as P/L	-65,726,184.59	-390,940,031.83
1. Re-measure the variation of the defined benefit plan		
2. Other comprehensive income that cannot be transferred to P/L under the equity method	1,356,586.59	-1,356,586.59
3. Changes in the fair value of investment in other equity instruments	-67,082,771.18	-389,583,445.24
4. Changes in the fair value of the credit risk of the enterprise		
5. Others		
(2) Other comprehensive income that will be reclassified as P/L	11,082,220.43	-45,647,583.82
1. Other comprehensive income that can be transferred to P/L under the equity method		
2. Changes in the fair value of investment in other creditor's rights		
3. Financial assets reclassified into other comprehensive income		
4. Provisions for the credit impairment of investment in other creditor's rights		

5. Cash flow hedge reserves		
6. Currency translation difference	11,082,220.43	7,332,056.43
7. Others		-52,979,640.25
Net Amount of Other Comprehensive Incomes After Tax Attributable to Minority Shareholders	586.20	-1.89
VII. Total Comprehensive Income	-1,821,589,255.96	928,315,893.66
Total Comprehensive Income Attributable to the Parent Company's Owner	-1,807,041,973.76	903,203,379.29
Total Comprehensive Income Attributable to Minority Shareholders	-14,547,282.20	25,112,514.37
VIII. Earnings per Share:		
(I) Basic Earnings per Share	-0.6702	0.5124
(II) Diluted Earnings per Share	-0.6702	0.5124

In case of business combination under the same control during this period, the net profit realized by the consolidated party before consolidation is: RMB 0, and the net profit realized by consolidated party in the previous period: RMB 0.

Legal representative: Zhang Xian

Person in charge of accounting work: Chen Shengming

Person in charge of accounting department: Zhu Shana

#### 4. Income Statement of the Parent Company

Unit: RMB

Item	2020	The Year Of 2019
I. Operating Revenue	22,892,751.38	792,535,463.92
Less: Operating Cost	19,532,790.64	389,275,037.47
Taxes and Surcharges	1,295,426.42	7,397,252.10
Sales Expenses	7,343,898.62	25,286,850.07
Administration expenses	37,997,214.49	60,424,870.69
Research and development expense	4,741,111.89	9,017,859.90
Financial Expenses	-13,459,704.23	-8,196,303.54
Including: interest expenses	7,822,986.14	

Interest Income	21,565,816.00	10,263,021.42
Add: Other income	15,285,586.12	2,319,386.38
Investment Income (Mark "-" for Loss)	424,960,373.38	1,244,836,304.78
Including: Investment Income from Affiliates and Joint Ventures	-2,931,524.95	110,867,013.28
Profits from Derecognition of Financial Assets at Amortized Cost (Mark "-" for Loss)		
Profit of Net Exposure Hedging (Mark "-" for Loss)		
Incomes from changes in fair value (losses marked with "-")	-1,492,520.54	1,492,520.54
Credit Impairment Losses (Mark "-" for Loss)	-32,526,876.92	-498,499.60
Asset Impairment Losses (Mark "-" for Loss)	-1,814,682,876.81	
Asset Disposal Income (Mark "-" for Loss)	17,156.67	4,943.75
II. Operating Profit (Mark "-" for Loss)	-1,442,997,144.55	1,557,484,553.08
Add: Non-operating Revenues	1,103,676.45	2,115,939.32
Less: Non-operating Expenses	2,213,333.49	58,195,427.29
III. Total Profit (Mark "-" for Total Loss)	-1,444,106,801.59	1,501,405,065.11
Less: Income Tax Expense	3,112,861.27	72,308,087.18
IV. Net Profit (Mark "-" for Net Loss)	-1,447,219,662.86	1,429,096,977.93
(I) Net Profit as a Going Concern (Mark "-" for Net Loss)	-1,447,219,662.86	1,429,096,977.93
(II) Net Profit of Discontinued Operation (Mark "-" for Net Loss)		
V. Net Amount of Other Comprehensive Incomes After Tax	-70,042,042.21	-374,558,803.16
(1) Other comprehensive income that cannot be reclassified as P/L	-70,042,042.21	-374,558,803.16
1. Re-measure the variation of the defined benefit plan		
2. Other comprehensive income that cannot be transferred to P/L under the equity method	37,670.53	-1,372,268.11

3. Changes in the fair value of investment in other equity instruments	-70,079,712.74	-373,186,535.05
4. Changes in the fair value of the credit risk of the enterprise		
5. Others		
(2) Other comprehensive income that will be reclassified as P/L		
1. Other comprehensive income that can be transferred to P/L under the equity method		
2. Changes in the fair value of investment in other creditor's rights		
3. Financial assets reclassified into other comprehensive income		
4. Provisions for the credit impairment of investment in other creditor's rights		
5. Cash flow hedge reserves		
6. Currency translation difference		
7. Others		
VI. Total Comprehensive Income	-1,517,261,705.07	1,054,538,174.77
VII. Earnings per Share:		
(I) Basic Earnings per Share		
(II) Diluted Earnings per Share		

## 5. Consolidated Cash Flow Statement

Unit: RMB

Item	2020	The Year Of 2019
I. Cash Flow Generated by Operational Activities:		
Cash from Sales of Merchandise and Provision of Services	807,841,498.50	2,667,025,005.20
Net Increase in Customer's Bank Deposits and Interbank Deposits		

Net Increase in Borrowings from the Central Bank		
Net Increase in Borrowings from Other Financial Institutions		
Cash Arising from Receiving Premiums for the Original Insurance Contract		
Net Amount Arising from Reinsurance Business		
Net Increase in Deposits and Investments from Policyholders		
Cash Arising from Interests, Service Charges and Commissions		
Net Increase in Borrowings from Banks and Other Financial Institutions		
Net Increase in Repurchase Business Funds		
Net Amount of Cash Received from the Vicariously Traded Securities		
Tax Refund	32,176,543.78	
Other Received Cashes Related to Operational Activities	103,772,075.60	479,656,404.12
Subtotal of cash inflow from operational activities	943,790,117.88	3,146,681,409.32
Cash Paid for Merchandise and Services	144,882,412.49	589,412,294.52
Net Increase in Loans and Advances to Customers		
Net Increase in Deposits with Central Bank and Other Financial Institutions		
Cash Paid for Original Insurance Contract Claims		
Net increase of funds lent		
Cash Paid for Interests, Service Charges and Commissions		
Cash Paid for Policy Dividends		
Cash Paid to and for Employees	183,145,317.90	240,420,521.04



Cash Paid for Taxes and Surcharges	64,685,320.62	414,326,350.84
Other Paid Cashes Related to Operational Activities	157,135,166.93	331,070,743.41
Subtotal of cash outflow from operational activities	549,848,217.94	1,575,229,909.81
Net cash flow generated by operating activities	393,941,899.94	1,571,451,499.51
II. Cash Flow from Investment Activities:		
Cash Arising from Disposal of Investments	1,349,803,239.12	1,937,501,358.58
Cash Arising from Investment Incomes		
Net Cash Arising from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets	2,136,278.15	1,980,388.82
Net Cash Arising from Disposal of Subsidiaries and Other Business Units		
Other Received Cashes Related to Investment Activities		
Subtotal of cash inflow from investment activities	1,351,939,517.27	1,939,481,747.40
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets	1,017,897,394.85	813,257,636.27
Cash Paid for Investments	897,276,184.30	1,962,519,693.46
Net Increase in Pledge Loans		
Net Cash Paid for Acquisition of Subsidiaries and Other Business Units	377,767,506.95	
Other Paid Cashes Related to Investment Activities		345,075,573.87
Subtotal of Cash Outflow from Investment Activities	2,292,941,086.10	3,120,852,903.60
Net amount of cash flow generated by investment activities	-941,001,568.83	-1,181,371,156.20
III. Cash Flow from Financing Activities:		
Cash Arising from Absorbing Investments	120,000,000.00	13,500,000.00

Including: Cash Arising from Subsidiaries Absorbing Investments by Minority Shareholders	120,000,000.00	13,500,000.00
Cash Arising from Borrowings	300,000,000.00	
Other Received Cashes Related to Financing Activities		
Subtotal of cash inflow from financing activities	420,000,000.00	13,500,000.00
Cash Paid for Debts Repayment	6,000,000.00	
Cash Paid for Distribution of Dividends and Profits or Payment of Interests	300,917,837.81	174,312,936.00
Including: Dividends and Profits Paid to Minority Shareholders by Subsidiaries	3,000,000.00	
Other Paid Cashes Related to Financing Activities		
Subtotal of cash outflow from financing activities	306,917,837.81	174,312,936.00
Net cash flow generated by financing activities	113,082,162.19	-160,812,936.00
IV. Impact of Fluctuation in Exchange Rate on Cash and Cash Equivalents	-9,956,266.67	2,494,267.57
V. Net Increase in Cash and Cash Equivalents	-443,933,773.37	231,761,674.88
Add: Cash and Cash Equivalents at the Commencement of the Period	1,781,710,027.35	1,549,948,352.47
VI. Cash and Cash Equivalents at the End of the Period	1,337,776,253.98	1,781,710,027.35

## 6. Cash Flow Statement of the Parent Company

Unit: RMB

Item	2020	The Year Of 2019
I. Cash Flow Generated by Operational Activities:		
Cash from Sales of Merchandise and Provision of Services	21,146,321.04	818,461,484.19
Tax Refund		

Other Received Cashes Related to Operational Activities	796,910,713.36	741,502,483.61
Subtotal of cash inflow from operational activities	818,057,034.40	1,559,963,967.80
Cash Paid for Merchandise and Services	4,428,163.75	322,258,340.90
Cash Paid to and for Employees	29,084,333.46	53,896,350.21
Cash Paid for Taxes and Surcharges	16,523,204.31	109,688,330.05
Other Paid Cashes Related to Operational Activities	655,676,151.74	1,041,403,424.51
Subtotal of cash outflow from operational activities	705,711,853.26	1,527,246,445.67
Net cash flow generated by operating activities	112,345,181.14	32,717,522.13
II. Cash Flow from Investment Activities:		
Cash Arising from Disposal of Investments	702,850,832.94	854,379,652.38
Cash Arising from Investment Incomes	432,000,000.00	618,000,000.00
Net Cash Arising from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets	36,281.55	234,135.90
Net Cash Arising from Disposal of Subsidiaries and Other Business Units		
Other Received Cashes Related to Investment Activities		
Subtotal of cash inflow from investment activities	1,134,887,114.49	1,472,613,788.28
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets	29,624,583.50	103,874,516.62
Cash Paid for Investments	692,500,000.00	1,130,396,000.00
Net Cash Paid for Acquisition of Subsidiaries and Other Business Units	378,000,000.00	190,850,000.00
Other Paid Cashes Related to Investment Activities		
Subtotal of Cash Outflow from	1,100,124,583.50	1,425,120,516.62

Investment Activities		
Net amount of cash flow generated by investment activities	34,762,530.99	47,493,271.66
III. Cash Flow from Financing Activities:		
Cash Arising from Absorbing Investments		
Cash Arising from Borrowings	300,000,000.00	
Other Received Cashes Related to Financing Activities		
Subtotal of cash inflow from financing activities	300,000,000.00	
Cash Paid for Debts Repayment	6,000,000.00	
Cash Paid for Distribution of Dividends and Profits or Payment of Interests	297,917,837.81	174,312,936.00
Other Paid Cashes Related to Financing Activities		
Subtotal of cash outflow from financing activities	303,917,837.81	174,312,936.00
Net cash flow generated by financing activities	-3,917,837.81	-174,312,936.00
IV. Impact of Fluctuation in Exchange Rate on Cash and Cash Equivalents		
V. Net Increase in Cash and Cash Equivalents	143,189,874.32	-94,102,142.21
Add: Cash and Cash Equivalents at the Commencement of the Period	645,534,966.84	739,637,109.05
VI. Cash and Cash Equivalents at the End of the Period	788,724,841.16	645,534,966.84

## 7. Consolidated Statement of Changes in Owners' Equity

Amount of this period

Unit: RMB

Item	2020												Minority Shareholders'	Total Shareholders'
	Shareholders' Equity Attributable to the Parent Company's Owner											Subtotal		
	Share Capital	Other Equity Instruments	Capital Reserves	Less :	Other Compre	Spec ial	Surplus Reserve	Gen eral	Undistrib uted	Oth ers	Subtotal			

		Preferred Stocks	Perpetual Bonds	Others		Treasury Share	Comprehensive Incomes	Reserves	Others	Risk Reserves	Profits			Equity	Equity
I. Balance at the End of Last Year	1,452,60 7,800.00				2,476,312 ,069.09		-8,681,1 51.59		517,673 ,268.35		5,176,157 ,180.79		9,614,069 ,166.64	268,322 ,155.87	9,882,391 ,322.51
Add: Changes in Accounting Policies															
Correction of Errors in the Previous Period															
Consolidated under the Same Control															
Others															
II. Balance at the Start of This Year	1,452,60 7,800.00				2,476,312 ,069.09		-8,681,1 51.59		517,673 ,268.35		5,176,157 ,180.79		9,614,069 ,166.64	268,322 ,155.87	9,882,391 ,322.51
III. Increases or Decreases in This Period (Mark "-" for Decreases )	1,162,08 6,240.00				-1,264,94 7,854.23		-54,643, 964.16				-2,044,27 6,156.19		-2,201,78 1,734.58	54,650, 575.85	-2,147,13 1,158.73
(I) Total Comprehe							-56,000, 550.75				-1,752,39 8,009.60		-1,808,39 8,560.35	-14,547, 282.20	-1,822,94 5,842.55

nsive Income													
(II) Sharehold ers' Contributi on and Reduction in Capital				-35,459,3 27.38							-35,459,3 27.38	72,197, 858.05	36,738,53 0.67
1. Com mon stock invested by the owner												72,959, 327.38	72,959,32 7.38
2. Capit al Invested by Holders of Other Equity Instrumen ts													
3. Num ber of Share-bas ed Payments Recorded into Sharehold ers' Equity													
4. Others				-35,459,3 27.38							-35,459,3 27.38	-761,46 9.33	-36,220,7 96.71
(III) Profit Distributio n									-290,521, 560.00		-290,521, 560.00	-3,000,0 00.00	-293,521, 560.00
1. Appr opriation of Surplus Reserves													
2. Appr													

opriation of General Risk Reserves													
3. Distri bution to Owners (or Sharehold ers)										-290,521, 560.00	-290,521, 560.00	-3,000,0 00.00	-293,521, 560.00
4. Others													
(IV) Internal Carry-for ward of Sharehold ers' Equity	1,162,08 6,240.00			-1,162,08 6,240.00		1,356,5 86.59				-1,356,58 6.59			
1. Capit al Reserves Transferre d into Capital (or Share Capital)	1,162,08 6,240.00			-1,162,08 6,240.00									
2. Surpl us Reserves Transferre d into Capital (or Share Capital)													
3. Surpl us Reserves Covering Losses													
4. Carry -forward retained earnings													

of the variation of the defined benefit plan														
5. Other Carry-forward Retained Earnings of the Comprehensive Income						1,356,586.59				-1,356,586.59				
6. Others														
(V) Special Reserves														
1. Withdrawal in this period														
2. Used in This Period														
(VI) Others					-67,402,286.85							-67,402,286.85		-67,402,286.85
IV. Balance at the End of This Period	2,614,694,040.00				1,211,364,214.86	-63,325,115.75	517,673,268.35		3,131,881,024.60			7,412,287,432.06	322,972,731.72	7,735,260,163.78

Amount of Previous Period

Unit: RMB

Item	2019													Minority Shareholders' Equity	Total Shareholders' Equity
	Shareholders' Equity Attributable to the Parent Company's Owner											Subtotal			
	Share Capital	Other Equity Instruments			Capital Reserves	Less : Treasury Shares	Other Comprehensive Incomes	Special Reserves	Surplus Reserves	General Risk Reserves	Undistributed Profits		Others		
	Preferred Stock	Perpetual Bond	Others												



		ks	s		e									
I. Balance at the End of Last Year	1,452,607,800.00				2,476,312,069.09	20,405,965.33		351,171,582.73		4,170,577,596.34		8,471,075,013.49	1,217,353,199.38	9,688,428,212.87
Add: Changes in Accounting Policies						407,500,498.73		-386,862.17		3,653,579.35		410,767,215.91	1,390,396.57	412,157,612.48
Correction of Errors in the Previous Period														
Consolidated under the Same Control														
Others														
II. Balance at the Start of This Year	1,452,607,800.00				2,476,312,069.09	427,906,464.06		350,784,720.56		4,174,231,175.69		8,881,842,229.40	1,218,743,595.95	10,100,585,825.35
III. Increases or Decreases in This Period (Mark "-" for Decreases)						-436,587,615.65		166,888,547.79		1,001,926,005.10		732,226,937.24	-950,421,440.08	-218,194,502.84
(I) Total Comprehensive Income						-433,251,121.70				1,339,790,994.94		906,539,873.24	25,112,514.37	931,652,387.61





of the defined benefit plan														
5. Other Carry-for ward Retained Earnings of the Comprehensive Income						-3,336,493.95				3,336,493.95				
6. Others														
(V) Special Reserves														
1. With drawal in this period														
2. Used in This Period														
(VI) Others														
IV. Balance at the End of This Period	1,452,607,800.00			2,476,312,069.09		-8,681,151.59		517,673,268.35		5,176,157,180.79		9,614,069,166.64	268,322,155.87	9,882,391,322.51

**8. Statement of Changes in Owners' Equity of the Parent Company**

Amount of this period

Unit: RMB

Item	2020											
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Share	Other Comprehensive Incomes	Special Reserves	Surplus Reserves	Undistributed Profits	Others	Total Shareholder's Equity
		Preferred Stocks	Perpetual Bonds	Others								

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

Instruments												
3. Number of Share-based Payments Recorded into Shareholders' Equity												
4. Others												
(III) Profit Distribution										-290,521,560.00		-290,521,560.00
1. Appropriation of Surplus Reserves												
2. Distribution to Owners (or Shareholders)										-290,521,560.00		-290,521,560.00
3. Others												
(IV) Internal Carry-forward of Shareholders' Equity	1,162,086,240.00				-1,162,086,240.00		37,670.53					-37,670.53
1. Capital Reserves Transferred into Capital (or Share Capital)	1,162,086,240.00				-1,162,086,240.00							
2. Surplus Reserves Transferred into Capital (or Share Capital)												
3. Surplus Reserves												

Covering Losses												
4. Carry-forward retained earnings of the variation of the defined benefit plan												
5. Other Carry-forward Retained Earnings of the Comprehensive Income							37,670.53			-37,670.53		
6. Others												
(V) Special Reserves												
1. Withdrawal in this period												
2. Used in This Period												
(VI) Others					-67,402,286.85							-67,402,286.85
IV. Balance at the End of This Period	2,614,694,040.00				1,248,861,998.85		-38,171,990.42		517,673,268.35	1,805,929,459.07		6,148,986,775.85

Amount of Previous Period

Unit: RMB

Item	2019											
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Share	Other Comprehensive Incomes	Special Reserves	Surplus Reserves	Undistributed Profits	Others	Total Shareholders' Equity
		Preferr ed Stocks	Perpet ual Bonds	Others								
I. Balance at the End of Last Year	1,452,607,80				2,478,350,525.				351,171,582.73	2,219,490,436.39		6,501,620,344.82

	0.00				70						
Add: Changes in Accounting Policies						405,094 ,257.37		-386,86 2.17	-3,481,75 9.53		401,225,63 5.67
Correction of Errors in the Previous Period											
Others						1,334,5 97.58		23,978, 850.00	215,809,6 49.94		241,123,09 7.52
II. Balance at the Start of This Year	1,452, 607,80 0.00				2,478,3 50,525. 70	406,428 ,854.95		374,763 ,570.56	2,431,818 ,326.80		7,143,969,0 78.01
III. Increases or Decreases in This Period (Mark "-" for Decreases)						-374,55 8,803.1 6		142,909 ,697.79	1,111,890 ,025.66		880,240,92 0.29
(I) Total Comprehensive Income						-374,54 3,121.6 4			1,429,096 ,977.93		1,054,553,8 56.29
(II) Shareholders' Contribution and Reduction in Capital											
1. Common stock invested by the owner											
2. Capital Invested by Holders of Other Equity Instruments											
3. Number of Share-based Payments Recorded into Shareholders' Equity											



4. Others												
(III) Profit Distribution								142,909,697.79	-317,222,633.79			-174,312,936.00
1. Appropriation of Surplus Reserves								142,909,697.79	-142,909,697.79			
2. Distribution to Owners (or Shareholders)									-174,312,936.00			-174,312,936.00
3. Others												
(IV) Internal Carry-forward of Shareholders' Equity												
1. Capital Reserves Transferred into Capital (or Share Capital)												
2. Surplus Reserves Transferred into Capital (or Share Capital)												
3. Surplus Reserves Covering Losses												
4. Carry-forward retained earnings of the variation of the defined benefit plan												
5. Other Carry-forward Retained Earnings of the Comprehensive Income												
6. Others												

(V) Special Reserves												
1. Withdrawal in this period												
2. Used in This Period												
(VI) Others												
IV. Balance at the End of This Period	1,452,607,800.00				2,478,350,525.70		31,870,051.79		517,673,268.35	3,543,708,352.46		8,024,209,998.30

### III. Basic Information about the Company

Songcheng Performance Development Co., Ltd. (it was previously named as Hangzhou Songcheng Tourism Development Co., Ltd., hereinafter referred to as the "Company"), formerly known as Hangzhou Songcheng Group Co., Ltd. (before the change, it was Hangzhou Worldland-Songcheng Real Estate Co., Ltd). On December 27, 2000, with the approval document of Zhejiang [2000] No. 69 "Official Reply on the Approval for Alteration and Establishment of Hangzhou Song Cheng Tourism Development Co., Ltd.", which was issued by Leading Group for Enterprise Listing of Zhejiang Provincial People's Government, Hangzhou Songcheng Group Co., Ltd. approved and contributed net assets of RMB 60 million (audited on November 30, 2000) which was converted into a total of 60 million shares at the ratio of 1:1, to alter and establish Hangzhou Songcheng Tourism Development Co., Ltd. (The company changed its name as Songcheng Performance Development Co., Ltd on April 18, 2014). The company registered capital was RMB 60 million. This overall change was verified by Shu Lun Pan Changjiang CPAs Co. Ltd. (now renamed as BDO China Shu Lun Pan CPAs (special general partnership)) and No. 20370 [2000] Xinchang kuaishibaozi "Capital Verification Report" was issued accordingly. On December 28, 2000, the company obtained the "Corporate Legal Person Business License" with the registration number 3301002004635 issued by the Hangzhou Administration for Industry and Commerce. The registered capital was RMB 60 million and the legal representative was Huang Qiaoling. In 2001, the company changed its industry and commerce registration authority to Zhejiang Administration for Industry and Commerce, and obtained the updated business license with registration number of 3300001008413. In 2008, Zhejiang Administration for Industry and Commerce changed the numbers uniformly, for which the company business license registration number was changed to 330000000019888. In 2015, under the official policy "Five certificates into one", the company business license registration number was changed to "Unified Social Credit Code 91330000143102311G (1/1).

On October 10, 2004, shareholder Zeng Yingjiu transferred 2 million shares to Huang Qiaoling and the company went through the procedures for industrial and commercial registration change on October 20, 2004. On December 31, 2004, shareholder Cai Jianxi transferred 1.65 million shares to Huang Qiaoling, and the company went through the procedures for industrial and commercial registration change on April 11, 2005. On February 22, 2008, shareholder Cai Jianxi transferred 1.65 million shares to Zhang Huibing, and the company went through the procedures for industrial and commercial registration change on March 26, 2008. On June 18, 2009, new shareholder East Sky Venture Capital Co., Ltd (formerly named as East Sky Culture Communication

Investment Co., Ltd.), at 10 times of diluted price-earnings ratio based on the net profit attributed to the parent company after deducting non-recurring gains & losses as of December 31, 2008, invested total of RMB 30,977,421.35, of which RMB 3 million of registered capital paid and RMB 27,977,421.35 of share premium paid. The registered capital of the company after change was RMB 63 million. On June 23, 2009, the company completed industrial and commercial registration change.

On December 21, 2009, the company, in accordance with amended Articles of Association and the resolution of the Fifth Extraordinary General Meeting of Shareholders of Year 2009, applied 63 million shares at the end of the third quarter of Year 2009 and distributed the Undistributed Profits to all shareholders at the rate of 10 bonus shares (excluding tax) for every 10 shares. Total of 63 million additional shares of capital were added. After the conversion, the company Registered Capital was RMB 126 million. The company completed the industrial and commercial registration change on December 24, 2009.

According to the Resolution of Company Annual General Meeting of Shareholders of Year 2009, and the approval document No. 1632 [2010]"Official Reply on Approval of Hangzhou Songcheng Tourism Development Co., Ltd. Initial Public Offering and Listing on the Growth Enterprise Market" issued by China Securities Regulatory Commission (CSRC), 42 million new shares were issued to public. The issue price per share was RMB 53, and the total amount of funds raised was RMB 2,226 million. After deducting the payment of RMB 97,579,000 for issuance costs, the net amount of funds raised was RMB 2,128,421,000, of which the Share Capital was RMB 42 million and the Capital Premium was RMB 2,086,421,000. After the change, the registered capital of the company was RMB 168 million. The company completed the procedure for industrial and commercial registration change on December 15, 2010.

According to the Resolution of Company Annual General Meeting of Shareholders of Year 2010 and the revised Articles of Association, the company, based on its total capital of 168 million shares at the end of 2010, transferred 12 additional shares per 10 shares from the Capital Reserves to all shareholders. Total of 201.6 million additional shares were added. The company registered capital was RMB 369.6 million after change. The company completed the industrial and commercial registration change on Thursday, June 2, 2011.

According to the Resolution of Company Annual General Meeting of Shareholders of Year 2011 and the revised Articles of Association, the company, based on its total capital of 369.6 million shares at the end of 2011, transferred 5 additional shares for every 10 shares from the capital reserves to all shareholders. Total of 184.8 million additional shares were added. The company registered capital was RMB 554.4 million after change. The company completed the industrial and commercial registration change on Tuesday, May 29, 2012.

According to "Restricted Stock Incentive Plan of Hangzhou Songcheng Tourism Development Co., Ltd. Revision (Draft)" which was reviewed and approved in the Resolution of First Extraordinary General Meeting of Shareholders of Year 2013 held on April 10, 2013, "Proposal on Adjusting the Company Restricted Stock Incentive Plan" and "Proposal on Granting Restricted Stock to Incentive Objects" which was reviewed and approved in the 32nd Meeting of Company Fourth Board of Directors held on May 2, 2013, the company granted 3,816,000 restricted shares to 144 senior management personnel and technical (business) backbone for the first time. The first date of restricted shares granted was on May 2, 2013, with a grant price of RMB 6.28, adjusted to RMB 6.13 per share after deducting RMB 0.15 (distribution of dividends). The company received RMB 23,392,080 contributions by 144 people. The registered capital increased by RMB 3,816,000 and capital reserves increased by RMB 195,760,800. The registered capital of the company was RMB 558,216,000 after change. The company completed the industrial and commercial registration change on

Monday, June 3, 2013.

According to the Resolution of the Third Meeting of Fifth Company Board of Directors held on November 14, 2013, and Resolution of the First Extraordinary General Meeting of Shareholders of Year 2013 held on December 2, 2013, the company applied for repurchase and cancellation of the first-granted shares to 7 employees who had resigned. The registered capital decreased by RMB 401,000, and the capital reserves decreased by RMB 2,057,130. The registered capital was RMB 557,815 thousand after change. The company completed the industrial and commercial registration change on Monday, December 30, 2013.

According to the Resolution of the Eight Meeting of Fifth Company Board of Directors held on April 10, 2014 and the Second Extraordinary General Meeting of Shareholders of Year 2014 held on April 25, 2014, the company applied share repurchase and cancellation for the first shares granted of 3 employees who had resigned. The registered capital decreased by RMB 40 thousand, and the capital reserves decreased by RMB 205.2 thousand. The registered capital was RMB 557,775 thousand after change. The company completed the industrial and commercial registration change on Thursday, June 26, 2014.

According to the Resolution of the 17th Meeting of Fifth Company Board of Directors held on February 26, 2015 and the Resolution of General Meeting of Shareholders of Year 2014 held on April 3, 2015, the company applied share repurchase and cancellation for the first shares granted of 6 employees who had resigned. The registered capital decreased by RMB 84,800, and the capital reserves decreased by RMB 426,544. The registered capital was RMB 557,690.2 thousand after change. The company completed the industrial and commercial registration change on Friday, May 22, 2015.

According to the Resolution of the 18th Meeting of Fifth Company Board of Directors held on March 17, 2015, and the Resolution of the First Extraordinary General Meeting of Shareholders of Year 2015 held on April 2, 2015, and the approval document "Official Reply on Approval of Songcheng Performance Development Co., Ltd to Issue Shares to Liu Yan and Others to Purchase Assets and Raise Funds"(NO.1725 Securities License (2015)) which approved by CSRC on July 20, 2015, the company issued non-public offering of 36,701,332 ordinary shares to 8 natural persons including Liu Yan, in order to purchase 38% equity of Beijing Huafang Technology Co., Ltd. (formerly known as Beijing Six Rooms Technology Co., Ltd.) held by the above-mentioned natural persons. The par value per share was RMB 1.00, and the issue price was RMB 26.92 per share. The total amount of funds raised was RMB 988 million. The registered capital increased by RMB 36,701.332 thousand, and the capital reserves was increased by RMB 951,298,668.00. The registered capital was RMB 594,391,532 after change. The company completed the industrial and commercial registration change on Monday, August 10, 2015.

According to the Resolution of Company Annual General Meeting of Shareholders of Year 2015 and the revised Articles of Association, the company, based on its total capital of 594,391,532 shares, transferred 14.073809 additional shares for every 10 shares from the capital reserves to all shareholders. Total of 836,535,289 additional shares were added. The registered capital was RMB 1,430,926,821 after change. The company completed the industrial and commercial registration change on Thursday, September 17, 2015.

According to the Resolution of the 18th Meeting of Fifth Company Board of Directors held on March 17, 2015, and the Resolution of the First Extraordinary General Meeting of Shareholders of Year 2015 held on April 2, 2015, and the 28th Meeting of Fifth Board of Directors held on Sept. 24, 2015. with the approval document "Official Reply on Approval of Songcheng Performance

Development Co., Ltd to Issue Shares to Liu Yan and Others to Purchase Assets and Raise Funds"(NO.1725 Securities License (2015)) issued by CSRC on July 20, 2015, the company issued shares to no more than 5 specific investors in private to raise funds, and the total amount of funds raised should not exceed RMB 650 million. The company actually issued 21,753,681 ordinary shares (A shares) to three institutional investors at RMB 29.88 per share. After deducting the underwriting expenses and various issuance expenses of the underwriters, the actual net funds raised was RMB 632,949,988.28, of which registered capital increased by RMB 21,753,681.00, and the capital premium was RMB 611,196,307.28. The registered capital was RMB 1,452,680,502 after change. The company completed the industrial and commercial registration change on Thursday, December 31, 2015.

According to the Resolution of the 31st Meeting of Fifth Board of Directors held on February 26, 2016 and the resolution of Annual General Meeting of Shareholders of Year 2015 held on March 22, 2016, the company applied for share repurchase and cancellation for the first-granted shares to 4 employees who had resigned. The registered capital decreased by RMB 66,925, and the capital reserves decreased by RMB 96,539. The registered capital was RMB 1,452,613,577 after change. The company completed the industrial and commercial registration change on Thursday, May 5, 2016.

According to the Resolution of the Eighth meeting of Company Sixth Board of Directors held on February 27, 2017 and the Annual General Meeting of Shareholders of Year 2016 held on March 24, 2017, the company applied for repurchase and cancellation of the first-granted shares to one employee who had resigned. The registered capital decreased by RMB 5,777, and the capital reserves decreased by RMB 7,914.49. The registered capital was RMB 1,452,607.8 thousand after change. The company completed the industrial and commercial registration change on Tuesday, June 6, 2017.

According to the Resolution of the Eighth Meeting of Sixth Board of Directors held on April 27, 2020 and the Annual General Meeting of Shareholders of Year 2019 held on May 18 2020, the company, based on its total capital of 1,430,926,821 shares, transferred 8 additional shares for every 10 shares from the Capital Reserves to all shareholders. Total of 1,162,086,240 additional shares were added. The registered capital was RMB 2,614,694,040 after change. The company completed the industrial and commercial registration change on Friday, August 14, 2020.

As of December 31, 2020, the company had issued a total of 2,614,694,000 shares, and the registered capital was RMB 2,614,694,040. The unified social credit code for Business License of Corporate Legal Person: 91330000143102311G, Registered address: No. 148 Zhijiang Road, Hangzhou, Headquarter Address: No. 148 Zhijiang Road, Hangzhou. The business scope includes: singing and dancing performance, acrobatics performance, opera performance, music performance, comprehensive artistic performance (operated within the scope of "Business Performance License"), performance and brokerage business (operated within the scope of "Business Performance License"), catering service (See "Catering Service License" for details), and parking service. Tourism services, theme park development and management, planning and organization of cultural activities, cultural communication planning, animation design, exhibition organization, investment in and development of leisure industry, industrial investment, tourism e-business, design, production, agency, and release of various domestic advertisements, film and television projects Investment and management, tourism products and arts & crafts (excluding gold jewelry), general merchandise, native products (excluding food) sales, publication wholesale and retail (operating with a license); the business scope of subsidiaries included. (For items subject to approval according to law, business activities can only be carried out after approval by relevant

departments)

The company currently has Songcheng tourist areas in 7 different regions, including Hangzhou Songcheng Tourist Area (operated by Hangzhou Songcheng), Hangzhou Paradise, three Crazy Apple Land Tourist Area; Sanya Romance Park (operated by Sanya Songcheng); Lijiang Romance Park (operated by Lijiang Songcheng); Jiuzhai Romance Park and the Tibetan Mystery Theater (operated by Jiuzhai Songcheng); Guilin Romance Park (operated by Guilin Songcheng); Zhangjiajie Romance Park (operated by Zhangjiajie Songcheng); Xian Romance Park (operated by Xian Songcheng). The current business of the company also extends to the planning and design of scenic parks, scenic cable car transportation, and Internet video industry. The registered address of the company and headquarters office address: No. 148, Zhijiang Road, Hangzhou City.

The basic organizational structure of the company: the highest authority of the company is the General Meeting of Shareholders, with implementation of the president responsibility system under the leadership of the Board of Directors. Some functional departments are set up to meet the needs of business development, such as the Administration Department, Audit Department, Human Resources Department, Securities Investment Department, Financial Management Department, Design Department, Brand Planning Department, Engineering Management Department, Cost Management Department, Purchasing Department, Project Development Department, Innovation Department, Outdoors Advertising Department, Art Troupe, Commercial Development Management Center, Office of Chairman, and Marketing Department.

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

This financial statement has been approved by Board of Directors on April 22, 2021.

As of the subsidiaries listed in the consolidated financial statements of the company are as follows:

Name of Subsidiaries
Hangzhou Paradise Co., Ltd.
Sanya Romance Tourism Performance Co., Ltd.
Lijiang Chama Ancient City Tourism Development Co., Ltd
Aba Zhou Jiuzhai Romance Tourism Development Co., Ltd
Hangzhou Songcheng Tourism Development Co., Ltd
Hangzhou Songcheng Dumuqiao Travel Services Co., Ltd
Jiuzhaigou Tibetan Mystery Culture Co., Ltd
Zhejiang Songcheng Longquan Mountain Tourism Development Co., Ltd
Hangzhou Songcheng Technology Development Co., Ltd.
Songcheng Performance International Development Co., Ltd.
Songcheng (Australia) Holdings Pty Ltd

Name of Subsidiaries
Songcheng (Australia) Entertainment Pty Ltd.
Shanghai Songcheng World Expo Performance Development Co., Ltd
Songcheng Performance Development (Shanghai) Co., Ltd.
Guilin Lijiang Romance Performance Development Co., Ltd
Ningxiang Songcheng Tourism Development Co., Ltd.
Zhangjiatie Romance Performance Development Co., Ltd
Songcheng Technology Development Co.,Ltd.
Songcheng Tourism Development Co., Ltd.
Songcheng Performance Management Co., Ltd.
Songcheng Dumuqiao Network Co., Ltd.
Xi'an Romance Performance Development Co., Ltd
Zhejiang Songcheng Xitang Performance Valley Performance Development Co., Ltd
Foshan South Sea Qiao Mountain Cultural Tourism Development Co., Ltd
Hangzhou Songguo Cultural Creative Co., Ltd.
Hangzhou Songcheng performance Valley technology and Culture Development Co., Ltd
Songcheng Holdings (Thailand) Co., Ltd.
Songcheng (Pattaya) International Culture Co., Ltd.
Zhuhai Songcheng Performance Kingdom Co., Ltd
Zhuhai Southern Film and Television Cultural Industry Co., Ltd.
Zhuhai Huayin Landscaping Co., Ltd.
Songcheng Brand Management Co., Ltd.
Romance Show Management Co., Ltd.

For details of the scope and changes of the consolidated financial statements of the current period, please refer to Notes VII "Changes in the Scope of Consolidation" and Notes IX "Equity in Other Entities."

#### IV. Basis for Preparing the Financial Statement

##### 1. Basis for the preparation

The financial statements are prepared in accordance with the "Accounting Standards for Business Enterprises-Basic Standards"

and related specific accounting standards issued by the Ministry of Finance, Guidelines for Application of Accounting Standards for Business Enterprises", "Interpretation of Accounting Standards for Business Enterprises and other relevant provisions" (herei nafter collectively referred to as the "Accounting Standards for Business Enterprises"), and "No. 15 of the Rules on Information Disclosure and Reporting of the Companies Issuing Securities Publicly" issued by CSRC.

## **2. Going concern**

There is no matter or circumstance that would cause material doubt about the company ability of going concern in future 12 months since the end of the reporting period.

## **V. Significant Accounting Polices and Accounting Estimates**

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

This financial statement is in compliance with the requirements in the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance and presents truly and completely the financial position of the merged companies and the parent company as at December 31, 2020 and the operating results and cash flows of the merger and the parent company in 2020.

### **2. Accounting period**

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

### **3. Operating cycle**

The Company's operating cycle is 12 months.

### **4. Functional currency**

The company uses RMB as the standard currency for bookkeeping.

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

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

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



recognition conditions should be measured at fair value of the acquisition date.

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

## 6. Preparation method of consolidated financial statements

### (1) Scope of Consolidation

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

### (2) Procedures of Consolidation

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

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

#### (1) Acquisition of subsidiaries or business

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

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

#### (2) Disposal of the subsidiaries

##### ① General method

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

accounted for under equity method shall be recognized in investment income in the period in which control is lost.

② Disposal of the subsidiaries step by step

When disposal of equity interests of subsidiaries through multiple transaction until the control is lost, generally transactions in stages are treatment as a package deal in accounting if the transaction terms, conditions, and economic impact of disposal of the subsidiary's equity interests comply with one or more of the following:

- i. These transactions are achieved at the same time or the mutual effects on each other are considered;
- ii. A complete set of commercial results can be achieved with reference to the series of transactions as a whole;
- iii. Achieving a transaction depends on at least achieving of one of the other transaction;
- iv. One transaction recognized separately is not economical, but it is economical when considered together with other transactions.

When losing control of a subsidiary in disposal of equity interests through multiple transactions is recognized as a package deals, these transactions shall be in accounting treated as loss control of a subsidiary in disposal of equity interests achieved. However, the differences between price on each disposal and disposal of investment on the subsidiary's net assets shall be recognized in other comprehensive income in the consolidated financial statements, and included in profit or loss for the period when the control is lost.

If all transactions in disposal of equity interests of subsidiaries until losing control are not a package deals, accounting treatment for partial disposal of equity investments of subsidiary without losing control shall be applied before control is lost. When the control is lost, general accounting treatment for disposal of a subsidiary shall be used.

(3) Acquisition of minority interest of subsidiaries

The Company shall adjust the share premium in the capital reserve of the consolidated balance sheet with respect to any difference between the long-term equity investment arising from the purchase of minority interest and the net assets attributing to the parent company continuously calculated on the basis of the newly increased share proportion as of the acquisition date (or date of combination) or, adjust the retained earnings if the share premium in the capital reserve is insufficient for write-down.

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

The difference between disposal consideration of long-term equity investment in subsidiaries partially disposed without losing control and the share of net assets calculated from the date of acquisition or combination date shall be adjusted to share premium in the capital reserve in the consolidated balance sheet. Adjustments shall be made to retained earnings in the event that the share premiums in the capital reserves are not sufficient for write-down.

## 7. Joint arrangement classification and accounting treatment

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

Where the company, as a joint venture party of a joint arrangement, enjoys related assets of the arrangement and bears related liabilities thereof, it is a joint operation.

The company confirms the following items related to the share of interests in joint operations, and conducts accounting treatment in accordance with related enterprise accounting standards:

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

Company.

(5) Recognize the expenses incurred separately, and the expenses incurred in joint operation in accordance with the share of the Company .

## 8. Recognition criteria of cash and cash equivalents

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

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

### (1) Foreign currency transactions

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

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

### (2). Translation of foreign currency financial statements

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

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

## 10. Financial instruments

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

### (1) Classification of the financial instruments

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

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

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

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

- The business model is aimed at both collecting contract cash flows and selling financial asset;

— Contract cash flow is the payment of principal and interest based on the outstanding principal amount.

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

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

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

## **(2) Recognition and measurement of financial instruments**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

These financial liabilities are subsequently measured at fair value, and the change in fair value shall be included in the profit or loss for the period.

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

#### 6) Financial liabilities measured at amortized cost

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

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

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

### **(3) Derecognition and transfer of financial assets**

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

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

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

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

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

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

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

(1) The book value of the transferred financial assets;

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

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

(1) The book value of recognition termination part

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

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

### **(4) Recognition for termination of financial liabilities**

When the current obligation under a financial liability is completely or partially discharged, the recognition of the whole or relevant portion of the liability is terminated; an agreement is entered between the Company and a creditor to replace the original

financial liabilities with new financial liabilities with substantially different terms, terminate the recognition of the original financial liabilities as well as recognize the new financial liabilities.

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

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

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

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

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

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

The company estimates the expected credit losses of financial assets measured at amortized cost, financial assets measured at fair value and whose changes included in other comprehensive income (debt instruments) and financial guarantee contracts on a single or combined basis.

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

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

The Company recognizes the relative changes in the risk of default within the expected duration of financial instruments, and assesses whether the credit risk of financial instruments has significantly increased since the initial recognition by comparing the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date. If the financial instrument becomes overdue for more than 30 days, the Company believes that the credit risk of this financial instrument

has been significantly increased, unless there are concrete evidences that the credit risk of this financial instrument has not been significantly increased upon initial recognition.

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

If there are objective evidences showing that a certain financial asset has been subject to credit impairment, the Company will accrue impairment provision for this financial asset on the individual asset basis. The Company will always measure the loss provision for the accounts receivable and contract assets generated by transactions regulated by Accounting Standards for Enterprises No. 14 - Revenue (2017), whether they contain material financing compositions or not, by the amount of the expected credit loss throughout the duration.

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

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

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

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

The bad debt provision method of portfolio two is adopted

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

Credit period	Expected credit loss ratio (%)
Overdue to 4-5 years	80
Overdue for more than 5 years	100

## 11. Inventories

### (1) Classification and cost of inventory

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

### (2) Determination of cost

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

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

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

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

### (4) Inventory system

The perpetual inventory system is adopted.

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

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

## 12. Contract assets

Accounting policies as of January 1, 2020

### (1) Recognition methods and standards of contract assets

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

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

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



### 13. Contract cost

Accounting policies as of January 1, 2020

Contract costs include contract performance costs and contract acquisition costs.

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

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

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

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

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

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

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

### 14. Holding of the assets for sale

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

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

- (1) Immediate sale could be made under the current circumstances in accordance with the convention of selling such kind of assets or disposal groups in similar transactions;
- (2) Selling is extremely likely to occur, i.e. the Company has made a resolution on a selling plan and obtained confirmed purchase commitments, and the selling is predicted to be completed within 1 year. If required by relevant provisions that selling shall only be made after approved by the relevant competent authority or supervision department of the Company, such approval should have been obtained.

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

### 15. Long-term equity investment

#### (1) Joint control or significant influence criterion

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

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

## **(2) Determination of initial investment cost**

### 1) Long-term equity investment formed by business combination

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

For long-term equity investment in a subsidiary generated due to business combinations involving entities not under common control, the cost of the combination recognized on the date of combination shall be taken as the initial investment cost of the long-term equity investments.

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

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

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

## **(3) Subsequent measurement and recognition of profit or loss**

### 1) Long-term equity investment calculated by cost method

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

### 2) Long-term equity investment calculated by equity method

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

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

When recognizing the amount of proportion of net profit or loss, other comprehensive income and other changes of owner's

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

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

## 16. Investment property

Measurement Mode of Investment Property

Measured by cost method

Depreciation or amortization methods

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

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

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

## 17. Fixed assets

### (1) Conditions for recognition of fixed assets

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

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

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

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

### (2) Methods for depreciation

Fixed assets are depreciated by categories using the straight-line method, and the annual depreciation rates are determined by categories based upon their estimated useful lives and their estimated residual values. For fixed assets with provision for impairment, the amount of depreciation shall be determined in future periods according to the book value after deducting the

provision for impairment and based on the usable life. Where the parts of a fixed asset have different useful lives or cause economic benefits for the enterprise in different ways, different depreciation rates or depreciation methods shall apply, and each part is depreciated separately.

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

### (3) Disposal of fixed assets

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

## 18. Construction in progress

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

## 19. Borrowing costs

### (1) Criteria for recognition of capitalized borrowing costs

For borrowing costs incurred by the Company that are directly attributable to the acquisition, construction or production of assets qualified for capitalization, the costs will be capitalized and included in the costs of the related assets. Other borrowing costs shall be recognized as expense in the period in which they are incurred and included in profit or loss for the current period. Assets qualified for capitalization are assets (fixed assets, investment property, inventories, etc.) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

### (2) Capitalization period of borrowing costs

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

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

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

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

### **(3) Suspension of capitalization period**

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

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

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

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

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

## **20. Intangible assets**

### **(1) Valuation method, service life, impairment test**

#### **1) Method for valuation of intangible assets**

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

The costs of externally purchased intangible asset include the purchase price, relevant taxes and expenses paid, and other expenditures directly attributed to its intended use.

2) Subsequent measurement

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

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

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

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

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

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

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

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

**(2) Accounting policy for internal R&D expenditure**

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

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

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

Specific condition for capitalizing expenditure during the development phase

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

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

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

**21. Long-term asset impairment**

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

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

When the Company carry out impairment test to goodwill, the Company shall, as of the purchasing day, allocate on a reasonable basis the book value of the goodwill formed by merger of enterprises to the relevant asset groups, or if there is a

difficulty in allocation, to allocate it to the sets of asset groups. The relevant asset group or combination of asset groups is the asset group or combination of asset groups that can benefit from the synergies of business combination.

For the purpose of impairment test on the relevant asset groups or the sets of asset groups containing goodwill, if any evidence shows that the impairment of asset groups or sets of asset groups related to goodwill is possible, an impairment test will be made first on the asset groups or sets of asset groups not containing goodwill, thus calculating the recoverable amount and comparing it with the relevant book value so as to recognize the corresponding impairment loss. Asset group or combination of group assets containing goodwill are tested for impairment and the book value and recoverable amount shall be compared. If the recoverable amount is less than the book value, the amount of impairment loss shall be deducted and apportioned to the book value of goodwill in asset group or combination of asset groups, before deducting to the book value of all other assets proportionally based on the proportion of the book value of all assets other than goodwill in the asset group or combination of asset groups.

Once the above asset impairment loss is recognized, it will not be reversed in the subsequent accounting periods.

## 22. Long-term prepaid expenses

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

### 1. Amortization method

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

### 2. Amortization period

Item	Estimated useful lives	Basis
Scenic animals and plants	5 years	Benefit period
Scenic road signs	5 years	Benefit period
Creation Costume Prop	5 years	Benefit period
Expenditures for improvement of leased fixed assets	3-10 years	Benefit period
House decoration fee	5-10 years	Benefit period
Long-term rental fee	3-40 years	Benefit period

## 23. Contract liabilities

Accounting policies as of January 1, 2020

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

## 24. Employee remuneration

### (1) Accountant arrangement method of short-term remuneration

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

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

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

### (2) Accountant arrangement method of retirement benefit plan

#### 1) Defined contribution plan (DCP)

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

#### 2) Defined benefit plan

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

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

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

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

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

### (3) Accountant arrangement method of termination benefits

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



the Company recognizes costs or expenses related to a restructuring of the payment of termination benefits.

## 25. Estimated liabilities

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

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

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

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

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

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

## 26. Share-based payment

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

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

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

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

## 27. Revenue

Accounting policies for revenue recognition and measurement

Accounting policies as of January 1, 2020

### (1) Accounting policies for revenue recognition and measurement

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

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

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

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

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

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

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

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

**(2) The specific accounting policies related to the company's main activities that generate revenue are**

**described as follows:****1) The principle for confirmation of ticket sales revenue**

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

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

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

**3) The principle for confirmation of the revenue from design and planning fee**

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

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

**4) The principle for confirmation of the revenue from supporting services of scenic spots**

The revenue shall be recognized when relevant services for the scenic spot have been provided and cash has been received or the right to receive payment has been obtained.

Accounting policy prior to January 01, 2020

**(1) General principle for confirmation of the revenue from sales of goods**

- 1) The Company has transferred the major risks and rewards of ownership of the goods to the buyers ;
- 2) The company does not retain the continuing management rights normally associated with the ownership, nor does it effectively control over the sold goods;
- 3) The amount of revenue can be reliably measured;
- 4) Relevant economic benefits are likely to flow into the company;
- 5) The costs related, incurred or to be incurred can be reliably measured.

**(2) Specific principle****1) The principle for confirmation of ticket sales revenue**

After tickets sold and tourists entered the park, the major risks and rewards are transferred as tourists entered the park through the gate. The amount of ticket revenue can be reliably measured, and the payment can be received in time. The revenue shall be recognized when relevant cost, incurred or to be incurred, can be reliably measured.

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

In accordance with the ratio of profits sharing agreed by and between the company and each of scenic spots, hotels or travel agencies, the major risks and rewards of revenue are transferred after the order has been generated, the payment has been made, and the tourists have entered the park. The revenue shall be recognized when relevant cost is reliably measured.

**3) The revenue from 6.cn Internet performance platform**

The company obtains revenue from the business of the 6.cn Internet performance platform. The company shall recognize revenue, after the virtual coins of the internet performance platform obtained by registered users online or through third-party recharge channels. The revenue shall be recognized when the virtual coins consumed on the Internet performance platform. The amount of virtual coins not recognized as revenue and the ending balance in the account of internet performance platform shall be recognized as advance receipts.

**4) The principle for confirmation of on-line game revenue**

4.1 Under the independent operation mode, the company independently conducts game development and operation. Since the company does not distinguish the types of consumption items (consumable items and permanent items) of the game, the company, in the principle of prudence and based on consumption, recognizes the revenue based on the life cycle deferral of players. The amount of virtual coins unconsumed and remained in the account at the end of the period is confirmed as advance payment. The amount of revenue that has not yet been included in player life cycle amortization is recognized as deferred revenue.

4.2 Under the self-development mode, the company entrusts other companies to operate, without assuming the main responsibility for operation. The operating revenue is recognized in accordance with the net method, namely the share payment paid by the cooperative operator.

4.3 Under the authorized operation mode, the company shall not take the main responsibility for operation in accordance with the agreement. The revenue is recognized in accordance with the net method, namely the share payment paid by the cooperative operator. Among them, the exclusive agency and the company recognizes the revenue based on the life cycle deferral of players. The amount not included in revenue shall be recognized as deferred income.

4.4 Principles for confirmation of game copyright revenue: Under the authorized business model, the company shall undertake the obligations of technical support, game upgrades and others. The company recognizes revenues based on the straight-line method during the revenue period agreed herein. For payments that have been received and have not yet been authorized to operate, it shall be recognized as deposit received. The amount that has not been amortized and included in the income shall be recognized as deferred income.

4.5 Revenue from technical service fee: When the company completes the technical services, the revenue shall be recognized based on the amount confirmed by both parties.

**5) Principle for confirmation of the revenue from design and planning fee**

After the program has been filmed and shown on TV, on-line cinema, theater and network, the revenue shall be recognized based on the actual amount confirmed by both parties and the amount calculated by the corresponding accounting method.

**6) Principle for confirmation of the revenue from design planning fee**

Design and planning are to provide package design and planning services for other scenic spots and performance projects, including scenic spot design and planning, theater design and planning, performance creation and costume props design, opening planning, market promotion planning and follow-up quality improvement services, etc. which are agreed in the agreement. As a package of services has the following characteristics:

1) The labor service at each stage has an independent implementation plan and process; 2) The results of each stage are agreed and confirmed by the client; 3) The revenue and cost of the labor service at each stage can be individually identified. Therefore, the revenue from package design and planning services is recognized in stages. It indicates that the company has completed the stage, when the company completes the staged design, planning and improvement based on the project progress requirements. At the same time, the company shall submit the staged results to the client and obtain confirmation from the client. The revenue shall be recognized when the content and amount of the labor services can be reliably measured, relevant economic benefits can flow into the company, and relevant costs can be reliably measured.

**7) Principle for confirmation of the revenue from supporting transportation services in scenic spots**

Coupon ticket of scenic spot and transportation services: The company and the scenic spot recognize revenue based on the sharing ratio agreed by both parties provided that the main risks and rewards of the revenue is transferred, the order has been generated, the price has been paid, and the tourists have entered the park. The revenue shall be recognized when relevant cost is reliably measured.

Tourists purchase separately after entering the scenic spot: The main risks and rewards of revenue is transferred, after the order has been generated, the price has been paid, and the tourists have entered the park. The revenue shall be recognized when relevant costs can be reliably measured.

**(3) Principle for confirmation and measurement of the revenue from the transfer of asset use rights**

When the economic benefits related to the transaction are likely to flow into the enterprise and the amount of revenue can be measured reliably, the amount of revenue from transferring the right to use assets shall be determined in the following situations:

1) The amount of interest income shall be calculated and determined according to the term of the company's monetary funds used by others and the actual interest rate.

2) The amount of usage fee revenue shall be calculated and determined according to the charging time and method agreed in relevant contract or agreement.

## 28. Government grants

### (1) Type

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

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

### (2) Confirmation of time point

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

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

### (3) Accounting treatment

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

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

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

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

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

## 29. Deferred income tax assets/liabilities

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

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

Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against

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

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

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

Initial recognition of goodwill;

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

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

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

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

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

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

The taxpayer has the legal right to settle the current income tax assets and current income tax liabilities on a net basis;

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

### **30. Lease**

#### **(1) Accounting of operating lease**

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

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

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

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

### 31. Segmental reporting

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

The operating segment refers to the components of the company that meet the following conditions simultaneously:

- (1) The constituent part shall have income and expenses in the daily activities;
- (2) The management of the company can regularly evaluate the operating results of this constituent part and determine the allocation of resources to it and evaluate its performance;
- (3) The company can obtain accounting information of the financial status, operating results, cash flow and etc., of the constituent part.

If two or more operating segments have similar economic features and meet certain conditions, they can be combined into one operating segment.

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

#### (1) Changes in significant accounting policies

Applicable  Not applicable

1) Implementation of "Accounting Standards for Business Enterprises No. 14 - Revenue" (revised in 2017) (hereinafter referred to as "New Revenue Standards")

The Ministry of Finance revised the "Accounting Standards for Business Enterprises No. 14 - Revenue" in 2017. The revised standards stipulate that for the first implementation of the standards, the amount of retained earnings and other related items in the financial statements at the beginning of the year should be adjusted according to the cumulative effects, and the information for the comparable period should not be adjusted.

This Company implemented the new revenue standards since January 1, 2020. According to the standards, the company only adjusted the retained earnings and other related items in the financial statements at the beginning of the year 2020 for the cumulative effects of contracts that have not been completed on the date of first implementation, and the comparative financial statements were not adjusted. These standards have the following major effects:

Content and Reasons for Change in Accounting Policies	Approval process	Statements Affected	Affected Amount of Balance on January 1, 2020	
			Consolidated Subsidiaries	Parent company
(1) The advance payments related to the contractual income are reclassified into the contractual liabilities.	The 6th meeting of the 7th Board of Directors	Received Prepayments	-311,838,903.34	-731,628.89
		Contract liabilities	294,302,487.38	710,319.31
		Other Current Liabilities	17,536,415.96	21,309.58

Compared with the original revenue standards, implementation of the new revenue standards has the following effects on the relevant items of the financial statements in 2020 (increase/(decrease)):

Balance Sheets Items Affected	Affected Amount of Balance on Thursday, December 31, 2020	
	Consolidated Subsidiaries	Parent company
Contract liabilities	188,550,237.52	
Received Prepayments	-192,064,139.60	
Other Current Liabilities	3,513,902.08	

## 2) Implementation of "Accounting Standards for Business Enterprises Interpretation No. 13"

The Ministry of Finance issued the "Accounting Standards Interpretation for Business Enterprises No. 13" (CaiKuai [2019] No. 21, hereinafter referred to as "Interpretation No. 13") on December 10, 2019, which came into force on January 1, 2020. Retrospective adjustment was not required.

### ① Identification of Related Parties

Interpretation No. 13 clarifies that the following circumstances constitute a related party: a joint venture or affiliated business between an enterprise and other member units (including parent companies and subsidiaries) of the enterprise group to which it belongs; a joint venture of the enterprise and other joint ventures or affiliated business. In addition, Interpretation No. 13 also clarifies that only two or more companies that are only significantly affected by one party do not constitute a related party. It also adds that affiliated business includes affiliated business and their subsidiaries, and joint ventures include joint ventures and their subsidiaries.

### ② Definition of Business

Interpretation No. 13 completes the three elements of business composition, refines the judgment conditions of business composition, and at the same time introduces the "concentration ratio test" option to simplify to a certain extent the problems such as judgment of whether a combination obtained under the same control constitutes a business, etc.

The company implemented Interpretation No. 13 since January 1, 2020, and the comparative financial statements were not adjusted. The implementation of Interpretation No. 13 did not have significant impact on the company's financial status and operating results.

## 3) Implementation of the "Interim Provisions on Accounting Treatment of Carbon Emission Rights Trading"

On December 16, 2019, the Ministry of Finance issued the "Interim Provisions on Accounting Treatment of Carbon Emission Rights Trading" (CaiKuai [2019] No. 22), which is applicable to related companies in the key emission units (hereinafter referred to as key emission companies) which operate carbon emission rights trading business in accordance with the "Interim Measures for the Management of Carbon emission Rights Trading". This provision came into effect on January 1, 2020, and key emission companies should adopt prospective application to apply this provision.

The company implemented this provision since January 1, 2020, and the comparative financial statements were adjusted. The implementation of this provision did not have significant impact on the company's financial status and operating results.

## 4) Implementation of the "Provisions on accounting treatment of rent concessions related to COVID-19"

On June 19, 2020, the Ministry of Finance issued the "Provisions on accounting treatment of rent concessions related to COVID-19" (CaiKuai (2020) No. 10), which came into effect on June 19, 2020, allowing companies to adjust related rent concessions that occurred between January 1, 2020 and the implementation date of this provision. According to this provision, for rent concessions directly caused by COVID-19 that meet the conditions, for example, rent remission and deferred payment of rent, companies can choose to adopt simplified methods for accounting treatment.

The company adopts the simplified method for accounting all rent concessions within the scope the provision, and adjusted the relevant rent concessions from January 1, 2020 to the date of implementation of the provision accordingly.

As the lessee, this Company adopted simplified methods for treatment of relevant rent concessions in order to write down the operating costs, management expenses and sales expenses for the current period in the total amount of RMB 13,042,042.83.

As the lessee, this Company adopted simplified methods for treatment of relevant rent concessions in order to write down the operating costs for the current period, such rent simplification had no significant impact on the Company.



**(2) Changes in significant accounting estimates**

Applicable  Not applicable

There were no changes in significant accounting estimates during the reporting period.

**(3) Since 2020, the Company implemented new revenue standards and new leasing standards for the first time, and adjusted the items related to financial statements at the beginning of the year.**

Applicable

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

Yes  No

Consolidated Balance Sheet

Unit: RMB

Item	December 31, 2019	January 1, 2020	Adjusted amount
Current Assets:			
Cash and Bank Balances	1,785,124,821.87	1,785,124,821.87	
Deposit Reservation for Balance			
Loans to Banks and Other Financial Institutions			
Trading Financial Assets	854,108,086.54	854,108,086.54	
Derivative Financial Assets			
Note's receivable			
Accounts receivable	5,337,855.43	5,337,855.43	
Receivables Financing			
Prepayments	17,221,603.54	17,221,603.54	
Premium Receivable			
Reinsurance Accounts Receivable			
Reinsurance Contract Reserves Receivable			
Other Receivables	125,573,266.78	125,573,266.78	
Including: interest receivable			
Dividends Receivable			
Buying Back the Sale of			

Financial Assets			
Inventory	6,110,221.56	6,110,221.56	
Contract Assets	Not applicable		
Holding for-sale assets			
Non-current Assets Due within 1 Year			
Other Current Assets	127,570,975.96	127,570,975.96	
Subtotal of Current Assets	2,921,046,831.68	2,921,046,831.68	
Non-current Assets:			
Granting of loans and advances			
Investment in Creditor's Rights			
Investment in Other Creditor's Rights			
Long-term Receivables			
Long-term Equity Investment	3,468,596,165.08	3,468,596,165.08	
Investment in Other Equity Instruments	300,959,931.64	300,959,931.64	
Other Non-current Financial Assets			
Investment Property			
Fixed Assets	2,311,251,277.89	2,311,251,277.89	
Projects under Construction	370,000,233.10	370,000,233.10	
Productive Biological Assets			
Oil and gas assets			
Right-of-use Assets			
Intangible Assets	1,498,490,129.82	1,498,490,129.82	
Development Expenditure			
Goodwill	28,078,665.69	28,078,665.69	
Long-term unamortized expenses	112,440,627.02	112,440,627.02	
Deferred Income Tax	9,148,452.39	9,148,452.39	

Assets			
Other Non-current Assets	21,064,619.27	21,064,619.27	
Subtotal of Non-current Assets	8,120,030,101.90	8,120,030,101.90	
Total Assets	11,041,076,933.58	11,041,076,933.58	
Current Liabilities:			
Short-term loan			
Borrowings from the Central Bank			
Borrowings from Banks and Other Financial Institutions			
Transactional financial liabilities			
Derivative Financial Liabilities			
Notes Payable			
Accounts Payable	300,656,879.62	300,656,879.62	
Received Prepayments	351,733,456.28	39,894,552.94	-311,838,903.34
Contract liabilities	Not applicable	294,302,487.38	294,302,487.38
Financial Assets Sold for Repurchase			
Deposit Taking and Interbank Deposit			
Receiving from Vicariously Traded Securities			
Receiving from Vicariously Sold Securities			
Payroll payable	26,737,888.43	26,737,888.43	
Tax Payable	22,614,171.64	22,614,171.64	
Other Payables	63,299,348.02	63,299,348.02	
Including: interest payable			
Dividends Payable			
Service Charge and			

Commission Payable			
Reinsurance Accounts Payable			
Holding for-sale liabilities			
Non-current Liabilities Due within 1 Year			
Other Current Liabilities		17,536,415.96	17,536,415.96
Subtotal of Current Liabilities	765,041,743.99	765,041,743.99	
Non-current Liabilities:			
Insurance Contract Reserves			
Long-term loan			
Bonds Payable			
Including: Preferred Stocks			
Perpetual Bonds			
Lease Liabilities			
Long-term Payables			
Long-term payroll payable			
Expected Liabilities			
Deferred Income	382,872,318.90	382,872,318.90	
Deferred Income Tax Liabilities	10,771,548.18	10,771,548.18	
Other Non-current Liabilities			
Subtotal of Non-current Liabilities	393,643,867.08	393,643,867.08	
Total Liabilities	1,158,685,611.07	1,158,685,611.07	
Shareholders' Equity:			
Share Capital	1,452,607,800.00	1,452,607,800.00	
Other Equity Instruments			
Including: Preferred Stocks			

Perpetual Bonds			
Capital Reserves	2,476,312,069.09	2,476,312,069.09	
Less: Treasury Share			
Other Comprehensive Incomes	-8,681,151.59	-8,681,151.59	
Special Reserves			
Surplus Reserves	517,673,268.35	517,673,268.35	
General Risk Reserves			
Undistributed Profits	5,176,157,180.79	5,176,157,180.79	
Total Shareholders' Equity Attributable to the Parent Company	9,614,069,166.64	9,614,069,166.64	
Minority Shareholders' Equity	268,322,155.87	268,322,155.87	
Total Shareholders' Equity	9,882,391,322.51	9,882,391,322.51	
Total Liabilities and Shareholders' Equity	11,041,076,933.58	11,041,076,933.58	

Balance Sheet of the Parent Company

Unit: RMB

Item	December 31, 2019	January 1, 2020	Adjusted amount
Current Assets:			
Cash and Bank Balances	645,534,966.84	645,534,966.84	
Trading Financial Assets	351,492,520.54	351,492,520.54	
Derivative Financial Assets			
Note's receivable			
Accounts receivable	1,269,835.09	1,269,835.09	
Receivables Financing			
Prepayments	2,458,855.65	2,458,855.65	
Other Receivables	1,100,294,815.74	1,100,294,815.74	
Including: interest receivable			
Dividends Receivable			
Inventory	2,465,844.42	2,465,844.42	

Contract Assets	Not applicable		
Holding for-sale assets			
Non-current Assets Due within 1 Year			
Other Current Assets	1,671,867.65	1,671,867.65	
Subtotal of Current Assets	2,105,188,705.93	2,105,188,705.93	
Non-current Assets:			
Investment in Creditor's Rights			
Investment in Other Creditor's Rights			
Long-term Receivables			
Long-term Equity Investment	6,941,849,814.49	6,941,849,814.49	
Investment in Other Equity Instruments	294,665,442.88	294,665,442.88	
Other Non-current Financial Assets			
Investment Property			
Fixed Assets	503,463,063.75	503,463,063.75	
Projects under Construction	59,331,122.60	59,331,122.60	
Productive Biological Assets			
Oil and gas assets			
Right-of-use Assets			
Intangible Assets	145,128,033.35	145,128,033.35	
Development Expenditure			
Goodwill			
Long-term unamortized expenses	10,183,821.75	10,183,821.75	
Deferred Income Tax Assets	7,476,137.89	7,476,137.89	
Other Non-current Assets	9,838,928.50	9,838,928.50	
Subtotal of Non-current	7,971,936,365.21	7,971,936,365.21	

Assets			
Total Assets	10,077,125,071.14	10,077,125,071.14	
Current Liabilities:			
Short-term loan			
Transactional financial liabilities			
Derivative Financial Liabilities			
Notes Payable			
Accounts Payable	44,171,004.81	44,171,004.81	
Received Prepayments	22,214,761.65	21,483,132.76	-731,628.89
Contract liabilities	Not applicable	710,319.31	710,319.31
Payroll payable	12,673,534.31	12,673,534.31	
Tax Payable	4,818,330.21	4,818,330.21	
Other Payables	1,953,433,149.11	1,953,433,149.11	
Including: interest payable			
Dividends Payable			
Holding for-sale liabilities			
Non-current Liabilities Due within 1 Year			
Other Current Liabilities		21,309.58	21,309.58
Subtotal of Current Liabilities	2,037,310,780.09	2,037,310,780.09	
Non-current Liabilities:			
Long-term loan			
Bonds Payable			
Including: Preferred Stocks			
Perpetual Bonds			
Lease Liabilities			
Long-term Payables			
Long-term payroll payable			

Expected Liabilities			
Deferred Income	5,620,598.89	5,620,598.89	
Deferred Income Tax Liabilities	9,983,693.86	9,983,693.86	
Other Non-current Liabilities			
Subtotal of Non-current Liabilities	15,604,292.75	15,604,292.75	
Total Liabilities	2,052,915,072.84	2,052,915,072.84	
Shareholders' Equity:			
Share Capital	1,452,607,800.00	1,452,607,800.00	
Other Equity Instruments			
Including: Preferred Stocks			
Perpetual Bonds			
Capital Reserves	2,478,350,525.70	2,478,350,525.70	
Less: Treasury Share			
Other Comprehensive Incomes	31,870,051.79	31,870,051.79	
Special Reserves			
Surplus Reserves	517,673,268.35	517,673,268.35	
Undistributed Profits	3,543,708,352.46	3,543,708,352.46	
Total Shareholders' Equity	8,024,209,998.30	8,024,209,998.30	
Total Liabilities and Shareholders' Equity	10,077,125,071.14	10,077,125,071.14	

**(4). Explanation of compared data before and after the adjustment according to the first implementation of the new revenue recognition standard and the new lease accounting standard in 2020**

Applicable  Not applicable

## VI. Taxes

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

Tax Type	Taxation basis	Tax rate
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VAT	According to the provisions of the tax law, the sales tax shall be calculated on the basis of the income by selling goods and taxable services. After deducting the input tax that is allowed to be deducted from the sales tax in the current period, the difference shall be the value added tax	Simple levy 3%, 5% General taxpayer 6% General taxpayers 16%, 13%, 10%, 9%
Urban Maintenance and Construction Tax	Calculated and paid based on the actual value-added tax and consumption tax	5%, 7%
Enterprise Income Tax	Calculated based on the taxable income	25%, please refer to below table for details of different tax rates
House property tax	Lease is based on rental income; self-use fixed assets are based on the original value of fixed assets	12%, 1.2%
Education Surcharges	Calculated and paid based on the actual value-added tax and consumption tax	5%

If there are taxpayers with different corporate income tax rates, the disclosure shall be explained:

Name of taxpayer	Income tax rate
Sanya Romance Tourism Performance Co., Ltd.	15%
Lijiang Chama Ancient City Tourism Development Co., Ltd	15%
Aba Zhou Jiuzhai Romance Tourism Development Co., Ltd	15%
Hangzhou Songcheng Tourism Development Co., Ltd	15%
Jiuzhaigou Tibetan Mystery Culture Co., Ltd	15%
Hangzhou Songcheng Technology Development Co., Ltd.	15%
Songcheng Performance International Development Co., Ltd.	Local tax rate 16.50%
Songcheng (Australia) Holdings Pty Ltd	Less than AUD 10 million, tax rate 27.5%
Songcheng (Australia) Entertainment Pty Ltd.	Less than AUD 10 million, tax rate 27.5%
Songcheng Performance Development (Shanghai) Co., Ltd.	The tax rate for small and micro enterprise
Guilin Lijiang Romance Performance Development Co., Ltd	15%
Songcheng Dumuqiao Network Co., Ltd.	15%
Xi'an Romance Performance Development Co., Ltd	15%
Songcheng Holdings (Thailand) Co., Ltd.	Tax rate of Thailand 15%
Songcheng (Pattaya) International Culture Co., Ltd.	Tax rate of Thailand 15%

## 2. Preferential tax rate

Preferential value-added tax:

According to the "Announcement of the Ministry of Finance and the State Administration of Taxation on Supporting Tax Policies for the Prevention and Control of the Novel Coronavirus Pneumonia Epidemic" (No. 8 of Year 2020), starting from January 1, 2020, Taxpayer's income from providing life services and public transportation services shall be exempted from value-added tax. According to the "Announcement of the Ministry of Finance and the State Administration of Taxation on Supporting Individual Industrial and Commercial Households Resuming Work and Resumption of Value-Added Tax Policies"( Caishui No. 13 of Year 2020), 3% taxable sales income is applicable to small-scale taxpayers, and value-added tax of 1% is applied.

Preferential of property tax and land use tax :

Companies that have business difficulties due to epidemic shall be exempted from the property tax and land use tax that should be paid, which shall be subject to local preferential policies.

Preferential corporate income tax rate:

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

Songcheng Tourism Development Co., Ltd., Hangzhou Songcheng Technology Development Co., Ltd, and Songcheng Dumuqiao Network Co., Ltd. are high-tech enterprises, which corporate income tax rate is 15% in 2020.

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

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

According to the "Notice of the Ministry of Finance and the State Administration of Taxation on the Implementation of Inclusive Tax Reduction and Exemption Policies for Small and Micro Enterprises" (Caishui No.13 of Year 2019) , for the portion of annual taxable income of small and low profit enterprises that is less than RMB 1 million shall be included in the taxable income at a reduced rate of 25%, and the enterprise income tax shall be paid at the tax rate of 20%. For the portion of the annual taxable income exceeding RMB 1 million but not exceeding RMB 3 million, it shall be included in taxable income at a reduced rate of 50%, and the corporate income tax is paid at the tax rate of 20%. The execution period is from January 1, 2019 to December 31, 2021. The company that meets the requirements of small and micro enterprises of this year is: Songcheng Performance Development (Shanghai) Co., Ltd.

## VII. Notes to the Items in the Consolidated Financial Statement

### 1. Cash and bank balances

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
------	----------------------------------	------------------------------------

Cash on Hand	2,437,262.81	2,237,068.96
Bank Balance	1,285,458,896.93	1,780,608,638.49
Other Cash and Bank Balances	49,880,094.24	2,279,114.42
Total	1,337,776,253.98	1,785,124,821.87
Including: Total Amount Deposited in Overseas Banks	116,361,545.59	180,380,176.66

## 2. Trading Financial Assets

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Financial assets at fair value through profit or loss in this period	335,217,557.68	854,108,086.54
Including:		
Investment in equity instruments	172,445,378.26	110,024,148.79
Derivative Financial Assets	6,589,730.08	
Bank financial products	156,182,449.34	744,083,937.75
Financial assets measured in fair value with changes recognized in current profit and loss		
Including:		
Total	335,217,557.68	854,108,086.54

## 3. Accounts receivable

### (1) Categorical disclosure of accounts receivable

Unit: RMB

Category	Balance at the End of the Period					Balance at the Start of the Period				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Accrued proportion		Amount	Percentage	Amount	Accrued proportion	
Including:										
Accounts receivables with the bad debt provision accrued based on combinations	6,285,542.60	100.00%	398,530.24	6.34%	5,887,012.36	5,547,592.45	100.00%	209,737.02	3.78%	5,337,855.43

Including:										
Combination of credit risk characteristics by age	6,285,542.60	100.00%	398,530.24	6.34%	5,887,012.36	5,547,592.45	100.00%	209,737.02	3.78%	5,337,855.43
Total	6,285,542.60	100.00%	398,530.24		5,887,012.36	5,547,592.45	100.00%	209,737.02		5,337,855.43

Bad debt provision based on combinations

Among them: combination of credit risk characteristics by age:

Unit: RMB

Name	Balance at the End of the Period		
	Book balance	Bad debt provision	Accrued proportion
Within credit period	4,643,522.08	139,305.67	3.00%
Credit period overdue within 1 year	1,603,495.69	240,524.36	15.00%
Credit period overdue within 1 to 2 years	20,679.83	5,169.96	25.00%
Credit period overdue within 2 to 3 years	7,845.00	3,530.25	45.00%
Credit period overdue within 3 to 4 years			60.00%
Credit period overdue within 4 to 5 years			80.00%
Credit period overdue for more than 5 years	10,000.00	10,000.00	100.00%
Total	6,285,542.60	398,530.24	--

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

Applicable  Not applicable

Disclosure by age

Unit: RMB

Aging	Book balance
Within 1 year	6,143,007.77
1 to 2 years	124,689.83
2 to 3 years	7,845.00
3 to 4 years	

4 to 5 years	
5 years or above	10,000.00
Total	6,285,542.60

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

Unit: RMB

Category	Balance at the Start of the Period	Amount of Changes in the Current Period				Balance at the End of the Period
		Accrued	Recovered or Reversed	Written Off	Others	
Provision for bad debts of accounts receivable	209,737.02	188,793.22				398,530.24
Total	209,737.02	188,793.22				398,530.24

**(3) Accounts receivable actually written off in this period**

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

**(4) Accounts receivable of the top five closing balances collected by debtors**

Unit: RMB

Name of Unit	Accounts receivable at the end of the period	Proportion of the total accounts receivable at the end of the period	Bad debt provision at the end of the period
Alipay (China) Network Technology Co., Ltd.	4,334,670.63	68.96%	130,040.12
Henan Longgui Cultural Tourism Development Co., Ltd.	557,438.58	8.87%	82,958.13
Tenpay Payment Technology Co., Ltd.	313,622.60	4.99%	9,408.68
Yangshuo County Government Office	183,680.00	2.92%	17,991.60
Qingdao Yilu International Travel Agency Co., Ltd.	170,233.44	2.71%	25,535.02
Total	5,559,645.25	88.45%	

#### 4. Prepayments

##### (1) Aging analysis of prepayments is as follows

Unit: RMB

Aging	Balance at the End of the Period		Balance at the Start of the Period	
	Amount	Percentage	Amount	Percentage
Within 1 year	19,868,443.81	90.58%	16,154,582.37	93.80%
1 to 2 years	1,749,615.05	7.98%	1,067,021.17	6.20%
2 to 3 years	316,167.68	1.44%		
Total	21,934,226.54	--	17,221,603.54	--

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

Prepayment parties	Balance at the End of the Period	Proportion to the total balance of prepayment at the end of the period (%)
Hangzhou World Leisure Expo Park Co., Ltd	2,997,262.50	13.66
Tianjin Kuxun Interactive Technology Co., Ltd.	2,000,000.00	9.12
Hangzhou Bus Media Group Co., Ltd.	1,966,797.79	8.97
China Music Copyright Association	1,623,809.52	7.40
Guangxi Sutie Culture Media Co., Ltd.	867,924.54	3.96
Total	9,455,794.35	43.11

#### 5. Other receivables

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Interest Receivable		
Dividends Receivable		
Other Receivables	50,524,990.69	125,573,266.78
Total	50,524,990.69	125,573,266.78

##### (1) Other Receivables

###### 1) Other receivables categorized by the nature of the funds

Unit: RMB

Nature of the funds	Closing balance	Opening balance
Employee loan	2,772,031.55	1,907,266.72
Security deposit, deposit	14,126,496.40	17,670,537.00
Incomings and outgoings	9,306,779.16	43,496,759.94
Equity transfer fund	79,866,980.26	79,866,980.26
Pending compensation for tourists	25,134.24	485,838.76
Others	2,153,015.26	2,494,950.95
Estimated input VAT	7,551,113.16	12,302,526.06
<b>Total</b>	<b>115,801,550.03</b>	<b>158,224,859.69</b>

Estimated input VAT: When the assets of the scenic spot are put into use, the company shall carry forward the fixed assets after deducting the estimated input VAT based on the estimated total project cos. After the project is completed and invoiced, the fixed assets shall be transferred to taxable input VAT.

## 2) Bad debt provision

Unit: RMB

Bad debt provision	Phase One	Phase Two	Phase Three	Total
	Expected credit losses in the next 12 months	Expected credit losses for the entire extension (without credit impairment)	Expected credit losses for the entire extension (with credit impairment)	
Balance on January 1, 2020	2,530,167.06		30,121,425.85	32,651,592.91
Balance of the current period on January 1, 2020	---	---	---	---
--Transfer to phase three	-326,304.12		326,304.12	
Provisions of this period	-1,846,125.80		34,397,309.49	32,551,183.69
Other variations	46,556.94		27,225.80	73,782.74
Balance on December 31, 2020	404,294.08		64,872,265.26	65,276,559.34

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

Applicable  Not applicable

Disclosure by age

Unit: RMB

Aging	Book balance
Within 1 year	8,456,388.73
1 to 2 years	11,907,312.54

2 to 3 years	2,111,159.10
3 to 4 years	81,587,265.26
4 to 5 years	10,060,000.00
5 years or above	1,679,424.40
Total	115,801,550.03

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

Unit: RMB

Category	Balance at the Start of the Period	Amount of Changes in the Current Period				Balance at the End of the Period
		Accrued	Recovered or Reversed	Written Off	Others	
Provision for bad debts of other receivables	32,651,592.91	32,551,183.69			73,782.74	65,276,559.34
Total	32,651,592.91	32,551,183.69			73,782.74	65,276,559.34

### 4) Accounts receivable actually written off in this period

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

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

Unit: RMB

Name of Unit	Nature of the funds	Balance at the End of the Period	Aging	As a percentage of total other receivables at the end of the period	Bad debt provision at the end of the period
An Xiaofen (formerly: Horgos Dasheng Legend Venture Capital Co., Ltd.)	Equity transfer fund	79,866,980.26	3-4 years	68.97%	61,242,660.26
Shanghai World Expo Dongdi Cultural Development Co., Ltd.	Project development deposit	10,000,000.00	4-5 years	8.64%	200,000.00
Ningxiang Cultural	Project management	6,241,000.00	1 to 2 years	5.39%	1,515,250.00



Tourism Investment Co., Ltd.	fee, incentive fee				
New rural cooperative medical insurance and other funds	Deposits	1,260,206.00	3-4 years	1.09%	630,103.00
Beijing Muma Constellation Culture Communication Co., Ltd.	Loan	1,050,000.00	5 years or above	0.91%	1,050,000.00
<b>Total</b>	--	<b>98,418,186.26</b>	--	<b>85.00%</b>	<b>64,638,013.26</b>

## 6. Inventory

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

No

### (1) Categories of inventories

Unit: RMB

Item	Balance at the End of the Period			Balance at the Start of the Period		
	Book balance	Inventory depreciation provision or contract performance cost impairment provision	Book value	Book balance	Inventory depreciation provision or contract performance cost impairment provision	Book value
Finished goods	11,685,709.47		11,685,709.47	4,306,091.80		4,306,091.80
Materials in stock	1,738,437.03		1,738,437.03	1,804,129.76		1,804,129.76
<b>Total</b>	<b>13,424,146.50</b>		<b>13,424,146.50</b>	<b>6,110,221.56</b>		<b>6,110,221.56</b>

## 7. Other current assets

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Prepayment of value-added tax and VAT input tax that has not yet been deducted	132,363,780.35	109,478,957.39

Prepayment of corporate income tax	14,275,564.96	15,274,526.56
Prepayment of other additional taxes	2,002,059.16	2,817,492.01
<b>Total</b>	<b>148,641,404.47</b>	<b>127,570,975.96</b>

## 8. Long-term equity investment

Unit: RMB

The invested entity	Balance at the Start of the Period (book value)	Decrease/Increase in the current period								Balance at the End of the Period (book value)	Closing balance of provision for decline in value
		Investments increased	Investment decreased	Investment profit and loss recognized under the equity method	Adjustment on other comprehensive income	Other changes in equity	Cash dividends or profit declared to distribute	Provision for impairment accrued	Others		
I . Joint ventures											
II . Affiliates											
Beijing Beite Shengdi Technology Development Co., Ltd.	42,143,812.03			-531,556.58						41,612,255.45	
Beijing Huafang Technology Co., Ltd. (formerly known as Beijing Six Rooms Technology Co., Ltd.)	3,426,452,353.05			-6,181,998.23	1,356,586.59	-67,402,286.85		-1,861,297,284.90		1,492,927,369.66	1,861,297,284.90
<b>Subtotal</b>	<b>3,468,596,165.08</b>			<b>-6,713,554.81</b>	<b>1,356,586.59</b>	<b>-67,402,286.85</b>		<b>-1,861,297,284.90</b>		<b>1,534,539,625.11</b>	<b>1,861,297,284.90</b>

Total	3,468,596,165.08			-6,713,554.81	1,356,586.59	-67,402,286.85		-1,861,297,284.90		1,534,539,625.11	1,861,297,284.90
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Other notes:

(1) Other equity changes in the current period:

In November 2020, Beijing Huafang Technology Co., Ltd. (formerly known as Beijing Six Rooms Technology Co., Ltd.) increased its registered capital from RMB 50 million to RMB 53,333,300, and the investment of the company in Beijing Huafang Technology Co., Ltd. was passively diluted from 39.53% to 37.06%. Using equity method for accounting, the company recognizes the long-term equity corresponding to the increase in net assets of Beijing Huafang Technology Co., Ltd. due to its capital increase and share expansion. In addition, the decrease in the shareholding ratio should be carried forward according to the new shareholding ratio. The difference of RMB -97,391,766.67 between the book value of the corresponding long-term equity investment was recognized in capital reserve. In the current period, the book value of long-term equity investment was adjusted to RMB 29,989,479.82 due to changes in owner's equity other than net profit and loss of the invested unit Beijing Huafang Technology Co., Ltd.

(2) Provision for impairment

The equity of the company was passively diluted on November 10, 2020. According to the requirements of the "Guidelines for the Application of Regulatory Rules-Accounting No. 1" issued by CSRC on November 13, 2020, the company adopts the equity method to calculate long-term equity investments. If the investor suffers losses due to passive dilution of equity, the loss caused thereby shall be regarded as one of the signs of impairment of equity investments. Impairment test on the equity investment should be conducted. If impairment occurs, the impairment loss of the equity investment shall be recognized first, and then the impact of equity dilution shall be calculated. The accounting treatment of the company adopted the "Guidelines for the Application of Regulatory Rules-Accounting No. 1", and China United Assets Appraisal Group Co., Ltd. was hired for the impairment test of long-term equity investments with the company's base date of December 31, 2020. In addition, the long-term equity investment of the company with a base date of November 30, 2020 (date of equity dilution statement) was assessed for impairment testing.

According to the evaluation results of "The Asset Appraisal Report on Recoverable Amount Asset Appraisal Project of Beijing Huafang Technology Co., Ltd Involved in the Impairment Test of the Long-term Equity Investment That Songcheng Performance Development Co., Ltd Held" (No. 1076 of Year 2021), issued by China United Assets Appraisal Group Co., Ltd. hired by the company, as of November 30, 2020, the value of all shareholders' equity of Beijing Huafang Technology Co., Ltd. was RMB 3,993,000,000.00. The recoverable amount RMB 1,578,432,900.00 of long-term equity investment was calculated according to the investment ratio which was lower than the book value of long-term equity investment of RMB 3,439,730,184.90. The difference of RMB 1,861,297,284.90 was recognized as provision for impairment.

According to the evaluation results of the long-term equity investment impairment test conducted by China United Assets Appraisal Group Co., Ltd. as of December 31, 2020 (Zhonglian Pingbao Zi No 1075 of Year 2021), the recoverable amount of long-term equity investment of the company was not lower than the book value after the impairment of long-term equity investment.

## 9. Investment in other equity instruments

Unit: RMB

(1) Investment in other equity instruments

Item	Balance at the End of the Period	Balance at the Start of the Period
Ningno Songcheng Performance Live Entertainment Investment Partnership (limited partnership)	133,565,454.00	174,529,872.00

Ningno Songcheng Internet Entertainment Investment Partnership (limited partnership)	78,389,515.54	116,236,828.52
Ningno Meishan Bonded Port Area Qixian Innovation Entertainment Investment Partnership (limited partnership)	2,093,286.88	3,264,260.36
Ningbo Songcheng Qixian Investment Management Co., Ltd.	926,910.00	634,482.00
SABH's Big Adventure Inc.	9,291,430.32	6,294,488.76
<b>Total</b>	<b>224,266,596.74</b>	<b>300,959,931.64</b>

**(2) Investment in non-trading equity instruments**

Unit: RMB

Item Name	Recognized dividend income	Cumulative gain	Accumulated loss	The amount of other comprehensive income transferred to retained earnings	Reason for designation as being measured at fair value and the change included in other comprehensive income	Reason for transferring other comprehensive income to retained earnings
Ningno Songcheng Performance Live Entertainment Investment Partnership (limited partnership)			47,542,261.31		Long-term holding of company strategy	
Ningno Songcheng Internet Entertainment Investment Partnership (limited partnership)		32,156,015.54			Long-term holding of company strategy	
Ningno Meishan Bonded Port Area Qixian Innovation Entertainment Investment			26,406,713.12		Long-term holding of company strategy	

Partnership (limited partnership)						
Ningbo Songcheng Qixian Investment Management Co., Ltd.		544,937.31			Long-term holding of company strategy	
SABH's Big Adventure Inc.			17,342,677.79		Long-term holding of company strategy	
Total		32,700,952.85	91,291,652.22			

## 10. Fixed assets

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Fixed Assets	2,508,754,929.16	2,311,251,277.89
Disposal of fixed assets		
Total	2,508,754,929.16	2,311,251,277.89

### (1) Fixed assets

Unit: RMB

Item	Housing and building	General Equipment	Machinery and equipment	Transportation Equipment	Other equipment	Total
I . Original book value:						
1. Opening Balance	2,311,133,332.21	325,981,009.36	711,868,099.91	46,950,282.21	3,234,328.33	3,399,167,052.02
2. Increased in the Current Period	208,761,081.85	87,323,579.28	128,756,392.89	1,725,720.65		426,566,774.67
(1) Purchase		19,386,449.99	2,543,105.07	997,520.65		22,927,075.71
(2) Transferred From Construction in Progress	207,501,117.27	67,617,877.79	126,213,287.82			401,332,282.88
(3) Acquisition	1,259,964.58	319,251.50		728,200.00		2,307,416.08
3. Decreased in the Current Period	26,951,538.22	40,832,882.46	64,952,599.03	582,655.00	500,000.00	133,819,674.71
(1) Disposal or	26,951,538.22	40,832,882.46	64,952,599.03	582,655.00	500,000.00	133,819,674.71

Scrapping						
4. Closing Balance	2,492,942,875.84	372,471,706.18	775,671,893.77	48,093,347.86	2,734,328.33	3,691,914,151.98
II. Accumulated depreciation						
1. Opening Balance	474,761,446.20	238,854,625.01	349,875,329.35	21,445,860.93	2,978,512.64	1,087,915,774.13
2. Increased in the Current Period	89,189,946.98	43,364,023.06	62,073,220.49	7,991,554.84	53,329.05	202,672,074.42
(1) Accrual	88,809,054.84	43,063,286.46	62,073,220.49	7,386,359.83	53,329.05	201,385,250.67
(2) Acquisition	380,892.14	300,736.60		605,195.01		1,286,823.75
3. Decreased in the Current Period	13,048,524.57	35,439,992.88	57,958,126.46	496,981.82	485,000.00	107,428,625.73
(1) Disposal or Scrapping	13,048,524.57	35,439,992.88	57,958,126.46	496,981.82	485,000.00	107,428,625.73
4. Closing Balance	550,902,868.61	246,778,655.19	353,990,423.38	28,940,433.95	2,546,841.69	1,183,159,222.82
III. Provision for Impairment						
1. Opening Balance						
2. Increased in the Current Period						
(1) Accrual						
3. Decreased in the Current Period						
(1) Disposal or Scrapping						
4. Closing Balance						
IV. Book value						
1. Closing Balance on Book Value	1,942,040,007.23	125,693,050.99	421,681,470.39	19,152,913.91	187,486.64	2,508,754,929.16
2. Opening Balance on Book Value	1,836,371,886.01	87,126,384.35	361,992,770.56	25,504,421.28	255,815.69	2,311,251,277.89

## 11. Construction in progress

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Projects under Construction	771,871,563.73	370,000,233.10

Construction material		
Total	771,871,563.73	370,000,233.10

**(1) Details of construction in progress**

Unit: RMB

Item	Balance at the End of the Period			Balance at the Start of the Period		
	Book balance	Provision for decline in value	Book value	Book balance	Provision for decline in value	Book value
Songcheng Scenic Area No. 3 and No. 4 Theater Renovation Project				58,199,776.60		58,199,776.60
Songcheng Scenic Area Renovation Project	31,455,175.30		31,455,175.30			
Crazy Apple Land Renovation Project				1,131,346.00		1,131,346.00
Hangzhou Paradise Cableway Project				21,377,209.00		21,377,209.00
Hangzhou Paradise Upgrading and Renovation Project				1,338,840.00		1,338,840.00
Sanya Romance Project	67,799,438.26		67,799,438.26	68,079,547.97		68,079,547.97
Lijiang Chama Ancient City Renovation Project				84,480.00		84,480.00
Jiuzhai Romance Renovation Project				7,464,874.00		7,464,874.00
Longquan Mountain Tourism	350,943.40		350,943.40	350,943.40		350,943.40

Development Project						
Australian Legend Project	8,051,137.07		8,051,137.07	7,378,436.19		7,378,436.19
Shanghai World Expo Grand Theater Project	294,784,853.21		294,784,853.21	102,352,040.40		102,352,040.40
Guilin Lijiang Romance Renovation Project						
Zhangjiajie Romance Renovation Project	57,752,884.45		57,752,884.45	6,525,333.52		6,525,333.52
Xi'an Romance Project	44,575,845.40		44,575,845.40	46,062,519.11		46,062,519.11
Xitang Performance Valley Project	101,251,838.34		101,251,838.34	32,110,163.81		32,110,163.81
South Sea Qiao Mountain Romance Project	100,613,590.87		100,613,590.87	17,544,723.10		17,544,723.10
Zhuhai Performance Kingdom Project	65,235,857.43		65,235,857.43			
Total	771,871,563.73		771,871,563.73	370,000,233.10		370,000,233.10

**(2) Changes in significant construction in progress**

Unit: RMB

Item Name	Budget	Balance at the Start of the Period	Increased in the current period	Transfer amounts in this period	Other amounts decreased in current period	Balance at the End of the Period	Project accumulative investment as a percentage of the budget	Project Progress	Accumulated capitalized interest amount	Including: capitalized interest amount in the current period	Capitalization rate of the interest in the current period	Capital Source



Songcheng Scenic Area No. 3 and No. 4 Theater Renovation Project	160,790,000.00	58,199,776.60	112,842,927.40	170,294,743.00	747,961.00		106.38%	100.00%					Others
Songcheng Scenic Area Renovation Project	188,344,300.00		125,023,727.11	60,896,475.20	32,672,076.61	31,455,175.30	66.38%	80.00%					Others
Crazy Apple Land Renovation Project	3,000,000.00	1,131,346.00	1,293,492.00	1,947,928.00	476,910.00		80.83%	100.00%					Others
Hangzhou Paradise Cableway Project	22,185,540.00	21,377,209.00	578,660.00	21,955,869.00			98.96%	100.00%					Others
Hangzhou Paradise Upgrading and Renovation Project	28,383,000.00	1,338,840.00	18,392,930.05	14,372,889.70	5,358,880.35		69.52%	100.00%					Others
Sanya Romance Project	90,000,000.00	68,079,547.97	14,174,485.29	12,261,137.00	2,193,458.00	67,799,438.26	91.39%	95.00%					Others
Lijiang Chama Ancient City Renovation Project	12,226,191.93	84,480.00	11,163,785.09	4,900,996.69	6,347,268.40		92.00%	100.00%					Others
Jiuzhai Romance Renovation Project	48,510,000.00	7,464,874.00	24,956,883.82	29,641,013.40	2,780,744.42		66.84%	100.00%					Others
Longquan Mountain	212,588,000.00	350,943.40	9,836.28	9,836.28		350,943.40	69.80%	90.00%					Others

Tourism Development Project												
Australian Legend Project	1,692,380,000.00	7,378,436.19	672,700.88			8,051,137.07	0.48%	2.00%				Others
Shanghai World Expo Grand Theater Project	830,260,000.00	102,352,040.40	192,432,812.81			294,784,853.21	35.51%	90.00%				Others
Guilin Lijiang Romance Renovation Project	15,477,872.07		14,742,695.86	13,026,913.87	1,715,781.99		95.25%	100.00%				Others
Zhangjiajie Romance Renovation Project	123,920,000.00	6,525,333.52	49,249,285.71	-2,516,897.53	538,632.31	57,752,884.45	45.01%	95.00%				Others
Xi'an Romance Project	480,000,000.00	46,062,519.11	183,273,744.37	74,541,378.27	110,219,039.81	44,575,845.40	47.78%	60.00%				Others
Xitang Performance Valley Project	400,000,000.00	32,110,163.81	69,141,674.53			101,251,838.34	25.31%	40.00%				Others
South Sea Qiao Mountain Romance Project	700,000,000.00	17,544,723.10	83,068,867.77			100,613,590.87	14.37%	50.00%				Others
Zhuhai Performance Kingdom Project	2,500,000,000.00		65,235,857.43			65,235,857.43	2.61%	2.00%				Others
Total	7,508,064,900	370,000,230	966,254,360	401,332,280	163,050,750	771,871,560						--

	4.00	3.10	6.40	2.88	2.89	3.73					
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Details of changes in the projects under construction: Other reductions of RMB 163,050,752.89 in the current period are the transfer of long-term deferred expenses amounting to RMB 125,574,936.70 and the transfer of operating costs of maintenance and improvement amounting to RMB 37,475,816.19.

For Zhangjiajie Romance Project, the amount of fixed assets transferred into the current period was RMB-2,516,897.53. The original value of fixed assets shall be adjusted correspondingly to the difference in the final accounts of the previous projects completed in this period.

## 12. Intangible assets

### (1) Details of intangible assets

Unit: RMB

Item	Land use rights	Patent right	Non-patented technology	Computer Software	Intellectual Property	Vehicle license plate	Total
I. Original book value							
1. Opening Balance	1,649,920,722.90			40,323,649.98	600,000.00	151,000.00	1,690,995,372.88
2. Increased in the Current Period	436,767,296.90			2,339,383.71		99,800.00	439,206,480.61
(1) Purchase	7,743,540.89			2,339,383.71		99,800.00	10,182,724.60
(2) Internal research and development							
(3) Acquisition	429,023,756.01						429,023,756.01
3. Decreased in the Current Period							
(1) Disposal							

4. Closing Balance	2,086,688,019.80			42,663,033.69	600,000.00	250,800.00	2,130,201,853.49
II. Accumulated amortization							
1. Opening Balance	181,383,655.06			10,860,063.11	220,000.00	41,524.89	192,505,243.06
2. Increased in the Current Period	51,157,924.94			6,425,009.61	60,000.00	21,753.32	57,664,687.87
(1) Accrual	50,163,049.74			6,425,009.61	60,000.00	21,753.32	56,669,812.67
(2) Acquisition	994,875.20						994,875.20
3. Decreased in the Current Period							
(1) Disposal							
4. Closing Balance	232,541,580.00			17,285,072.72	280,000.00	63,278.21	250,169,930.93
III. Provision for Impairment							
1. Opening Balance							
2. Increased in the Current Period							
(1) Accrual							
3. Decreased in the Current							

Period							
(1) Disposal							
4. Closing Balance							
IV. Book value							
1. Closing Balance on Book Value	1,854,146,439. 80			25,377,960.97	320,000.00	187,521.79	1,880,031,922. 56
2. Opening Balance on Book Value	1,468,537,067. 84			29,463,586.87	380,000.00	109,475.11	1,498,490,129. 82

### 13. Goodwill

#### (1) Original book value of goodwill

Unit: RMB

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

#### (2) Provision of impairment in goodwill

Unit: RMB

The invested entity or matters which formed goodwill	Balance at the Start of the Period	Increased in the current period		Decreased in the current period		Balance at the End of the Period
		Accrued		Disposal		
Jiuzhaigou Tibetan Mystery Culture Co., Ltd	17,425,960.27	16,422,870.82				33,848,831.09

Total	17,425,960.27	16,422,870.82				33,848,831.09
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Information about the asset group or asset group combination where the goodwill is located

Jiuzhaigou Tibetan Mystery Culture Co., Ltd:

Composition of asset group or combination of asset groups	Jiuzhaigou Tibetan Mystery Culture Co., Ltd
Book value of the asset group or asset groups combination	46,117,875.21
Original book value of goodwill	45,504,625.96
Unrecognized value of goodwill attributed to equity of minority shareholders	30,336,417.31
Including the value of unrecognized goodwill attributed to minority shareholders' equity	75,841,043.27
The book value of the asset group or combination of asset groups that involves goodwill	121,958,918.48
The present book value of the expected future cash flow of the asset group (the recoverable current book value)	65,544,200.00
Accumulated impairment loss of goodwill	33,848,831.09
Whether the asset group or combination of asset groups is consistent with its identified amount at the date of purchase and the goodwill impairment test of previous years	Consistency

In 2015, the company acquired 60% of Jiuzhaigou Tibetan Mystery Culture Co., Ltd., whose business is single and independent for accounting; therefore it is considered as an independent asset group.

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

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

The present value of the expected future net cash flow of the asset group is based on the management budget for the next five years and the adjusted discount rate. It is calculated by using the cash flow forecasting method. The cash flow beyond the five-year detailed forecast period is calculated with a stable growth rate. Among them, the forecast period of cash flow is 2021-2025 (the subsequent period is perpetuity), and the discount rate is 12.79%.

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

According to the "Asset Appraisal Report"(No.01-268,Beifangyapingbaozi of Year 2021) issued by Beijing Northern Asia Assets Appraisal Firm (Special General Partnership) hired by the company, recoverable amount of the asset group involving goodwill was RMB 65,544,200.00. After testing, the accumulated goodwill impairment of Jiuzhaigou Tibetan Mystery Culture Co., Ltd. was RMB 33,848,831.09.

## **14. Long-term prepaid expenses**

Unit: RMB

Item	Balance at the Start of the Period	Increased in the current period	Prepaid Expenses in This Period	Other Amounts Decreased	Balance at the End of the Period
Expenditures for improvement of operating leased fixed assets	16,194,513.36	102,555,642.98	5,014,426.73		113,735,729.61
House decoration fee	3,156,210.74	4,331,967.84	2,363,188.65		5,124,989.93
Fees for road signs in scenic spots	14,034,104.10	5,540,200.98	5,395,796.05		14,178,509.03
Scenic animals and plants	43,755,769.03	8,490,010.36	14,725,262.80		37,520,516.59
Cost of creating costumes and props	34,820,479.01	15,026,982.17	5,754,104.36		44,093,356.82
Long-term rental fee	479,550.78	109,202,325.81	1,035,087.58		108,646,789.01
Others		1,187,442.62	746,156.72		441,285.90
<b>Total</b>	<b>112,440,627.02</b>	<b>246,334,572.76</b>	<b>35,034,022.89</b>		<b>323,741,176.89</b>

## 15. Deferred income tax assets/liabilities

### (1) Deferred income tax assets not written off

Unit: RMB

Item	Balance at the End of the Period		Balance at the Start of the Period	
	Deductible temporary difference	Deferred Income Tax Assets	Deductible temporary difference	Deferred Income Tax Assets
Provision for Impairment of Assets	65,659,489.58	16,308,221.87	32,861,329.93	8,158,388.51
Unrealized Profit from Internal Transactions	8,710,326.58	2,177,581.65	3,960,255.51	990,063.88
<b>Total</b>	<b>74,369,816.16</b>	<b>18,485,803.52</b>	<b>36,821,585.44</b>	<b>9,148,452.39</b>

### (2) Deferred income tax liabilities not written off

Unit: RMB

Item	Balance at the End of the Period		Balance at the Start of the Period	
	Taxable temporary difference	Deferred Income Tax Liabilities	Taxable temporary difference	Deferred Income Tax Liabilities
Asset appraisal	386,938,479.60	96,734,619.90		

increment of merged assets of the entities not under common control				
Changes in the fair value of other equity instrument investments			38,442,254.88	9,610,563.72
Changes in the fair value of the trading financial assets included in the profit and loss from fair value changes of the current period	182,449.34	34,600.28	4,643,937.75	1,160,984.46
Total	387,120,928.94	96,769,220.18	43,086,192.63	10,771,548.18

### (3) Details of unrecognized deferred income tax assets

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Deductible temporary difference	1,044,004,655.08	
Deductible Losses	359,520,530.58	178,326,292.21
Total	1,403,525,185.66	178,326,292.21

### (4) The deductible losses of unrecognized deferred income tax assets will mature in the following years

Unit: RMB

Year	Amount at the end of the period	Opening balance	Notes
2020		445.00	
2021	10,214,970.98	10,063,818.26	
2022	16,736,431.92	20,511,817.39	
2023	62,433,581.93	62,499,359.60	
2024	70,358,021.61	85,250,851.96	
2025	199,777,524.14		
Total	359,520,530.58	178,326,292.21	--

Other notes:

The company acquired Zhuhai Southern Film and Television Culture Industry Co., Ltd. in 2020, which increased the recoverable loss of the company to RMB 3,194,995.24 by the end of 2021



**16. Other non-current assets**

Unit: RMB

Item	Balance at the End of the Period			Balance at the Start of the Period		
	Book balance	Provision for decline in value	Book value	Book balance	Provision for decline in value	Book value
Advance payment for project	7,733,926.26		7,733,926.26	21,064,619.27		21,064,619.27
Advance payment for car	855,900.00		855,900.00			
<b>Total</b>	<b>8,589,826.26</b>		<b>8,589,826.26</b>	<b>21,064,619.27</b>		<b>21,064,619.27</b>

**17. Accounts payable****(1) Details of accounts payable**

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Payment for project, equipment and maintenance	346,638,370.70	282,821,061.27
Inventory cost	24,866,101.30	13,964,738.58
Rental fees		1,200,000.00
Advertising cost and other fees	971,992.69	2,671,079.77
<b>Total</b>	<b>372,476,464.69</b>	<b>300,656,879.62</b>

**18. Advance receipts****(1) Details of received pre-payments**

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Shop rent	12,888,689.05	39,894,552.94
Ticket fees		
Planning fee, design fee, program production fee		
<b>Total</b>	<b>12,888,689.05</b>	<b>39,894,552.94</b>

**19. Contract liabilities**

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Ticket fees	11,352,124.25	10,811,921.34
Planning fee, design fee, program production fee	177,198,113.27	283,490,566.04
Total	188,550,237.52	294,302,487.38

The amount of significant change in book value during the reporting period and the reason thereof

Unit: RMB

Item	Amount of change	Reason for change
Planning fee, design fee, program production fee	73,584,905.66	Increase in amount due to receipt of cash
Planning fee, design fee, program production fee	-179,877,358.43	The amount of reduced contract liabilities due to the carry-over income of this year
Total	-106,292,452.77	—

**20. Salary payable****(1) Details of payroll payable**

Unit: RMB

Item	Balance at the Start of the Period	Increased in the current period	Decreased in the current period	Balance at the End of the Period
I. Short-term remuneration	26,636,404.96	165,085,458.36	172,980,522.37	18,741,340.95
II. Dismissal benefits - defined contribution scheme	101,483.47	2,429,865.27	2,454,884.95	76,463.79
III. Dismissal welfare		269,784.48	269,784.48	
Total	26,737,888.43	167,785,108.11	175,705,191.80	18,817,804.74

**(2) List of short-term remuneration**

Unit: RMB

Item	Balance at the Start of the Period	Increased in the current period	Decreased in the current period	Balance at the End of the Period
1. Wages or salaries, bonuses, allowances and	22,890,436.83	141,141,123.17	149,644,935.62	14,386,624.38

subsidies				
2. Staff welfare		14,001,512.92	13,985,822.68	15,690.24
3. Social insurance contributions	76,842.60	5,179,287.92	5,181,381.13	74,749.39
Including: medical insurance	66,814.36	4,997,487.95	5,004,083.36	60,218.95
Work injury insurance premium	1,727.23	45,433.97	45,456.48	1,704.72
Birth insurance premium	8,301.01	136,366.00	131,841.29	12,825.72
4. Housing funds	38,191.00	3,405,206.80	3,369,015.80	74,382.00
5. Labor union and education funds	3,630,934.53	1,358,327.55	799,367.14	4,189,894.94
Total	26,636,404.96	165,085,458.36	172,980,522.37	18,741,340.95

**(3) Defined contribution scheme (Note)**

Unit: RMB

Item	Balance at the Start of the Period	Increased in the current period	Decreased in the current period	Balance at the End of the Period
1. Basic pension insurance	98,301.95	2,349,165.30	2,374,077.04	73,390.21
2. Unemployment insurance	3,181.52	80,699.97	80,807.91	3,073.58
Total	101,483.47	2,429,865.27	2,454,884.95	76,463.79

**21. Taxes payable**

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
VAT	1,627,758.21	1,369,684.24
Enterprise Income Tax	14,538,779.22	11,790,054.25
Individual income tax	568,739.64	419,317.22
Urban Maintenance and Construction Tax	124,619.04	162,742.03
House property tax	2,125,001.78	6,177,522.75
Land usage tax	790,142.85	2,482,574.75
Education Surcharges	69,757.11	117,648.61
Stamp duty	25,010.64	94,292.11

Others		335.68
Total	19,869,808.49	22,614,171.64

## 22. Other payables

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Interest Payable		
Dividends Payable		
Other Payables	65,149,971.79	63,299,348.02
Total	65,149,971.79	63,299,348.02

### (1) Other payables

#### 1) Other payables listed by nature of funds

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Merchant deposit	4,724,228.60	13,413,112.55
Deposit of construction party	4,130,003.70	4,708,367.70
Deposit of merchant for bidding	1,923,628.40	2,518,060.00
Deposit of travel agency	4,301,753.00	3,640,858.00
Other types of deposits	1,553,964.82	1,663,064.43
Reward for over-fulfilled performance	31,576,200.00	31,576,200.00
Incomings and outgoings	14,094,504.75	3,427,348.61
Others	2,845,688.52	2,352,336.73
Total	65,149,971.79	63,299,348.02

Other explanation: The reward for over-fulfilled performance at the end of the period is determined according to the initial acquisition agreement with Beijing Huafang Technology Co., Ltd.,. If the excess part of the net profit actually realized during the performance commitment period that is higher than the promised net profit, the excess part has not been issued to the management shall be calculated in accordance with the agreed proportion

## 23. Non-current liabilities due within one year

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
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Long-term debt due within one year	12,000,000.00	
Interest on long-term loans for which the principal and interest is repaid by installments	426,708.33	
Total	12,426,708.33	

## 24. Other current liabilities

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Output VAT to be carried forward	3,513,902.08	17,536,415.96
Total	3,513,902.08	17,536,415.96

## 25. Long-term loans

### (1) Categories of long-term loans

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Fiduciary loans	282,000,000.00	
Total	282,000,000.00	

## 26. Deferred revenue

Unit: RMB

Item	Balance at the Start of the Period	Increased in the current period	Decreased in the current period	Balance at the End of the Period	Causes
Government subsidies	382,872,318.90	5,373,300.00	625,758.49	387,619,860.41	Government's grant
Total	382,872,318.90	5,373,300.00	625,758.49	387,619,860.41	--

Projects related to government subsidies:

Unit: RMB

Liabilities	Balance at the Start of the Period	The amount of new subsidies in this period	Amount recorded as non-operating revenue in this period	The Amount Recorded as Other Income in This Period	The Amount Written off Costs in This Period	Other variations	Balance at the End of the Period	Related to assets/related to income

In 2008, the discounts on interest for the international animation gallery project were received.	3,333,332.38			142,857.24			3,190,475.14	Related to assets
In 2017, the cultural and creative funds for "Love Song of Lijiang" project were received.	346,666.28			20,000.04			326,666.24	Related to assets
In 2017, the grant for the toilet project of the modern service industry in Songcheng Scenic Area were received.	114,833.56			6,500.04			108,333.52	Related to assets
In 2017, Hangzhou modern service industry guiding funds for the cable car project were received.	537,800.00			13,445.00			524,355.00	Related to assets
In 2017, the special funds of tourism planning and construction of modern service for Xianghu Lake Romance were received.	903,586.61			52,130.04			851,456.57	Related to assets
In 2017, the special funds for cultural industry development were received.	2,000,000.00			58,333.31			1,941,666.69	Related to assets
In 2018, the special funds for cultural	500,000.00						500,000.00	Related to assets

industry development were received from the Department of Culture, Radio, Television, Press, Publication and Sports of Hainan province.								
In 2018, the subsidies for Longquan Mountain ecological rehabilitation project were received.	922,833.36			48,999.96			873,833.40	Related to assets
In 2018, the subsidies for Guilin Lijiang Romance folk culture, leisure tourism and performance project were received.	462,500.04			24,999.96			437,500.08	Related to income
In 2019, the special funds for planning and construction subsidies of modern service industry issued by the Municipal Tourism Commission for the reconstruction project of No. 2 Theater Complex in Songcheng Romance Park were received.	1,626,433.34			66,159.96			1,560,273.38	Related to assets
In 2019, Hangzhou modern service industry tourism	199,333.33			8,000.03			191,333.30	Related to income

special funds for the construction project of the new entrance hall washroom were received.								
In 2019, the guiding funds of Guilin Lijiang service industry for Guilin Romance folk culture leisure tourism performance project were received.	1,425,000.00			75,000.00			1,350,000.00	Related to assets
In 2019, special funds issued by Xiqiao Mountain Scenic Area Management Committee in Nanhai District, Foshan for supporting the project of Foshan Xiqiao Mountain Romance park were received.	370,000,000.00						370,000,000.00	Related to assets
In 2019, the cultural and tourism industry funds issued by Hainan Provincial Department of Finance for Sanya No. 2 theater project were received.	500,000.00						500,000.00	Related to assets
In 2020, the financial support funds issued by Shanghai		280,000.00					280,000.00	Related to assets



government for promoting the development of cultural and creative industries were received.								
In 2020, the cultural industry development special funds issued by Hainan Provincial Department of Finance for Sanya No.2 Theater Project were received.		2,000,000.00					2,000,000.00	Related to income
In 2020, the special funds for development of modern service industry issued by Development and Reform Bureau of Wulingyuan District of Zhangjiajie were received.		2,000,000.00		83,330.00			1,916,670.00	Related to assets
In 2020, the special funds for tourism development issued by Zhangjiajie Municipal Finance Bureau were received.		423,400.00		21,170.00			402,230.00	Related to assets
In 2020, Hangzhou modern service industry tourism special funds allocated by Hangzhou Culture, Radio, Film and		490,000.00		4,083.33			485,916.67	Related to income

Television Tourism Bureau for significant leisure tourism construction, the upgrading and renovation of scenic spots, and tourism planning projects were received.								
In 2020, the special tourism (tourism toilet) subsidies allocated by Hangzhou Culture, Radio, Film and Television Tourism Bureau were received.		179,900.00		749.58			179,150.42	Related to assets
Total	382,872,318.90	5,373,300.00		625,758.49			387,619,860.41	

## 27. Share capital

Unit: RMB

	Balance at the Start of the Period	Increased or decreased amount in this period (+/-)					Balance at the End of the Period
		Shares newly issued	Bonus shares	Shares converted from capital reserves	Others	Subtotal	
Total shares	1,452,607,800.00			1,162,086,240.00		1,162,086,240.00	2,614,694,040.00

Other notes:

(1) Transfer of capital reserves: The equity distribution plan was reviewed and approved at the Annual General Meeting of Shareholders of Year 2019 held on 18 May, 2020. Based on the total capital of 1,452,607,800 shares at the end of 2019, the company transferred 8 additional shares for every 10 shares from the capital reserve to all shareholders. Total of 1,162,086,240 additional shares were added. The total share capital after transfer was 2,614,694,040 shares.

(2) Other changes: the conversion between restricted shares and unrestricted shares. Among them, according to the "Implementation Rules for Shareholders, Directors, Supervisors, Top Management Personnel of Listed Companies of Shenzhen Stock Exchange", in 2020, the restricted shares held by the secretary of board Dong Xin and former director Liu Yan was lifted and 38,830,789 shares of restricted shares were converted. Liu Ping added 459,827 restricted shares due to changes in security account.

**28. Capital reserves**

Unit: RMB

Item	Balance at the Start of the Period	Increased in the current period	Decreased in the current period	Balance at the End of the Period
Capital premium (capital share premium)	2,467,285,269.09		1,197,545,567.38	1,269,739,701.71
Other capital reserves	9,026,800.00	29,989,479.82	97,391,766.67	-58,375,486.85
Among them: (1) Amount of share-based payment included in owner's equity	8,676,800.00			8,676,800.00
(2) Other	350,000.00			350,000.00
(3) Other changes in owner's equity other than net profit and loss of the invested entity		29,989,479.82	97,391,766.67	-67,402,286.85
Total	2,476,312,069.09	29,989,479.82	1,294,937,334.05	1,211,364,214.86

Other notes, including increases or decreases in this period and their reasons:

(1) Description of changes in capital premium (share premium):

1). The annual equity distribution plan was reviewed and approved in Annual General Meeting of Shareholders of Year 2019 held on 18 May, 2020. based on the total capital of 1,452,607,800 shares at the end of Year 2019, the company transferred 8 additional shares for every 10 shares from the capital reserve to all shareholders. Total reduction of capital reserve-capital premium was RMB 1,162,086,240.

The company acquired 20% minority shareholders' interests of its subsidiary Aba Zhou Jiuzhai Romance Tourism Development Co., Ltd.,. The shareholding ratio rose from 80% to 100%. The difference between the newly acquired long-term equity investment as a result of purchase of minority equity and the net assets based on new shareholding ratio that should be continuously calculated by the subsidiary since the purchase date was RMB -35,459,327.38. The capital reserve-capital premium was reduced by RMB 35,459,327.38.

(2) Other changes in owner's equity other than net profit and loss of the invested entity

1). In November 2020, Beijing Huafang Technology co., Ltd. (formerly known as Beijing Six Rooms Technology co., Ltd.) increased its registered capital from RMB 5,000 ten thousand to RMB 5,333.33 ten thousand, and the investment of the company in Beijing Huafang Technology co., Ltd. was passively diluted from 39.53% to 37.06%. Using equity method for accounting, the company recognizes the long-term equity corresponding to the increase in net assets of Beijing Huafang Technology co., Ltd. due to its capital increase and share expansion. In addition, the decrease in the shareholding ratio should be carried forward according to the new shareholding ratio. The difference of RMB -97,391,766.67 between the book value of the corresponding long-term equity investment was recognized in capital reserve.

In the current period, the book value of long-term equity investment was adjusted to RMB 29,989,479.82 due to the changes in owner's equity other than net profit and loss of the invested unit Beijing Huafang Technology Co., Ltd.

## 29. Other comprehensive incomes

Unit: RMB

Item	Balance at the Start of the Period	This Period's Amount of Occurrence						Balance at the End of the Period
		Before tax balance in this period	Less: recorded into other comprehensive incomes in previous period and transferred to P/L in current period	Less: Recorded into other comprehensive incomes in previous period and transferred to retained income in current period	Less: Income Tax Expense	Attributable to the Company after tax	Attributable to the minority shareholders after tax	
1. Other comprehensive income that cannot be reclassified into profit and loss	17,490,719.49	-76,693,334.90		-1,356,586.59	-9,610,563.72	-65,726,184.59		-48,235,465.10
Other comprehensive income that cannot be transferred to profit or loss under the equity method	-1,356,586.59			-1,356,586.59		1,356,586.59		
Changes in the fair value of other equity instrument investments	18,847,306.08	-76,693,334.90			-9,610,563.72	-67,082,771.18		-48,235,465.10
II. Other comprehensive income that will be reclassified into P/L	-26,171,871.08	11,082,806.63				11,082,220.43	586.20	-15,089,650.65
Currency conversion difference	-26,171,871.08	11,082,806.63				11,082,220.43	586.20	-15,089,650.65
Other comprehensive incomes in total	-8,681,151.59	-65,610,528.27		-1,356,586.59	-9,610,563.72	-54,643,964.16	586.20	-63,325,115.75

## 30. Surplus reserve

Unit: RMB

Item	Balance at the Start of the Period	Increased in the current period	Decreased in the current period	Balance at the End of the Period
Statutory surplus reserve	517,673,268.35			517,673,268.35

Total	517,673,268.35		517,673,268.35
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### 31. Undistributed profits

Unit: RMB

Item	Current period	Previous Period
Undistributed Profit before Adjustment at the End of Previous Period	5,176,157,180.79	4,170,577,596.34
Adjust the total undistributed profits at the start of the period (increase +, decrease -)		3,653,579.35
Undistributed Profit after Adjustment at the Start of the Period	5,176,157,180.79	4,174,231,175.69
Add: net profit attributable to parent company's owner in current period	-1,752,398,009.60	1,339,790,994.94
Other Carry-forward Retained Earnings of the Comprehensive Income	-1,356,586.59	3,336,493.95
Less: withdrawal for statutory surplus reserve		166,888,547.79
Payable dividends on ordinary shares	290,521,560.00	174,312,936.00
Undistributed Profit at the End of the Period	3,131,881,024.60	5,176,157,180.79

1). Due to the retrospective adjustment according to the "Accounting Standards for Business Enterprises" and related new regulations, affected undistributed profit at the beginning of the period was RMB 0.00.

2). Due to changes in accounting policies, affected undistributed profit at the beginning of the period was RMB 0.00.

3). Due to the correction of major accounting errors, affected undistributed profit at the beginning of the period was RMB 0.00.

4). Due to changes in the scope of consolidation under same control, affected undistributed profit at the beginning of the period was RMB 0.00.

5). Due to Other adjustments, affected undistributed profit at the beginning of the period was RMB 0.00.

### 32. Operating income and operating costs

Unit: RMB

Item	This Period's Amount of Occurrence		Previous Period's Amount of Occurrence	
	Income	Cost	Income	Cost
Main Business	860,109,435.13	350,061,394.54	2,473,465,265.61	744,700,816.40
Other businesses	42,476,690.50	2,609,078.88	138,287,943.25	2,488,484.84
Total	902,586,125.63	352,670,473.42	2,611,753,208.86	747,189,301.24

Whether the lower of the audited net profit before and after deduction of non-recurring gains and losses is negative

Yes  No

Unit: RMB

Item	2020	2019	Notes
Operating income	902,586,125.63	/	Total Operating Income
Deduction items of operating revenue	6,381,032.95	/	Income from personnel dispatch management and other miscellaneous businesses
Including:			
Management fee business revenue	3,519,339.62	/	Revenue from personnel dispatch management fee
Others	2,861,693.33	/	Other sporadic business income
Subtotal of business income not related to main business	6,381,032.95	/	Income from personnel dispatch management and other miscellaneous businesses
Subtotal of non-business revenue	0.00	/	N/A
Amount of operating revenue after deduction	896,205,092.68	/	Operating income of main business

Related information of revenue:

Unit: RMB

Contract classification	Culture and art industry-live performance	Tourism service industry	Other businesses	Total
Product types	636,915,514.47	223,193,920.66	42,476,690.50	902,586,125.63
Including:				
(1) Hangzhou Songcheng Tourist Area	265,487,381.20			265,487,381.20
(2) Sanya Songcheng Tourist Area	118,683,102.20			118,683,102.20
(3) Lijiang Songcheng Tourist Area	132,544,773.13			132,544,773.13
(4) Jiuzhai Songcheng Tourist Area	25,197,742.08			25,197,742.08
(5) Guilin Songcheng Tourist Area	53,799,653.29			53,799,653.29
(6) Zhangjiajie Songcheng Tourist Area	16,480,189.00			16,480,189.00
(7) Xi'an Songcheng Tourist	24,722,673.57			24,722,673.57

Area				
(8) E-business handling fee		43,316,562.23		43,316,562.23
(9) Design planning fee		179,877,358.43		179,877,358.43
(10) Management fee business			3,519,339.62	3,519,339.62
(11) Leasing business of scenic spots			36,095,657.55	36,095,657.55
(12) Other			2,861,693.33	2,861,693.33
Contract type	636,915,514.47	223,193,920.66	42,476,690.50	902,586,125.63
Including:				
(1) Revenue from contract	636,915,514.47	223,193,920.66	6,381,032.95	866,490,468.08
Classified by the time of commodity transfer	636,915,514.47	223,193,920.66	6,381,032.95	866,490,468.08
Including:				
Confirm at time points	636,357,477.47	43,316,562.23	835,167.32	680,509,207.02
Confirm within a certain period of time	558,037.00	179,877,358.43	5,545,865.63	185,981,261.06
(2) Rental income			36,095,657.55	36,095,657.55

Information related to performance obligations:

N/A

Information related to the transaction price allocated to the remaining obligations:

At the end of the reporting period, the amount of revenue corresponding to the performance obligations that have been signed but not yet performed or not yet completed is RMB 177,198,113.27, of which RMB 177,198,113.27 is expected to be recognized as revenue in 2021-2025.

### 33. Taxes and surcharges

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Urban Maintenance and Construction Tax	944,001.17	5,780,053.12
Education Surcharges	827,724.98	4,379,199.98
House property tax	7,447,753.53	16,889,492.45
Land usage tax	1,928,223.64	5,159,854.16
Vehicle and vessel use tax	49,250.44	44,089.37
Stamp duty	709,855.81	3,844,271.82
Water conservancy construction fund	26,687.48	67,827.55
Total	11,933,497.05	36,164,788.45

**34. Sales expenses**

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Sales of agent		39,452,375.76
Advertising cost	45,899,163.03	81,882,054.48
Salary and labor fees	9,262,823.51	13,194,734.22
Rental fees	1,546,072.36	3,394,295.48
Fees for technical services	878,308.35	2,088,909.13
Material consumption	2,451,944.75	1,951,887.84
Traveling expense	976,777.55	1,007,577.13
Others	2,634,660.75	2,531,802.60
<b>Total</b>	<b>63,649,750.30</b>	<b>145,503,636.64</b>

**35. Management expenses**

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Salary and labor fees	75,408,829.46	65,258,783.45
Amortization of intangible assets and other assets	64,348,021.07	41,918,863.26
Consulting fee	8,182,473.68	8,355,212.52
Traveling expense	5,624,695.71	8,034,072.39
Depreciation charge	75,830,364.58	17,052,355.49
Business entertainment expense	10,034,078.60	9,854,115.36
Rental fees	5,086,107.77	7,710,352.14
Material consumption	9,364,375.32	7,365,101.12
Office expense	5,579,245.84	4,200,718.37
Trademark royalty	9,433,962.00	9,571,349.95
Afforestation fee	2,321,906.68	
Maintenance cost	3,541,464.14	2,237,261.26
Others	13,328,642.89	6,656,935.92
<b>Total</b>	<b>288,084,167.74</b>	<b>188,215,121.23</b>

Other notes:

Due to the impact of the "COVID-19" in 2020, the scenic spots of the company were closed from January 24, 2020 to June 11,



2020. During the closure period, the amount that should have been recognized in operating costs was included in management expenses.

### 36. R&D expenses

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Salary and labor fees	21,062,406.05	31,117,911.36
Fees for technical services	324,329.47	2,273,176.07
Design fee	215,813.33	505,299.96
Rental fees	617,847.90	1,520,774.62
Amortization of intangible assets and other assets	314,907.89	704,290.03
Traveling expense	589,458.88	2,581,588.90
Office expense	698,738.20	997,614.76
Depreciation charge	7,404,031.20	3,988,986.72
Material consumption	5,295,522.43	2,541,649.23
Others	964,908.65	2,193,228.89
<b>Total</b>	<b>37,487,964.00</b>	<b>48,424,520.54</b>

### 37. Financial expenses

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Interest expense	7,822,986.14	
Less: interest income	32,572,127.48	22,648,412.21
P/L on foreign exchange	9,952,753.34	20,658.20
Others	1,952,949.85	4,883,855.17
<b>Total</b>	<b>-12,843,438.15</b>	<b>-17,743,898.84</b>

### 38. Other incomes

Unit: RMB

Sources of other incomes	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Government subsidies	34,307,513.06	3,561,650.56
Input VAT (plus credit) deduction	264,647.17	723,573.63
<b>Total</b>	<b>34,572,160.23</b>	<b>4,285,224.19</b>

**Government subsidies included in other income:**

Subsidy items	Amount of this period	Amount of Previous Period	Related to assets/related to income
1. Government subsidies directly confirmed in this period	33,681,754.57	1,885,679.93	
Unemployment insurance supports subsidies for enterprises to stabilize jobs	1,447,638.48		Related to income
Financial support funds	14,000,000.00	811,400.00	Related to income
Enterprise practical training and social insurance subsidies	510,905.87	1,050,250.93	Related to income
Return of service charge for individual income tax collection	312,209.68	24,029.00	Related to income
Epidemic subsidy	16,858,300.00		Related to income
Others	552,700.54		Related to income
2. Government subsidies transferred from deferred income	625,758.49	1,675,970.63	
Discount interest for engineering project of international animation museum	142,857.24	142,857.24	Related to assets
Cultural and creative funds for "Lijiang Love Song" project	20,000.04	20,000.04	Related to assets
Modern service industry funds for toilet project of Songcheng scenic area	6,500.04	6,500.04	Related to assets
Modern service industry special funds for tourism planning and construction of Xianghu Romance Show	52,130.04	52,130.04	Related to assets
"The Phantom of the Ancient Tree" and the reconstruction of flower lane food street		1,277,250.01	Related to assets
Subsidies for Longquan mountain ecological rehabilitation project	48,999.96	48,999.97	Related to assets
Subsidies for Guilin Lijiang Romance, folk culture, leisure tourism and performance	24,999.96	24,999.96	Related to assets

Subsidy items	Amount of this period	Amount of Previous Period	Related to assets/related to income
Special funds for planning and construction of modern service industry municipal issued by Tourism Commission for the reconstruction project of No. 2 Theater Complex in Songcheng Romance Park	66,159.96	27,566.66	Related to assets
Special funds of Hangzhou modern service industry tourism for construction of new entrance hall washroom	8,000.03	666.67	Related to assets
The guiding funds of Guilin Lijiang service industry for Guilin Romance folk culture leisure tourism performance project	75,000.00	75,000.00	Related to assets
Hangzhou modern service industry guiding funds for the cable car project	13,445.00		Related to assets
The special funds for development of modern service industry issued by Development and Reform Bureau of Wulingyuan District of Zhangjiajie	83,330.00		Related to assets
The special funds for tourism development issued by Zhangjiajie Municipal Finance Bureau	21,170.00		Related to assets
Hangzhou modern service industry tourism special funds issued by Hangzhou Culture, Radio, Film and Television Tourism Bureau for major leisure tourism construction, the upgrading and renovation of scenic spots, and tourism planning projects	4,083.33		Related to assets
The special subsidies for tourism (tourism toilet)	749.58		Related to assets
Jiuzhai cultural industry development special funds	58,333.31		Related to assets
Total	34,307,513.06	3,561,650.56	

**39. Investment income**

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Long-term equity investment income measured by equity method	-5,356,968.22	72,523,327.47
Investment income from disposal of long-term equity investment		-27,274.40
Investment income from disposal of trading financial assets	19,371,860.52	51,069,524.28
After losing control, the remaining equity is re-measured at fair value		149,600,667.33
Total	14,014,892.30	273,166,244.68

**40. Income from changes in fair value**

Unit: RMB

Source of the income from changes in fair value	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Trading Financial Assets	247,726.31	991,859.52
Total	247,726.31	991,859.52

**41. Credit impairment loss**

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Bad debt losses of other receivables	-32,551,183.69	-933,666.76
Bad debt losses of accounts receivable	-188,793.22	2,259,651.28
Total	-32,739,976.91	1,325,984.52

**42. Asset impairment loss**

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Long-term equity investment impairment loss	-1,861,297,284.90	
Goodwill impairment loss	-16,422,870.82	-17,425,960.27
Total	-1,877,720,155.72	-17,425,960.27

**43. Income from asset disposal**

Unit: RMB

Sources of the asset disposal income	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Total gains from disposal of non-current assets	676,435.92	-767,848.08
Of which: gains from disposal of fixed assets	676,435.92	-83,042.30
Gains from disposal of intangible assets		
Other long-term asset disposal gains		-684,805.78
Total	676,435.92	-767,848.08

**44. Non-operating income**

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence	Amount recorded into non-recurring profit and loss in current period
Government subsidies	1,046,433.96	1,344,754.19	1,046,433.96
Liquidated damages, fine income	1,302,066.30	1,123,750.98	1,302,066.30
Waste disposal income	466,299.22	327,092.18	466,299.22
Accounts payable that cannot be paid	10,120.52	518,932.83	10,120.52
Others	417,457.14	2,683,307.85	417,457.14
Total	3,242,377.14	5,997,838.03	3,242,377.14

Government subsidies recorded into current period P/L:

Unit: RMB

Subsidy items	Distributing Entity	Distributing Reason	Types of Nature	Subsidies Influence Profit and Loss in the Current Year or not	Special Subsidy or not	This period's amount of occurrence	Previous period's amount of occurrence	Related to assets/related to income
Subsidies for stable positions							181,704.19	Related to income
Four-Star Meritorious							1,000,000.00	Related to income

Enterprise Support Funds of Year 2018								
The cultural and creative funds							30,000.00	Related to income
Subsidies for "Creating a National Civilized City"							50,000.00	Related to income
Incentives for new enterprises above designated size						240,000.00	50,000.00	Related to income
The special reward funds issued by Ningxiang Development and Reform Bureau for service industry							10,000.00	Related to income
The special reward funds for Xiqiao Mountain cultural tourism "Eagle" plan							10,000.00	Related to income
The special support funds for tourism development						100,000.00		Related to income
Award for investment promotion						100,000.00		Related to income
Subsidies for						300,000.00		Related to

cultural industry								income
Others						306,433.96	13,050.00	Related to income
Total						1,046,433.96	1,344,754.19	

#### 45. Non-operating expenses

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence	Amount recorded into non-recurring profit and loss in current period
Loss from damage and destruction of non-current assets	38,302,318.05	77,834,592.21	38,302,318.05
Public welfare donations	300,000.00	12,000,000.00	300,000.00
Non-public welfare donations	93,000.00	602,450.00	93,000.00
Compensation expenditure	2,020,885.17	5,002,395.18	2,020,885.17
Others	291,676.21	6,077,566.51	291,676.21
Total	41,007,879.43	101,517,003.90	41,007,879.43

#### 46. Income tax expenses

##### (1) Income tax expenses table

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Current income tax expense	42,291,502.79	265,749,412.31
Deferred income tax expense	-12,456,333.68	-596,845.22
Total	29,835,169.11	265,152,567.09

##### (2) Reconciliation of accounting profits and income tax expenses

Unit: RMB

Item	This Period's Amount of Occurrence
Total Profit	-1,737,110,708.89
Income tax expense calculated at statutory/applicable tax rate	-434,277,677.22
Impact by applying different tax rates to subsidiaries	-38,596,484.69
Impact of income tax before adjustment in this period	6,660,254.34

Impact of non-taxable income	-501,619.10
Impact of the non-deductible costs, expenses and losses	194,030,661.96
The effect of using deductible losses of deferred income tax assets that have not been recognized in the previous period	-1,281,397.39
The effect of unrecognized deductible temporary differences of deferred income tax assets or unrecognized deductible losses in the current period	303,801,431.21
Income tax expense	29,835,169.11

#### 47. Other comprehensive income

For details, please refer to Note 7 (29) Other Comprehensive Income.

#### 48. Items of Cash Flow Statement

##### (1) Other cash receipts relating to operating activities

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Interest Income	35,986,922.00	19,233,617.69
Non-operating Revenue	2,185,822.66	4,134,151.01
Government financial subsidies	40,101,488.53	377,084,434.12
Receipt of current account	25,497,842.41	79,204,201.30
Total	103,772,075.60	479,656,404.12

##### (2) Other cash payments relating to operating activities

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Expenses	133,608,090.57	213,101,617.02
Non-Operating Expenses	2,705,561.38	18,894,676.91
Payment of current account	20,821,514.98	99,074,449.48
Total	157,135,166.93	331,070,743.41

##### (3) Other cash paid in connection with investment activities

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
------	------------------------------------	--



Cash brought out from decrease of consolidated scope in the current period		345,075,573.87
Total		345,075,573.87

#### 49. Supplementary information about Cash Flow Statement

##### (1) Supplementary information about the Cash Flow Statement

Unit: RMB

Supplementary information	Amount of this period	Amount of Previous Period
1. Reconciliation of net profit to cash flows from operational activities:	--	--
Net Profit	-1,766,945,878.00	1,364,903,511.20
Add: provision for impairment of assets	1,910,460,132.63	16,099,975.75
Depreciation of fixed assets, oil and gas assets, productive biological assets	201,385,250.67	183,251,114.66
Depreciation of right-of-use assets		
Amortization of Intangible Assets	56,669,812.67	44,633,069.92
Amortization of long-term prepaid expenses	35,034,022.89	28,611,261.50
Losses on disposal of fixed assets, intangible assets and other long-term assets (mark "-" for incomes)	-676,435.92	767,848.08
Losses on scrapping of fixed assets (mark "-" for incomes)	38,302,318.05	77,834,592.21
Losses on fair value changes (mark "-" for incomes)	-247,726.31	-991,859.52
Financial expenses (mark "-" for incomes)	17,775,739.48	20,658.20
Losses on investment (mark "-" for incomes)	-14,014,892.30	-273,166,244.68
Decrease on deferred income tax assets (mark "-" for increases)	-9,318,905.44	-525,776.05
Increase on deferred income tax liabilities (mark "-" for decreases)	-3,137,428.24	-71,069.17
Decrease on inventories (mark "-" for increases)	-1,993,817.28	-2,841,747.50
Decrease on operational	-44,275,900.28	-10,269,859.84

receivables (mark "-" for increases)		
Increase on operational payables (mark "-" for decreases)	-25,074,392.68	143,196,024.75
Others		
Net cash flow generated by operating activities	393,941,899.94	1,571,451,499.51
2. Major investing and financing activities not involving cash receipts and payment:	--	--
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets under financing lease		
3. Net changes in cash and cash equivalents:	--	--
Closing balance of cash	1,337,776,253.98	1,781,710,027.35
Less: opening balance of cash	1,781,710,027.35	1,549,948,352.47
Add: closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net additions to balance of equivalents	-443,933,773.37	231,761,674.88

## (2) Net cash payments for acquisition of subsidiaries in this period

Unit: RMB

	Amount
Cash or cash equivalents used for the acquisition occurred in this period and paid in this period	378,000,000.00
Including:	--
Zhuhai Southern Film and Television Cultural Industry Co., Ltd.	378,000,000.00
Less: cash and cash equivalents held by acquired subsidiaries	232,493.05
Including:	--
Zhuhai Southern Film and Television Cultural Industry Co., Ltd.	232,493.05
Including:	--
Net cash paid for acquisition of subsidiaries	377,767,506.95

**(3) Composition of cash and cash equivalents**

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
I . Cash	1,337,776,253.98	1,781,710,027.35
Including: cash on hand	2,437,262.81	2,237,068.96
Bank deposit for payment at any time	1,285,458,896.93	1,777,193,843.97
Other cash and bank balances for payment at any time	49,880,094.24	2,279,114.42
III. Closing balance of cash and cash equivalents	1,337,776,253.98	1,781,710,027.35

**50. Monetary items in foreign currencies****(1) Monetary items in foreign currencies**

Unit: RMB

Item	Closing balance in foreign currencies	Exchange rate for conversion	Closing Balance Converted into RMB
Cash and Bank Balances	--	--	116,361,440.06
Including: USD	16,297,538.73	6.52490	106,339,810.45
EUR			
HKD	2,990,481.28	0.84164	2,516,908.66
AUD	1,330,254.69	5.01630	6,672,956.60
THB	3,817,534.18	0.21788	831,764.35

**(2) Notes on overseas business entities, including that for the important overseas business entities, the overseas main premises, functional currency and selection basis shall be disclosed. If there are changes on its functional currency, the causes for the changes shall be disclosed as well.**

Applicable  Not applicable

The overseas operating entities of the company include Songcheng Performance International Development Co., Ltd., Songcheng (Australia) Entertainment Pty Ltd., Songcheng (Australia) Entertainment Pty Ltd., Songcheng Holdings (Thailand) Co., Ltd. and Songcheng (Pattaya) International Culture Co., Ltd. The operating place respectively in Hong Kong, China, Queensland, Australia, Bangkok, Thailand, and Pattaya, Thailand. The standard currency for bookkeeping is Hong Kong dollars, Australian dollars and Thai baht by considering the needs of local business development.

## 51. Government grants

### (1) Basic information about government subsidies

Unit: RMB

Types	Amount	Items reported	Amount taken to current P&L
Government subsidies related to daily operating activities	5,373,300.00	Deferred Income	625,758.49
Government subsidies related to daily operating activities	33,681,754.57	Other Incomes	33,681,754.57
Government subsidies unrelated to daily operating activities	1,046,433.96	Non-operating Revenue	1,046,433.96

## VIII. Changes in the Scope of Consolidation

### 1. Consolidation not under the common control

#### (1) Consolidation not under the common control in this period

Unit: RMB

Name of Acquiree	Time Point for Equity Acquisition	Cost for Equity Acquisition	Percentage Acquired	Acquisition Method	Acquisition Date	Basis for Determining Acquisition Date	Income of Acquired Party from the Acquisition Date to the End of the Period	Net Profit of Acquired Party from the Acquisition Date to the End of the Period
Zhuhai Southern Film and Television Cultural Industry Co., Ltd.	April 26, 2020	378,000,000.00	100.00%	Acquisition in cash	April 26, 2020	Complete the industrial and commercial changes and the payment is completed		-16,469,469.80

#### (2) Consolidation costs and goodwill

Unit: RMB

Consolidated Cost	Zhuhai Southern Film and Television Cultural Industry Co., Ltd.
-- Cash	378,000,000.00

Total cost of business combination	378,000,000.00
Less: fair value of identifiable net assets acquired	378,000,000.00

Other notes:

In this period, the company acquired 100% equity of Zhuhai South Film& Television Culture Industry Co., Ltd. According to the "Asset Appraisal Report"(No.311,ZGXpingbaozi of Year 2019) issued by Guangdong ZGX Assets Appraisal Co., LTD, the transaction price after negotiation was RMB 378 million. After the acquisition, the company holds 100% of the equity of Zhuhai South Film& Television Culture Industry Co., Ltd. Zhuhai Southern Film& Television Cultural Industry Co., Ltd. has a subsidiary, Zhuhai Huayin Landscaping Co., Ltd., with 55% of its shares

### (3) Identifiable assets and liabilities of acquired party at the acquisition date

Unit: RMB

	Zhuhai Southern Film and Television Cultural Industry Co., Ltd.	
	Fair Value at Acquisition Date	Book Value at Acquisition Date
Assets:	501,274,360.46	103,544,459.10
Cash and Bank Balances	232,493.05	232,493.05
Inventory	5,320,107.66	5,320,107.66
Fixed Assets	1,020,592.33	1,020,592.33
Intangible Assets	428,028,880.81	30,298,979.45
Other Receivables	2,353,177.16	2,353,177.16
Projects under Construction	64,080,763.76	64,080,763.76
Other long-term assets	238,345.69	238,345.69
Liabilities:	124,035,829.79	25,290,165.83
Payables	25,235,805.73	25,235,805.73
Other liabilities	98,800,024.06	54,360.10
Net Assets	377,238,530.67	78,254,293.27
Less: Equity of minority shareholders	-761,469.33	-761,469.33
Net assets acquired	378,000,000.00	79,015,762.60

### (4) Profits or losses from re-measurement of equity held before acquisition date in fair value

Is there any transaction that leads to business consolidation achieved through multiple transactions in various stages with control acquired within the reporting period

Yes  No

## 2. Disposal of subsidiaries

Is there any situation where disposal of investment in subsidiaries in a single transaction causes loss of control

Yes  No

Is there any situation where disposal of investment in subsidiaries is achieved through multiple transactions in various stages, causing loss of control in this period

Yes  No

### 3. Changes in the scope of combination for other reasons

Explanations on the changes in the scope of consolidation caused by other reasons (for example, newly established subsidiaries, subsidiaries clearing, etc.) and relevant information:

(1) There are 5 new merged units in the current period due to the following reasons:

New Merged Units This Year	Investment Ratio	Notes
Zhuhai Songcheng Performance Kingdom Co., Ltd	100%	New in 2020
Zhuhai Southern Film and Television Cultural Industry Co., Ltd.	100%	Acquire 100% equity in 2020
Zhuhai Huayin Landscaping Co., Ltd.	55%	55% holding subsidiary affiliated Zhuhai Southern Film and Television Cultural Industry Co., Ltd. acquired in 2020
Songcheng Brand Management Co., Ltd.	100%	New in 2020
Romance Show Management Co., Ltd.	100%	New in 2020

(2) The number of merged units was decreased by 2 in the current period due to:

Reduced Merged Units This Year	Investment Ratio	Notes
Hangzhou Songcheng Art Troupe Co., Ltd.	100.00%	Canceled in 2020
Zhejiang Songcheng Entertainment Culture Co., Ltd.	100.00%	Canceled in 2020

## IX. Equity in Other Entities

### 1. Equity in Subsidiaries

#### (1) Composition of the enterprise group

Name of Subsidiaries	Main Place of Business	Registered Address	Business Nature	Shareholding Percentage		Acquisition Method
				Direct	Indirect	
Hangzhou Paradise Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Development of tourism project	100.00%		Establishment
Sanya Romance Tourism Performance Co., Ltd.	Sanya, Hainan	Sanya, Hainan	Theme park + Art performance	100.00%		Establishment
Lijiang Chama Ancient City	Lijiang, Yunnan	Lijiang, Yunnan	Theme park + Art performance	100.00%		Establishment

Tourism Development Co., Ltd						
Aba Zhou Jiuzhai Romance Tourism Development Co., Ltd	Jiuzhaigou, Aba, Sichuan	Jiuzhaigou, Aba, Sichuan	Theme park + Art performance	100.00%		Business combination not under common control
Hangzhou Songcheng Tourism Development Co., Ltd	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Network technology, e-commerce	100.00%		Establishment
Hangzhou Songcheng Dumuqiao Travel Services Co., Ltd	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Domestic tourism, inbound tourism		100.00%	Establishment
Jiuzhaigou Tibetan Mystery Culture Co., Ltd	Jiuzhaigou, Aba, Sichuan	Jiuzhaigou, Aba, Sichuan	Development of tourism project	60.00%		Business combination not under common control
Zhejiang Songcheng Longquan Mountain Tourism Development Co., Ltd	Longquan, Zhejiang	Longquan, Zhejiang	Passenger cableway operation and management; initial tourist passenger transportation; tourism services, theme park development and operation	100.00%		Establishment
Hangzhou Songcheng Technology Development Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Technology development, technology services and achievement transfer of smart entertainment products; sales and consulting services of technology	100.00%		Establishment

			products; Internet information services			
Songcheng Performance International Development Co., Ltd.	Hong Kong, China	Hong Kong, China	Foreign investment; cultural performance; leisure tourism; international cultural and entertainment cooperation and development	100.00%		Establishment
Songcheng (Australia) Holdings Pty Ltd	Queensland, Australia	Queensland, Australia	Cultural performance; leisure tourism; international cultural and entertainment cooperative development		100.00%	Establishment
Songcheng (Australia) Entertainment Pty Ltd.	Queensland, Australia	Queensland, Australia	Cultural performance; leisure tourism; international cultural, film and television entertainment cooperation development		100.00%	Establishment
Shanghai Songcheng World Expo Performance Development Co., Ltd	Shanghai	Shanghai	Performance venue management, planning for cultural and artistic exchange activities, industrial investment, investment management	88.00%		Establishment
Songcheng	Shanghai	Shanghai	Performance	100.00%		Establishment



Performance Development (Shanghai) Co., Ltd.			venues, performance brokers, entertainment venues (singing and dancing entertainment venues, amusement entertainment venues), travel agency business, cultural and artistic exchange activities planning, public relations campaign planning			
Guilin Lijiang Romance Performance Development Co., Ltd	Yangshuo, Guilin, Guangxi	Yangshuo, Guilin, Guangxi	Tourism project investment and development, cultural activities planning, cultural communication planning, leisure industry investment and development.	70.00%		Establishment
Ningxiang Songcheng Tourism Development Co., Ltd.	Changsha, Hunan	Changsha, Hunan	Planning, design, development and management of scenic spot; literary and artistic creation services; engineering project management services;		100.00%	Establishment
Zhangjiajie Romance Performance	Zhangjiajie, Hunan	Zhangjiajie, Hunan	Operating performances and economic	100.00%		Establishment

Development Co., Ltd			business; various performances; parking, performance venue management, tourism services; theme park development and operation, cultural activities planning			
Songcheng Technology Development Co.,Ltd.	Yili, Xinjiang	Yili, Xinjiang	Technology development, technical service and achievement transfer of smart entertainment products		100.00%	Establishment
Songcheng Tourism Development Co., Ltd.	Yili, Xinjiang	Yili, Xinjiang	Tourism resource development, tourism planning and design, artistic creation, brand and marketing planning of tourist attractions		100.00%	Establishment
Songcheng Performance Management Co., Ltd.	Horgos, Xinjiang	Horgos, Xinjiang	Performance, artistic creation and choreography, performance and brokerage business, performance management		100.00%	Establishment
Songcheng Dumuqiao Network Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Network technology; computer software and hardware; data processing and		100.00%	Establishment

			analysis technology development; technical consulting services, and transfer of achievements; booking tickets of scenic spots, air tickets, performance tickets and room reservations for customers; tourist information consulting, domestic tourism, and inbound tourism			
Xi'an Romance Performance Development Co., Ltd	Xi'an, Shanxi	Xi'an, Shanxi	Performance activities; performance brokerage; catering services; tourism services; theme park development and operation;	80.00%		Establishment
Zhejiang Songcheng Xitang Performance Valley Performance Development Co., Ltd	Jiashan county, Jiaxing city, Zhejiang	Jiashan county, Jiaxing city, Zhejiang	Organization and planning of cultural and artistic exchange activities; cultural communication planning; tourism services; theme park development and operation;	100.00%		Establishment
Foshan South Sea Qiao Mountain	Foshan, Guangdong	Foshan, Guangdong	Organization and planning of	100.00%		Business combination not

Cultural Tourism Development Co., Ltd			cultural and artistic exchange activities; cultural communication planning; tourism services; theme park development and operation;			under common control
Hangzhou Songguo Cultural Creative Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Sales: tourism supplies and arts & crafts (excluding gold ornaments), daily necessities, local specialties (excluding food)	100.00%		Establishment
Hangzhou Songcheng performance Valley technology and Culture Development Co., Ltd	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Music performances, opera performances, cabaret performances, acrobatic performances; performance brokers; smart entertainment products; cultural creative design	100.00%		Establishment
Songcheng Holdings (Thailand) Co., Ltd.	Bangkok, Thailand	Bangkok, Thailand	Foreign investment; cultural performance; leisure tourism; international cultural and entertainment cooperation and development		100.00%	Establishment
Songcheng (Pattaya) International	Pattaya, Thailand	Pattaya, Thailand	Cultural performance, including live		65.00%	Establishment

Culture Co., Ltd.			shows of theater performances (singing and dancing, acrobatics, drama, music, etc.); high-tech interactive experience; cultural activities planning, tourism e-commerce			
Zhuhai Songcheng Performance Kingdom Co., Ltd	Zhuhai, Guangdong	Zhuhai, Guangdong	Music performances, opera performances, cabaret performances; acrobatics, tourism services, theme park development and operation, cultural activities planning and organization, cultural communication planning	100.00%		Establishment
Zhuhai Southern Film and Television Cultural Industry Co., Ltd.	Zhuhai, Guangdong	Zhuhai, Guangdong	Project development, operation and management of film and television industry; development, operation and management of tourism projects; real estate development; business services and commercial	100.00%		Business combination not under common control

			wholesale and retail			
Zhuhai Huayin Landscaping Co., Ltd.	Zhuhai, Guangdong	Zhuhai, Guangdong	Landscaping project; planting and sales of flowers and seedlings		55.00%	Business combination not under common control
Songcheng Brand Management Co., Ltd.	Yili, Xinjiang	Yili, Xinjiang	Tourism resource development; tourism planning and design; artistic creation; brand planning of scenic spots; marketing planning of scenic spots; scenic project construction; domestic tourism, inbound tourism and ticket agency; ticket sales of scenic spots;		100.00%	Establishment
Romance Show Management Co., Ltd.	Yili, Xinjiang	Yili, Xinjiang	Performance: singing and dancing, opera, acrobatics; artistic creation and choreography; operating performance and brokerage business; performance management	100.00%		Establishment

**(2) Important non-wholly-owned subsidiaries**

Unit: RMB

Name of Subsidiaries	Minority shareholding	Profit and loss attributed	Dividends dedared to	Balance of equity of
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	ratio of shareholders	to minority shareholders in the current period	minority shareholders in the current period	minority shareholders at the end of the period
Jiuzhaigou Tibetan Mystery Culture Co., Ltd	40.00%	-2,349,016.01		16,399,460.63
Guilin Lijiang Romance Performance Development Co., Ltd	30.00%	-4,215,601.40	3,000,000.00	195,989,790.91
Xi'an Romance Performance Development Co., Ltd	20.00%	-2,387,064.76		117,360,184.30

### (3) Main financial information of important non-wholly-owned subsidiaries

Unit: RMB

Name of Subsidiaries	Balance at the End of the Period						Balance at the Start of the Period					
	Current Assets:	Non-curr ent Assets:	Total assets	Current Liabilitie s:	Non-cur rent Liabilitie s:	Total Liabilitie s	Current Assets:	Non-curr ent Assets:	Total assets	Current Liabilitie s:	Non-cur rent Liabilitie s:	Total Liabilitie s
Jiuzhaigou Tibetan Mystery Culture Co., Ltd	1,297,947.70	46,142,454.10	47,440,401.80	6,441,750.22		6,441,750.22	5,727,182.98	47,853,292.04	53,580,475.02	6,709,283.41		6,709,283.41
Guilin Lijiang Romance Perform ance Develop ment Co., Ltd	216,867,003.96	488,091,553.05	704,958,557.01	49,871,753.88	1,787,500.08	51,659,253.96	238,983,250.86	503,265,264.52	742,248,515.38	63,009,707.63	1,887,500.04	64,897,207.67
Xi'an Romance Perform ance Develop ment Co., Ltd	100,441,875.70	334,190,960.08	434,632,835.78	42,815,396.19	16,518.08	42,831,914.27	47,539,166.38	51,645,836.50	99,185,002.88	329,370.93	119,386.65	448,757.58

Unit: RMB

Name of Subsidiaries	This Period's Amount of Occurrence				Previous Period's Amount of Occurrence			
	Operating income	Net Profit	--Total comprehensive income	Cash flow from operating activities	Operating income	Net Profit	--Total comprehensive income	Cash flow from operating activities
Jiuzhaigou Tibetan Mystery Culture Co., Ltd	4,750.00	-5,872,540.03	-5,872,540.03	-2,902,841.54	444,983.82	-6,213,222.80	-6,213,222.80	-204,706.45
Guilin Lijiang Romance Performance Development Co., Ltd	56,586,027.07	-14,052,004.66	-14,052,004.66	-135,213,013.79	160,649,726.51	34,088,201.58	34,088,201.58	61,580,333.71
Xi'an Romance Performance Development Co., Ltd	25,002,178.14	-11,935,323.79	-11,935,323.79	479,044.63		-1,521,549.12	-1,521,549.12	-2,797,915.31

## 2. The transactions that lead to changes in the shareholder's equity in the subsidiaries while still has working control over the subsidiary

### (1) Explanation of the changes in the shareholder's equity in the subsidiaries

In this period, the company acquired 20% of the shares held by the minority shareholders of Aba Zhou Jiuzhai Romance Tourism Development Co., Ltd. After the acquisition, the shareholding ratio of the company increased from 80% to 100%.

### (2) The effect of the transactions on the equity of the minority shareholders and the shareholder's equity attributable to the parent company

Unit: RMB

	Aba Zhou Jiuzhai Romance Tourism Development Co., Ltd
-- Cash	82,500,000.00
Purchase cost/ Total disposal consideration	82,500,000.00
Less: the share of net assets of the subsidiary calculated based	47,040,672.62



on the ratio of equity obtained/disposed	
Difference	35,459,327.38
Among them: adjust the capital reserve	35,459,327.38

### 3. Equity in joint venture arrangements or affiliates

#### (1) Important joint ventures or associates

Names of associates and joint ventures	Main Place of Business	Registered Address	Business Nature	Shareholding Percentage		Method for accounting the investment in associates and joint ventures
				Direct	Indirect	
Beijing Huafang Technology Co., Ltd. (formerly known as Beijing Six Rooms Technology Co., Ltd.)	Beijing	Beijing	Internet information service, performance brokerage business, business on music entertainment products through information network, competition activities	37.06%		Equity method
Beijing Beite Shengdi Technology Development Co., Ltd.	Beijing	Beijing	Technical development, system integration, installation and commissioning of stage machinery, stage machinery control, lighting, and sound equipment; stage craft design and consultation;		20.00%	Equity method

**(2) Main financial information of important associates**

Unit: RMB

	Closing balance / accrual of current period		Opening balance / accrual of previous period	
	Beijing Huafang Technology Co., Ltd. (formerly known as Beijing Six Rooms Technology Co., Ltd.)	Beijing Beite Shengdi Technology Development Co., Ltd.	Beijing Huafang Technology Co., Ltd. (formerly known as Beijing Six Rooms Technology Co., Ltd.)	Beijing Beite Shengdi Technology Development Co., Ltd.
Current Assets:	1,396,296,667.81	379,808,015.42	1,623,101,725.04	310,188,962.98
Non-current Assets:	486,246,315.46	3,393,303.08	373,417,147.13	2,788,642.93
Total assets	1,882,542,983.27	383,201,318.50	1,996,518,872.17	312,977,605.91
Current Liabilities:	367,981,352.22	240,656,075.91	561,792,512.12	176,467,728.58
Non-current Liabilities:	10,851,396.40	1,300,010.10	11,664.93	741,741.98
Total Liabilities	378,832,748.62	241,956,086.01	561,804,177.05	177,209,470.56
Minority Shareholders' Equity		-4,903.84		
Equity attributable to shareholders of the parent company	1,503,710,234.65	141,250,136.33	1,434,714,695.12	135,768,135.35
Share of net assets calculated based on shareholding ratio	557,275,012.96	28,250,027.27	567,142,718.98	27,153,627.07
Adjustments	935,652,356.70	13,362,228.18	2,859,309,634.07	14,990,184.96
--Goodwill	935,652,356.70	16,825,620.50	2,859,309,634.07	16,825,620.50
Unrealized Profit from Internal Transactions		-3,463,392.32		-1,835,435.54
Book value of equity investment in associates	1,492,927,369.66	41,612,255.45	3,426,452,353.05	42,143,812.03
Operating income	3,777,442,691.41	321,940,699.67	2,367,480,161.77	338,824,205.43
Net Profit	-10,799,124.63	5,477,097.14	171,411,433.44	28,753,895.05
Other Comprehensive Incomes	3,431,790.00		-3,431,790.00	
--Total comprehensive income	-7,367,334.63	5,477,097.14	167,979,643.44	28,753,895.05

Other explanation: The above data of statement was presented based on the fair value of the identifiable assets and liabilities of the investee when the investment was obtained.

## X. Risks Relating to Financial Instruments

The company faces various financial risks in the course of its operations: credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risks). The Board of Directors of the company is fully responsible for the determination of risk management objectives and bears the corresponding ultimate responsibility. The Board of Directors requires the management to design and implement procedures that can ensure the effective implementation of risk management objectives and policies. The company's management reviews the effectiveness of the implemented procedures and the rationality of risk management objectives and policies through quarterly reports submitted by the Financial Department. The Treasury Department of the company audits the risk management policies and procedures, and report relevant findings to the company's management.

The overall objective of the Company's risk management is to formulate risk management policies that can minimize risks without affecting the Company's competitiveness and adaptability to changes too much.

The company diversifies the risk of financial instruments by appropriate diversified investment and business portfolio. In addition, corresponding risk management policy is formulated to reduce the risk of concentration in single industry, specific region or specific counter party.

### (I) Credit risk

Credit risk refers to the risk of the company's financial losses due to the failure of the counterparty to perform its contractual obligations.

The company's credit risk mainly arises from monetary funds, notes receivable, accounts receivable, accounts receivable financing, other receivables, debt investments, other debt investments and financial guarantee contracts, investments in debt instruments and derivative financial assets recognized in impairment testing scope, which are measured at fair value and related changes are recognized in the current profit and loss, etc., On the Balance Sheet date, the book value of the company's financial assets has represented its maximum credit risk exposure.

The company's monetary funds are mainly bank deposits deposited in state-owned banks and other large and medium-sized listed banks with high credit ratings. The company believes that there is no major credit risk, and there is almost no significant loss resulting from breach of contract of the banks.

In addition, for bills receivable, accounts receivable, financing receivables and other receivables, the company sets relevant policies to control credit risk exposure. Before signing contracts, the company assesses the credit risk of new customers. The company sets up credit limit and credit period according to different sales scale. Generally, the company adopts more prudent credit policy for new customers and increases the proportion of advance receipts. The company promptly collects the accounts receivable from customers, and shortens or cancels the credit period for customers with bad credit records. At the same time, the company ensures that the overall credit risk of the company is under control through quarterly review of the aging analysis of accounts receivable of existing customers.

### (II) Liquidity risk

Liquidity risk refers to the risk of a shortage of funds when an enterprise fulfills its obligation of settlement by cash or other financial assets. The Company's policy is to ensure that there is sufficient cash to repay the liabilities due. The liquidity risk is under the concentrated control of the Company's Financial Department. Through monitoring the balance of cash and securities cashable at any time and rolling forecasting the cash flow in the next 12 months, the Financial Department ensures that the Company has sufficient funds to repay its debts under all reasonable predictions. At the same time, the Finance Department constantly monitors whether the company complies with the provisions of the loan agreement, and obtains commitments from major financial institutions to provide sufficient reserve funds to meet short-term and long-term funding needs.

### (III) Market Risk

The market risk of financial instruments refers to the risk of fluctuation at fair value of financial instruments or future cash flows with the change of market prices, including exchange rate risks and interest rate risks.

#### 1. Interest rate risk

The interest rate risk refers to the risk in which the fair value or future cash flow of financial instruments changes due to the change of market interest rate.

Interest-bearing financial instruments with fixed and floating interest rates expose the company to fair value interest rate risk and cash flow interest rate risk, respectively. The company determines the proportion of fixed and floating interest rate instruments based on the market environment, and maintains appropriate combination of fixed and floating interest rate instruments through regular review and monitoring.

On December 31, 2020, under the situation that other variables remain unchanged, if the borrowing rate calculated at floating interest rates rises or falls by 100 basis points, the company's net profit will decrease or increase by RMB 1,235,208.33 (No external borrowing and no affected amount as of Dec 31,2019). The management believes that 100 basis points reasonably reflect the range of possible changes in interest rates in the coming year.

## 2. Exchange rate risk

Exchange rate risk refers to the risk that the fair value of financial instruments or future cash flows will fluctuate due to changes in foreign exchange rates.

The company tries its best to match foreign currency income with foreign currency expenditures. At the same time, it constantly monitors the scale of foreign currency transactions and foreign currency assets and liabilities to minimize foreign exchange risks. In addition, the company signs forward foreign exchange contracts or currency swap contracts to achieve the purpose of avoiding exchange rate risks.

The foreign exchange risks faced by the company are mainly from financial assets and financial liabilities in U.S. dollars, Hong Kong dollars, Australian dollars, and Thai baht. The amounts of foreign currency financial assets and liabilities converted into RMB are listed as follows:

Item	Balance at the End of the Period				
	USD	HKD	AUD	THB	Total
Cash and Bank Balances	106,339,810.45	2,516,908.66	6,672,956.60	831,764.35	116,361,440.06
Trading financial assets (financial assets that are measured at fair value and related changes are recognized in current profit and loss)	172,445,378.26		6,589,730.08		179,035,108.34
Other Equity Instruments	9,291,430.32				9,291,430.32

Item	Balance at the end of the previous year				
	USD	HKD	AUD	THB	Total
Cash and Bank Balances	6,722,634.59	2,761,248.62	169,908,170.39	987,917.54	180,379,971.14
Trading financial assets (financial assets that are measured at fair value and related changes are recognized in current profit and loss)	110,024,148.79				110,024,148.79
Other Equity Instruments	6,294,488.76				6,294,488.76

The foreign exchange risk arising from the above-mentioned foreign currency balance assets may have certain impact on operating performance of the company. The company pays close attention to the impact of exchange rate changes on foreign exchange risks of the company, and takes corresponding measures to avoid foreign exchange risks.

## XI. Disclosure of Fair Values

The input values applied in fair value measurement are divided into three levels:

The first-level input value is the unadjusted quotation of the same asset or liability in the active market that can be obtained on the measurement date.

The second-level input value is the directly or indirectly observable input value of related assets or liabilities other than the first-level input value.

The third-level input value is the unobservable input value of related assets or liabilities.

The level of the fair value measurement result is determined by the lowest level of the input value which is of great significance to the fair value measurement as a whole.

### 1. Fair values of the assets and liabilities at the end of the period

Unit: RMB

Item	Fair values at period-end			
	First level measurement at fair value	Second level measurement at fair value	Third level measurement at fair value	Total
I. Constant measurement at fair value	--	--	--	--
(I) Trading Financial Assets	179,035,108.34		156,182,449.34	335,217,557.68
1. Financial assets at fair value through profit or loss in this period	179,035,108.34		156,182,449.34	335,217,557.68
(1) Investment in debt instruments				
(2) Investment in equity instrument	172,445,378.26			172,445,378.26
(3) Derivative Financial Assets	6,589,730.08			6,589,730.08
(4) Bank wealth management products			156,182,449.34	156,182,449.34
2. Designated financial assets that are measured at fair value and whose changes are included in the current profit and loss				

(1) Investment in debt instruments				
(2) Investment in equity instrument				
(II) Investment in Other Creditor's Rights				
(III) Investment in Other Equity Instruments			224,266,596.74	224,266,596.74
(IV) Investment Property				
1. Land use rights for lease				
2. Rental buildings				
3. Land use rights held and prepared to transfer after appreciation				
(V) Biological assets				
1. Consumable biological assets				
2. Productive Biological Assets				
Total assets constantly measured at fair value	179,035,108.34		380,449,046.08	559,484,154.42
(6) Transactional financial liabilities				
Including: issued trading bonds				
Derivative Financial Liabilities				
Others				
(7) Financial Liabilities measured in fair value with changes recognized in current profit and loss				
Total amount of liabilities constantly measured at their fair values				
II. Non-constant measurement at fair values	--	--	--	--

(I) Holding for-sale assets				
Total amount of assets with non-constant measurement at fair values				
Total amount of liabilities with non-constant measurement at fair values				

## 2. The basis for determining the market price of constant and non-constant first-level fair value measurement items

It is confirmed in accordance with the closing price of open market transactions or the quotation amount provided by securities and fund companies as of December 31, 2020.

## 3. For the continuous and non-continuous third-level fair value measurement items, the valuation techniques adopted and the qualitative and quantitative information of important parameters

For non-listed equity investment, fund investment and stock investment without public market quotation, the company applies valuation techniques to determine its fair value, including cash flow discount method and market comparison method. Its fair value is measured using important unobservable parameters, such as liquidity discount, fluctuation rate, risk-adjusted discount and market multiplier. The fair value of non-listed equity investments, fund investments, and other investments has no significant sensitivity to reasonable changes in these unobservable input values.

In 2020, the valuation techniques used by the company for the above-mentioned constant third-level fair value measurement have not been changed.

#### 4. Sensitivity analysis on adjustment information between the opening and closing book value and unobservable parameters for constant third-level fair value measurement items

Item	Balance at the end of the previous year	Transfer to the third level	Transfer from the third level	Total current gain or loss		Acquisition, issuance, sale and settlement				Balance at the End of the Period	For assets held at the end of the reporting period, the current unrealized gains or changes recognized in the profit and loss
				Recognized in profit and loss	Recognized in other comprehensive income	Acquisition	Issuance	Sale	Settlement		
◆ Trading financial assets	744,083,937.75			15,364,620.95		711,000,000.00		1,314,266,109.36		156,182,449.34	182,449.34
Financial assets at fair value through profit or loss in this period	744,083,937.75			15,364,620.95		711,000,000.00		1,314,266,109.36		156,182,449.34	182,449.34
— Investment in debt instruments											
— Investment in equity instrument											
— Derivative Financial Assets											
— Bank financial products	744,083,937.75			15,364,620.95		711,000,000.00		1,314,266,109.36		156,182,449.34	182,449.34
Designated financial assets that are measured at fair value and whose changes are included in the current profit and loss											
— Investment in debt instruments											
— Others											
◆ Receivables Financing											
◆ Investment in Other Creditor's Rights											
◆ Investment in Other Equity	300,959,931.64				-76,693,334.90					224,266,596.74	



Instruments											
◆ Other Non-current Financial Assets											
Financial assets at fair value through profit or loss in this period											
— Investment in debt instruments											
— Investment in equity instrument											
— Derivative Financial Assets											
— Others											
Total	1,045,043,869.39			15,364,620.95	-76,693,334.90	711,000,000.00		1,314,266,109.36		380,449,046.08	182,449.34

## 5. The fair value of financial assets and financial liabilities not measured at fair value

There is no significant difference between the book value and fair value of the company's financial assets and financial liabilities that are not measured at fair value.

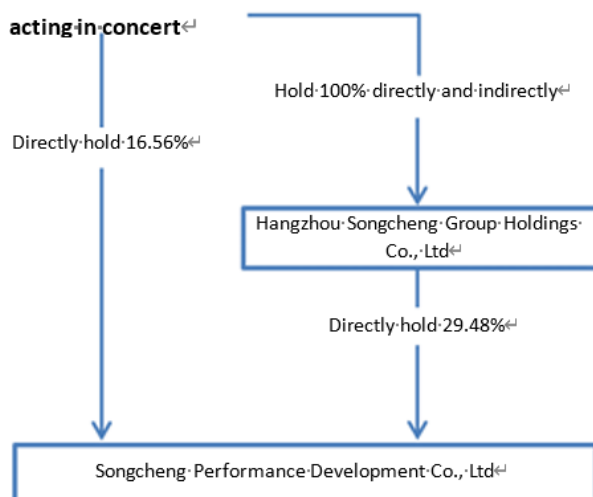
## XII. Related Parties and Related-party Transactions

### 1. The Company's Parent Company

Name of parent company	Registered Address	Business Nature	Registered capital (RMB ten thousand)	Shareholding ratio of the parent company	Proportion of voting rights of the parent company
Hangzhou Songcheng Group Holdings Co., Ltd	Hangzhou	Industrial investment, educational services, tourism project development	100,000	29.48%	29.48%

Description of the parent company

#### Huang Qiaoling and persons acting in concert



Huang Qiaoling and related persons acting in concert directly hold 16.56% of the shares of the company. Hangzhou Songcheng Group Holdings Co., Ltd., the controlling shareholder of the company, holds 29.48% of the shares. Huang Qiaoling and related persons acting in concert directly and indirectly hold 100.00% of the shares of Hangzhou Songcheng Group Holdings Co., Ltd.

Huang Qiaoling and related persons acting in concert: Huang Qiaolong, Zhang Xian, Liu Ping, Huang Qiaoyan, and Dai Yinqin are related persons acting in concert of Huang Qiaoling.

Huang Qiaoling and related persons in concert control the company by directly and indirectly holding of the shares.

The ultimate controlling party of the company is Huang Qiaoling.

## 2. Information about the Company's subsidiaries

For details of subsidiaries of the Company, see Note "IX. Equities in other entities".

## 3. Information about the Company's joint ventures and affiliates

For details of significant joint ventures and associates of the Company, see Note "IX. Equities in other entities".

Names of joint ventures and affiliates	Relationship with the Company
Beijing Huafang Technology Co., Ltd. (formerly known as Beijing Six Rooms Technology Co., Ltd.)	Affiliate
Beijing Beite Shengdi Technology Development Co., Ltd.	Affiliate
SABH's Big Adventure Inc.	Holds 11.0082% equity

## 4. Information about other related parties

Names of other related parties	Relationship between the Company and other related parties
Huang Qiaolong	Related natural person of Huang Qiaoling
Zhang Xian	Related natural person of Huang Qiaoling
Liu Ping	Related natural person of Huang Qiaoling
Huang Qiaoyan	Related natural person of Huang Qiaoling
Dai Yinqin	Related natural person of Huang Qiaoling
Hangzhou World Leisure Expo Park Co., Ltd	Under the control of Huang Qiaoling
Hangzhou Songcheng Industry Co., Ltd	Under the control of Huang Qiaoling
Hangzhou First World Hotel Co., Ltd.	Under the control of Huang Qiaoling
Longquan Mountain Resort Co., Ltd.	Under the control of Huang Qiaoling
Qiyun Holdings (Thailand) Co., Ltd. (Qiyun Holding (Thailand) Co., Ltd.)	Under the control of Huang Qiaoling
Xi'an International Horticultural Exposition Investment (Group) Co., Ltd.	Holds 20% of the company's holding subsidiary
Shanghai World Expo Dongdi Cultural Development Co., Ltd.	Holds 12% of the company's holding subsidiary
Guangzhou Gening Green Engineering Co., Ltd.	Holds 35% of the company's holding subsidiary
Zhongshan Dehua Green Engineering Co., Ltd.	Holds 10% of the company's holding subsidiary

## 5. Information about related-party transactions

### (1) Related-party transactions involving purchase and selling of merchandise and provision and acceptance of labor services

Merchandise purchase and acceptance of labor services

Unit: RMB

Related parties	Content of the related - party transaction	This Period's Amount of Occurrence	Approved transaction limit	Over the transaction limit or not	Previous Period's Amount of Occurrence
Hangzhou First World Hotel Co., Ltd.	On-line procurement of hotel products			No	3,945,361.60
Hangzhou Songcheng Industry Co., Ltd	On-line procurement of hotel products			No	30,527,071.00
Longquan Mountain Resort Co., Ltd.	On-line procurement of hotel products			No	423,998.00
Beijing Beite Shengdi Technology Development Co., Ltd.	Delegation of the scenic spot-related projects	29,155,963.23		No	9,594,276.67
SABH's Big Adventure Inc.	Delegated to develop and design the SOW project			No	5,489,285.80
Shanghai World Expo Dongdi Cultural Development Co., Ltd.	Brand usage fee	9,433,962.00		No	9,571,349.95

Sales of merchandise and provision of services

Unit: RMB

Related parties	Content of the related - party transaction	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Hangzhou First World Hotel Co., Ltd.	Ticket sales	1,431,730.00	4,870,053.00
Hangzhou Songcheng Industry Co., Ltd	Ticket sales	2,425,720.00	7,870,590.00

Hangzhou First World Hotel Co., Ltd.	E-commerce handling fees	170,475.39	
Hangzhou Songcheng Industry Co., Ltd	E-commerce handling fees	83,981.38	

Related-party transactions involving purchase and selling of merchandise and provision and acceptance of labor services

(1) The amount incurred in the previous period of related-party transactions with SABH's Big Adventure Inc., was USD 808,571, which was RMB 5,489,285.8 after conversion at the exchange rate on the day of foreign exchange purchase.

(2) The subsidiary Hangzhou Songcheng Dumuqiao Travel Services Co., Ltd, of the company, purchases hotel products from associates. The net method of accounting is applied in accordance with the requirements of the new revenue standards.

## (2) Related leasing

The company as the lessee:

Unit: RMB

Name of Lessor	Type of the leased assets	Rental fee confirmed in the current period	Rental fee confirmed in the previous period
Hangzhou Songcheng Industry Co., Ltd	Office building at No. 148, Zhijiang Road (Area of 5,591.53 square meters)	2,396,369.06	3,930,045.36
Hangzhou Songcheng Industry Co., Ltd	Parking Lot at No. 148, Zhijiang Road (Area of 27,667 square meters)	6,225,062.50	9,960,099.97
Hangzhou Songcheng Industry Co., Ltd	Operation of the scenic spot of the American City teaching building at No. 148 Zhijiang Road ( Area of 3,322 square meters)	1,423,690.48	1,708,428.64
Hangzhou Songcheng Industry Co., Ltd	President Hill supporting housing and dormitory rooms of Huamei apartment at No. 148, Zhijiang Road, (Area of 7,114 square meters)	1,600,625.00	1,920,750.00
Hangzhou Songcheng Industry Co., Ltd	American City parking lot at No. 148, Zhijiang Road ( Area of 13,185 square meters)	2,966,625.00	3,559,950.00
Hangzhou Songcheng Industry Co., Ltd	Operation of scenic spots in American City at No. 148, Zhijiang Road ( Area of 7,730 square meters)	1,656,428.58	1,987,714.38
Hangzhou First World Hotel Co., Ltd.	Office space of north building of the First World Hotel (Area	472,500.00	756,000.00

	of 3,000 square meters)		
Hangzhou World Leisure Expo Park Co., Ltd	Parking lot at No. 92 Xianghu road (Area of 19,192 square meters)	4,318,187.50	5,181,840.00
Hangzhou World Leisure Expo Park Co., Ltd	Staff dormitory of Water City of Creative Park at No. 92 Xianghu Road (Area of 3,010 square meters)	677,250.00	812,700.00
Xi'an International Horticultural Exposition Investment (Group) Co., Ltd.	The European style and international exhibition area of Xi'an World Expo Park, at Shibo Avenue, Chanba Ecological Zone, Xi'an City (Total area of 78,743.94 square meters)	1,444,954.14	

## Description of related-party leases

Due to the impact of the "COVID-19", the lessors Hangzhou Songcheng Industrial Co., Ltd., Hangzhou First World Hotel Co., Ltd. and Hangzhou World Leisure Expo Park Co., Ltd. agreed to exempt the company from rental fee of 4.5 months during the closed period due to the epidemic.

**(3) Remuneration for key management personnel**

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Salary of key management personnel	380.85	357.60

**(4) Other related-party transactions**

In September 2019, Songcheng Holdings (Thailand) Co., Ltd., a wholly-owned subsidiary of the company, and its related party Qiyun Holding (Thailand) Co., Ltd. co-invested in Songcheng (Pattaya) International Culture Co., Ltd., which had registered capital of THB 5 million. The two parties subscribed THB 3.25 million and THB 750,000 with subscription ratios of 65.00% and 15.00% respectively. As of December 31, 2020, the company and its affiliates have not yet completed capital contributions.

**6. Receivables and payables of the related parties****(1) Receivables**

Unit: RMB

Item Name	Related parties	Balance at the End of the Period		Balance at the Start of the Period	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Prepayments					

	Hangzhou World Leisure Expo Park Co., Ltd	2,997,262.50		1,998,125.01	
	Hangzhou First World Hotel Co., Ltd.	283,500.00		700,000.00	
Other Receivables					
	Shanghai World Expo Dongdi Cultural Development Co., Ltd.	10,000,000.00	200,000.00	10,000,000.00	200,000.00

**(2) Payables**

Unit: RMB

Item Name	Related parties	Closing balance	Opening balance
Accounts Payable			
	Beijing Beite Shengdi Technology Development Co., Ltd.	3,797,469.47	8,238,229.47
Other Payables			
	SABH's Big Adventure Inc.	7,477,572.29	
	Xi'an International Horticultural Exposition Investment (Group) Co., Ltd.	355,000.00	
	Guangzhou Gening Green Engineering Co., Ltd.	2,531,680.00	
	Zhongshan Dehua Green Engineering Co., Ltd.	686,011.00	

Other notes: The balance of other payables of SABH's Big Adventure Inc. at the end of the period was USD 1,146,005.53, which was converted into RMB 7,477,572.29 at the exchange rate on the balance sheet date.

**XIII. Share-based payment****1. Overview of share-based payment**

Applicable  Not applicable

**2. Situation of equity-settled share-based payment**

Applicable  Not applicable

**3. Situation of cash-settled share-based payment**

Applicable  Not applicable

**4. Modification and termination of share-based payment**

N/A

**XIV. Commitments and contingencies****(一) Important Commitment****1. Important commitments on the Balance Sheet date**

On June 21, 2019, the 32nd Meeting of the Sixth Board of Directors of the company reviewed and approved the "Proposal on Using Idle Self-owned Funds to Invest in Securities and Wealth Management Products". It agreed that the company may use idle self-owned funds to invest in securities and financial products, so as to maintain and increase the value of idle funds on the basis of ensuring safety and liquidity, provided that the capital is secured, the operation is legal and compliant, normal production and operation are not affected. The amount should not exceed RMB 2 billion. The funds within this limit can be used on a rolling basis. The use period is valid within 2 years from the date approved by Board of Directors. The management of the company is authorized to exercise the right to make investment decisions and sign relevant legal documents within the limit.

**2. Commitment in operating lease**

According to irrevocable operating lease contract that has been signed, the minimum lease payments that the company should pay after the balance sheet date are as follows:

Remaining lease term	Minimum lease payment
Within 1 year	39,527,812.50
1 to 2 years	12,683,050.00
2 to 3 years	6,066,000.00
3 years or above	92,581,967.00
Total	150,858,829.50

**3. Contingencies****(1) Important contingent matters on the balance sheet day**

The company has no important contingencies that need to be disclosed.

**(2) If no important contingent matter to be disclosed by the Company, it should also be noted accordingly**

No important contingent matter needs to be disclosed by the Company.



## XV. Events after the Balance Sheet Date

### 1. Distribution of profits

Unit: RMB

Profits or dividends to be distributed	130,734,702.00
Profits or dividends reviewed and approved for releasing	130,734,702.00

### 2. Description of other matters after the balance sheet date

#### (I) Distribution of profits

According to the 2020 Annual Profit Distribution Plan adopted at the 10th Meeting of the Seventh Board of Directors of the company held on April 22, 2021, the company plans to distribute RMB 0.50 dividend (Including tax) in cash for every 10 shares to all shareholders based on the total share capital of 2,614,694,040 shares at the end of 2020. Total cash dividend of RMB 130,734,702 was distributed.

#### (2) Transfer of post-period equity

1. On March 18, 2021, Songcheng Technology Development Co., Ltd., a subsidiary of the company, signed "Equity Transfer Agreement" with 5 natural persons including Wen Qinglin. 20% of the equity of the target company Beijing Bette Technology Development Co., Ltd. held by Songcheng Technology Development Co., Ltd. was transferred to 5 natural persons including Wen Qinglin. The transfer consideration of the equity transferred was the amount of RMB 30 million capital increase invested by Songcheng Technology Development Co., Ltd and corresponding investment income calculated at 10% annual simple interest during the actual investment period. The transfer consideration is paid in three installments: 60% of the total capital increase (RMB 18 million) plus corresponding investment income shall be paid no later than Sept. 30, 2021 (including this date); 20% of the total capital increase (RMB 6 million) plus corresponding investment income shall be paid no later than Mar 31, 2022 (including this date); 20% of the total capital increase (RMB 6 million) plus corresponding investment income shall be paid no later than Sept. 30, 2022 (including this date); The target company Beijing Bette Technology Development Co., Ltd.. provides joint liability guarantee for all the obligations of other 5 natural persons (including Wen Qinglin) under this agreement. The guarantee period is three years from the expiration date of the contract performance period. Within ten working days after receiving all the remaining transfer consideration, Songcheng Technology Development Co., Ltd. shall cooperate with the target company to complete the signing of the industrial and commercial change documents required for the equity transfer. The personnel appointed by Songcheng Technology Development Co.; Ltd. shall no longer serve as the director of the target company.

2. On April 7, 2021, the company and Longquan Tourism Investment Development Co., Ltd. signed "Equity Transfer Contract" regarding the equity and debts of Zhejiang Songcheng Longquan Mountain Tourism Development Co., Ltd., a wholly-owned subsidiary of the company. The subject matter of the transfer was 100% equity of Zhejiang Songcheng Longquan Mountain Tourism Development Co., Ltd. held by the company and all debts incurred prior to the dosing of equity. The transaction consideration was RMB 109,199,300 at the transaction price for 100% of the equity and RMB 166,800,700 at the liquidation for all debts incurred prior to the closing of equity. The total transaction price was RMB 27,600 ten thousand. The payment method is to pay 50% of the transaction consideration within 40 days after this contract signed, and the remaining 50% of the transaction consideration within 15 days after completion of the industrial and commercial change registration.

## XVI. Other Significant Events

### (I) Subsection information

#### 1. Basis for determining report segment and accounting policies

The company determines the operating segment based on the internal organizational structure, management requirements, and internal reporting system and then determines the reporting segment based on operating segment.

Operating segment refers to the component within the company that meets the following conditions at the same time: (1) The component can generate income and expenses in daily activities; (2) The management of the company can regularly evaluate the operating results of such component so as to determine the allocation of resources to it and evaluate its performance; (3) The company can obtain the accounting information of the component, such as the financial status, operating results and cash flow etc.,.

The company reporting segment includes:

(1) Live performance: refers to all on-site scenic spots and theater businesses as the reporting segment, including Songcheng Scenic Area, Crazy Apple Land Scenic Area, Hangzhou Paradise Scenic Area, Sanya Romance Park, Lijiang Romance Park, Jiuzhai Romance Park, Tibetan Mystery Theater, Guilin Romance Park, Zhangjiajie Romance Park, Xi'an Romance Park;

(2) Tourism service industry: refers to the reporting segment of e-commerce, design and planning as well as the transportation services for scenic spots.

#### 2. Financial information of the reporting segment

Unit: RMB

Item	Live performance	Tourism service industry	Subtotal	Inter-segment offset	Total
The revenue from main business	636,915,514.47	223,223,920.66	860,139,435.13	30,000.00	860,109,435.13
Main business cost	341,881,694.34	9,028,354.80	350,910,049.14	848,654.60	350,061,394.54
Total assets	8,484,420,643.64	2,147,816,257.40	10,632,236,901.04	1,436,894,069.98	9,195,342,831.06
Total amount of liabilities	2,292,248,984.48	564,197,439.88	2,856,446,424.36	1,396,363,757.08	1,460,082,667.28

## XVII. Notes to Main Items in the Financial Statements of the Parent Company

### 1. Accounts receivable

#### (1) Categorical disclosure of accounts receivable

Unit: RMB

Category	Balance at the End of the Period					Balance at the Start of the Period				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Accrued		Amount	Percentage	Amount	Accrued	

				proportion					proportion	
Including:										
Accounts receivables with the bad debt provision accrued based on combinations	52,370.14	100.00%	14,145.24	27.01%	38,224.90	1,334,890.64	100.00%	65,055.55	4.87%	1,269,835.09
Including:										
Combination of credit risk characteristics by age	38,179.30	72.90%	14,145.24	37.05%	24,034.06	1,334,890.64	100.00%	65,055.55	4.87%	1,269,835.09
Consolidation scope and accounts receivable from related parties	14,190.84	27.10%			14,190.84					
Total	52,370.14	100.00%	14,145.24		38,224.90	1,334,890.64	100.00%	65,055.55		1,269,835.09

## Bad debt provision based on combinations

Unit: RMB

Name	Balance at the End of the Period		
	Book balance	Bad debt provision	Accrued proportion
Within credit period	680.50	20.42	3.00%
Credit period overdue within 1 year	27,498.80	4,124.82	15.00%
Credit period overdue within 1 to 2 years			25.00%
Credit period overdue within 2 to 3 years			45.00%
Credit period overdue within 3 to 4 years			60.00%
Credit period overdue within 4 to 5 years			80.00%
Credit period overdue for more than 5 years	10,000.00	10,000.00	100.00%
Total	38,179.30	14,145.24	--

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

Applicable  Not applicable

Disclosure by age

Unit: RMB

Aging	Book balance
Within 1 year	42,370.14

2 to 3 years	
3 to 4 years	
4 to 5 years	
5 years or above	10,000.00
Total	52,370.14

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

Provision for bad debts in the current period:

Unit: RMB

Category	Balance at the Start of the Period	Amount of Changes in the Current Period				Balance at the End of the Period
		Accrued	Recovered or Reversed	Written Off	Others	
Provision for bad debts of accounts receivable	65,055.55	-30,361.98			20,548.33	14,145.24
Total	65,055.55	-30,361.98			20,548.33	14,145.24

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

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

## (4) Accounts receivable of the top five closing balances collected by debtors

Unit: RMB

Name of Unit	Accounts receivable at the end of the period	Proportion of the total accounts receivable at the end of the period	Bad debt provision at the end of the period
Xi'an Romance Performance Development Co., Ltd	14,190.84	27.10%	
Henan Longgui Cultural Tourism Development Co., Ltd.	28,179.30	53.81%	4,145.24
He Xiaojuan	10,000.00	19.09%	10,000.00
Total	52,370.14	100.00%	

## 2. Other receivables

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
------	----------------------------------	------------------------------------

Interest Receivable		
Dividends Receivable		
Other Receivables	1,046,160,763.74	1,100,294,815.74
Total	1,046,160,763.74	1,100,294,815.74

## (1) Other Receivables

### 1) Other receivables categorized by the nature of the funds

Unit: RMB

Nature of the funds	Closing balance	Opening balance
Employee loan	1,378,749.73	1,034,409.72
Incomings and outgoings	1,050,000.00	1,116,484.00
Security deposit, deposit		349,030.00
Internal current account within the scope of consolidation	1,025,718,037.61	1,046,857,927.16
Equity transfer fund	79,866,980.26	79,866,980.26
Others	458,024.14	909,480.58
Total	1,108,471,791.74	1,130,134,311.72

### 2) Bad debt provision

Unit: RMB

Bad debt provision	Phase One	Phase Two	Phase Three	Total
	Expected credit losses in the next 12 months	Expected credit losses for the entire extension (without credit impairment)	Expected credit losses for the entire extension (with credit impairment)	
Balance on January 1, 2020	35,390.52		29,804,105.46	29,839,495.98
Balance of the current period on January 1, 2020	---	---	---	---
Provisions of this period	7,123.90		32,550,115.00	32,557,238.90
Other variations	-24,146.68		-61,560.20	-85,706.88
Balance on December 31, 2020	18,367.74		62,292,660.26	62,311,028.00

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

□ Applicable √ Not applicable

Disclosure by age

Unit: RMB

Aging	Book balance
Within 1 year (including 1 year)	1,027,351,939.02
1 to 2 years	42,872.46
2 to 3 years	100,000.00
3 to 4 years	79,866,980.26
4 to 5 years	60,000.00
5 to 6 years	1,050,000.00
Total	1,108,471,791.74

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

Provision for bad debts in the current period:

Unit: RMB

Category	Balance at the Start of the Period	Amount of Changes in the Current Period				Balance at the End of the Period
		Accrued	Recovered or Reversed	Written Off	Others	
Provision for bad debts of other receivables	29,839,495.98	32,557,238.90			85,706.88	62,311,028.00
Total	29,839,495.98	32,557,238.90			85,706.88	62,311,028.00

**4) Accounts receivable actually written off in this period**

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

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

Unit: RMB

Name of Unit	Nature of the funds	Balance at the End of the Period	Aging	As a percentage of total other receivables at the end of the period	Bad debt provision at the end of the period
Zhangjiajie Romance Performance Development Co., Ltd	Consolidation of internal current account	436,601,809.00	Within 1 year	39.39%	

Shanghai Songcheng World Expo Performance Development Co., Ltd	Consolidation of internal current account	226,400,000.00	Within 1 year	20.42%	
Zhejiang Songcheng Xitang Performance Valley Performance Development Co., Ltd	Consolidation of internal current account	158,083,003.64	Within 1 year	14.26%	
Zhejiang Songcheng Longquan Mountain Tourism Development Co., Ltd	Consolidation of internal current account	146,490,000.00	Within 1 year	13.22%	
An Xiaofen (formerly: Horgos Dasheng Legend Venture Capital Co., Ltd.)	Equity transfer fund	79,866,980.26	3-4 years	7.21%	61,242,660.26
<b>Total</b>	--	<b>1,047,441,792.90</b>	--	<b>94.50%</b>	<b>61,242,660.26</b>

### 3. Long-term equity investment

Unit: RMB

Item	Balance at the End of the Period			Balance at the Start of the Period		
	Book balance	Provision for decline in value	Book value	Book balance	Provision for decline in value	Book value
Investment in subsidiaries	4,940,162,163.79		4,940,162,163.79	3,563,757,019.35		3,563,757,019.35
Investment in affiliates and joint ventures	3,307,758,983.34	1,814,682,876.81	1,493,076,106.53	3,378,092,795.14		3,378,092,795.14
<b>Total</b>	<b>8,247,921,147.13</b>	<b>1,814,682,876.81</b>	<b>6,433,238,270.32</b>	<b>6,941,849,814.49</b>		<b>6,941,849,814.49</b>

#### (1) Investment in Subsidiaries

Unit: RMB

The invested entity	Balance at the Start of the Period (book value)	Decrease/Increase in the current period				Balance at the End of the Period (book value)	Closing balance of provision for decline in value
		Investments increased	Investment decreased	Provision for impairment accrued	Others		
Hangzhou Songcheng Art	3,100,000.00		3,100,000.00				

Troupe Co., Ltd.							
Hangzhou Paradise Co., Ltd.	368,458,844.16	269,943,679.30				638,402,523.46	
Sanya Romance Tourism Performance Co., Ltd.	490,000,000.00					490,000,000.00	
Lijiang Chama Ancient City Tourism Development Co., Ltd	250,000,000.00					250,000,000.00	
Aba Zhou Jiuzhai Romance Tourism Development Co., Ltd	176,000,000.00	82,500,000.00				258,500,000.00	
Hangzhou Songcheng Tourism Development Co., Ltd	10,000,000.00					10,000,000.00	
Zhejiang Songcheng Entertainment Culture Co., Ltd.	50,000,000.00		50,000,000.00				
Jiuzhaigou Tibetan Mystery Culture Co., Ltd	87,000,000.00					87,000,000.00	
Zhejiang Songcheng Longquan Mountain Tourism Development Co., Ltd	120,000,000.00					120,000,000.00	
Hangzhou Songcheng Technology Development Co., Ltd.	39,530,000.00					39,530,000.00	
Songcheng Performance International Development Co., Ltd.	606,367,375.19					606,367,375.19	



Shanghai Songcheng World Expo Performance Development Co., Ltd	132,000,000.00					132,000,000.00	
Songcheng Performance Development (Shanghai) Co., Ltd.	500,000.00					500,000.00	
Guilin Lijiang Romance Performance Development Co., Ltd	455,000,000.00					455,000,000.00	
Zhangjiajie Romance Performance Development Co., Ltd	120,000,000.00					120,000,000.00	
Songcheng Performance Management Co., Ltd.	500,000.00					500,000.00	
Songcheng Dumuqiao Network Co., Ltd.	4,000,000.00					4,000,000.00	
Xi'an Romance Performance Development Co., Ltd	100,000,000.00	185,000,000.00				285,000,000.00	
Zhejiang Songcheng Xitang Performance Valley Performance Development Co., Ltd	100,000,000.00					100,000,000.00	
Foshan South Sea Qiao Mountain Cultural Tourism Development Co., Ltd	448,950,800.00					448,950,800.00	
Hangzhou Songguo	2,350,000.00					2,350,000.00	

Cultural Creative Co., Ltd.									
Zhuhai Southern Film and Television Cultural Industry Co., Ltd.		378,000,000.00	371,297,581.07					6,702,418.93	
Zhuhai Songcheng Performance Kingdom Co., Ltd		396,297,581.07						396,297,581.07	
Hangzhou Songcheng performance Valley technology and Culture Development Co., Ltd		489,061,465.14						489,061,465.14	
<b>Total</b>	<b>3,563,757,019.35</b>	<b>1,800,802,725.51</b>	<b>424,397,581.07</b>					<b>4,940,162,163.79</b>	

**(2) Investment in affiliates and joint ventures**

Unit: RMB

Name of Investees	Balance at the Start of the Period (book value)	Decrease/Increase in the current period								Balance at the End of the Period (book value)	Closing balance of provision for decline in value
		Investments increased	Investment decreased	Investment profit and loss recognized under the equity method	Adjustment on other comprehensive income	Other changes in equity	Cash dividends or profit declared to distribute	Provision for impairment accrued	Others		
I . Joint ventures											
II . Affiliates											
Beijing Huafang Technology Co., Ltd. (formerly known as	3,378,092,795.14			-2,969,195.48	37,670.53	-67,402,286.85		-1,814,682,876.81		1,493,076,106.53	1,814,682,876.81

Beijing Six Rooms Technology Co., Ltd.)										
Subtotal	3,378,092,795.14		-2,969,195.48	37,670.53	-67,402,286.85		-1,814,682,876.81	1,493,076,106.53	1,814,682,876.81	
Total	3,378,092,795.14		-2,969,195.48	37,670.53	-67,402,286.85		-1,814,682,876.81	1,493,076,106.53	1,814,682,876.81	

#### 4. Operating income and operating costs

Unit: RMB

Item	This Period's Amount of Occurrence		Previous Period's Amount of Occurrence	
	Income	Cost	Income	Cost
Main Business	15,832,779.35	19,532,790.64	733,342,510.96	389,275,037.47
Other businesses	7,059,972.03		59,192,952.96	
Total	22,892,751.38	19,532,790.64	792,535,463.92	389,275,037.47

Related information of revenue:

Unit: RMB

Contract classification	Segment 1	Segment 2	Culture and art industry-live performance	Other businesses	Total
Product types			15,832,779.35	7,059,972.03	22,892,751.38
Including:					
(1) Income from Hangzhou Songcheng tourist area			15,832,779.35		15,832,779.35
(2) Other businesses				7,059,972.03	7,059,972.03
Contract type			15,832,779.35	7,059,972.03	22,892,751.38
(1) Revenue from contract			15,832,779.35	5,359,934.07	21,192,713.42
Including:					
Confirm at time points			15,832,779.35	5,150,736.86	20,983,516.21
Confirm within a certain period of				209,197.21	209,197.21

time					
(2) Income from the rental of scenic spots				1,700,037.96	1,700,037.96

Information related to performance obligations:

N/A

Information related to the transaction price allocated to the remaining obligations:

At the end of this report, the amount of income corresponding to the obligations under the contract that have been signed but have not been performed or have not been completely performed is RMB 0.00, in which, RMB 0.00 is expected to be included in income in Year 0.

## 5. Investment income

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Long-term equity investment income calculated by cost method	432,000,000.00	618,000,000.00
Long-term equity investment income measured by equity method	-2,931,524.95	110,867,013.28
Investment income from disposal of long-term equity investment	-6,520,482.12	560,910.55
Investment income from disposal of trading financial assets	2,412,380.45	15,755,921.52
Gains resulting from loss of control due to capital increase by minority shareholders from the invested entities		499,652,459.43
Total	424,960,373.38	1,244,836,304.78

## XVIII. Supplementary Information

### 1. Breakdown of non-recurring gains and losses for this period

Applicable  Not applicable

Unit: RMB

Item	Amount	Note
Gains and losses from disposal of non-current assets	-37,625,882.13	
The government subsidies included in the current profits and losses (excluding the government subsidies closely related to	35,618,594.19	

regular businesses of the Company and issued in the quota or quantity based on the national standards)		
Profits and losses resulting from the changes in fair value for holding trading financial assets, derivative financial assets and trading financial liabilities, derivative financial liabilities and investment income from disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities, and other obligatory right investment, excluding the effective hedging businesses related to the regular business operation of the Company	19,619,586.83	
Non-Operating Revenue and expenses other than the above	-509,618.20	
Less: Impact of income tax	2,230,795.39	
Impact of minority equity	-591,743.78	
Total	15,463,629.08	--

For items defined as non-recurring gains and losses according to the No. 1 Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to Public - Non-recurring Gains and Losses, or non-recurring gains and losses items listed in the said document defined as recurring ones, please specify the reasons.

Applicable  Not applicable

## 2. Return on net assets and earnings per share

Profit for the reporting period	Weighted Average ROE	Earnings per share	
		Basic Earnings per Share (RMB/Share)	Diluted Earnings per Share (RMB/Share)
Net profit attributable to common shareholders of the Company	-20.50%	-0.6702	-0.6702
Net profit attributable to common shareholders of the Company after deducting non-recurring gains and losses	-20.68%	-0.6761	-0.6761

## Section XIII Documents Available for Reference

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

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

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

IV. Original of 2020 Annual Report signed by the legal representative of the Company.

V. Other related information.

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

Songcheng Performance Development Co., Ltd

Chairman: Huang Qiaoling

April 23, 2021

**Note:**

This document is a translated version of the Chinese version 2020 Annual Report ( “2020 年年度报告” ), and the published annual report in the Chinese version shall prevail. The complete published Chinese 2020 Annual Report may be obtained at [www.cninfo.com.cn](http://www.cninfo.com.cn).