



**Mango Excellent Media Co., Ltd.**  
**Annual Report 2021**

2022-021

**April 2022**

## **Section I Important Note, Table of Contents and Definitions**

**The Board of Directors, the Board of Supervisors, directors, supervisors and executives of the Company hereby warrant that the information contained in this Annual Report is true, accurate and complete and this Annual Report is free from any misrepresentation, misleading statement or material omission, and agree to assume joint and several liability for this Annual Report.**

**ZHANG Huali, Principal of the Company, CFO LIANG Deping and Chief Accountant TAO Jinyu hereby represent that the financial statements contained in this Annual Report are true, accurate and complete.**

**All directors of the Company attended the meeting of the Board of Directors reviewing this Report.**

**This Report contains certain forward-looking statements regarding future plans, development strategies and other projected matters, which do not constitute any substantial covenant made by the Company to the investors. The investors and related persons shall be fully aware of the relevant risks, and understand the differences among such plans, forecasts and covenants.**

**The Company has stated in details the possible risks in its operation and countermeasures in this report. Investors are advised to refer to the Section III “Management’s Discussion and Analysis - Prospects for future development of the Company”.**

**According to the profit distribution proposal approved by the Board of Directors, the Company will distribute a cash dividend of RMB1.30 (inclusive of tax) per 10 shares to all shareholders on the basis of 1,870,720,815 shares, and will not distribute any bonus shares or transfer any capital reserve to the share capital.**

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## **List of References**

1. Financial statements signed and chopped by the principal, CFO and Chief Accountant of the Company;
2. Original of the auditor's report stamped with the seal of the accounting firm and signed and chopped by the certified public accountants;
3. Originals of all documents of the Company publicly disclosed on the website for information disclosure designated by the China Securities Regulatory Commission during the reporting period and related announcements; and
4. Other references.

## Definitions

Terms	Definition
Mango Excellent Media, Company, we/our or the Listed Company	means Mango Excellent Media Co., Ltd.
Mango Excellent Media Co., Ltd.	means The full name of the Company in English.
MANGO	means the short name of the Company in English.
Happy Sunshine	means Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd., a wholly-owned subsidiary of the Listed Company.
Mango Studios	means Mango Studios Culture Co., Ltd., a wholly-owned subsidiary of Happy Sunshine.
Mango Entertainment	means Hunan Mango Entertainment Co., Ltd., a wholly-owned subsidiary of Happy Sunshine.
EE-Media	means Shanghai EE-Media Co., Ltd., a wholly-owned subsidiary of the Listed Company.
Mangofun	means Shanghai Mangofun Technology Co., Ltd., a wholly-owned subsidiary of Happy Sunshine.
Happigo	means Happigo Co. Ltd., a wholly-owned subsidiary of the Listed Company,
Happy Money	means Hunan Happy Money Microfinance Co., Ltd.
Mango TV	means The online video platform affiliated to the Listed Company and operated by Happy Sunshine.
Mango Media	means Mango Media Co. Ltd, controlling shareholder of the Company
Hunan Broadcasting System	means Actual controller of the Company
GBS	means Golden Eagle Broadcasting System Co., Ltd., an integrated company operated by the Hunan Broadcasting System (HBS), the actual controller of the Company.
HBNHG	means Hunan Broadcasting Network Holding Group Co., Ltd., a subsidiary of GBS.
Xiaoxiang Film Group	means Xiaoxiang Film Group Co., Ltd., a subsidiary of GBS.
HTBI	means Hunan TV & Broadcast Intermediary Co., Ltd.
China Mobile	means China Mobile Communications Group Co., Ltd.
IPTV	means Internet protocol television, a technology integrated with internet, multimedia, communication and other technologies that provides home users with digital television and other interactive services through broadband network.
OTT	means Over the top, which provides a variety of video and data services to users via the Internet.
IP	means Intellectual properties, the property rights given to persons over the creations of their minds.
APP	means Application, mobile application program.
PAD	means Portable device.
PC	means Personal computer.
TV	means Television.
AR	means Augmented reality.
VR	means Virtual reality.
5G	means 5G network.
UGC	means User generated content.
QM	means QuestMobile, a mobile web big data company
KOL	means Key Opinion Leader

## Section II Company Profile and Key Financial Indicators

### I. Company profile

Stock short name	Mango	Stock code	300413
Chinese name	芒果超媒股份有限公司		
Chinese short name	芒果超媒		
English name (if any)	Mango Excellent Media Co., Ltd.		
English short name (if any)	Mango		
Legal representative	ZHANG Huali		
Registered address	Golden Eagle TV Culture City, Changsha, Hunan		
Postal code of registered address	410003		
History of changes in registered address	None		
Office address	Golden Eagle TV Culture City, Changsha, Hunan		
Postal code of office address	410003		
Company website	<a href="https://www.mgtv.com">https://www.mgtv.com</a>		
Email	mangocm@mangocm.com		

### II. Contact person and contact information

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

### III. Information disclosure and place for keeping annual report

Website of the stock exchange disclosing the Company's annual report	<a href="http://www.szse.cn">http://www.szse.cn</a>
Media and website disclosing the Company's annual report	The China Securities Journal, the Securities Times, the Securities Daily, the Shanghai Securities News and <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Place for keeping the Company's annual report	Board of Directors Office of the Company

### IV. Other related information

Accounting firm engaged by the Company:

Name of accounting firm	Pan-China Certified Public Accountants LLP
Office address of accounting firm	6/F, No. 128, Xixi Road, Xihu District, Hangzhou City, Zhejiang Province
Name of accountants signing this report	LIU Gangyue and ZHANG Hong

Sponsor institution engaged by the Company that performs the duties of ongoing supervision over the Company during the reporting period:

Applicable  N/A

Name of sponsor institution	Office address of sponsor institution	Sponsor's representative	Period of continuous supervision
China International Capital Corporation Limited	27 & 28/F, Block 2, China World Towers, No. 1 Jianguomenwai Street, Chaoyang District, Beijing	YAO Xudong and WANG Kun	From August 24, 2021 to December 31, 2023

Financial advisor engaged by the Company that performs the duties of ongoing supervision over the Company during the reporting period:

Applicable  N/A

## V. Key accounting data and financial indicators

Did the Company need to retrospectively adjust or re-state accounting data of prior accounting years?

Yes  No

	2021	2020	Y/Y % change	2019
Operating revenue (RMB)	15,355,863,482.07	14,005,534,955.36	9.64%	12,500,664,232.05
Net profit attributable to shareholders of the listed company (RMB)	2,114,090,171.85	1,982,159,476.82	6.66%	1,156,285,253.73
Net profit attributable to shareholders of the listed company after deduction of extraordinary gain or loss (RMB)	2,059,758,151.24	1,846,203,181.73	11.57%	1,093,036,165.68
Net cash flows from operating activities (RMB)	561,800,882.37	580,970,353.08	-3.30%	292,866,711.18
Basic earnings per share (RMB/share)	1.17	1.11	5.41%	0.66
Diluted earnings per share (RMB/share)	1.17	1.11	5.41%	0.66
Weighted average return on net assets	16.25%	20.46%	-4.21%	15.68%
	End of 2021	End of 2020	Y/Y % change	End of 2019
Total assets (RMB)	26,110,751,404.90	19,265,699,802.98	35.53%	17,078,206,149.68
Net assets attributable to shareholders of the listed company (RMB)	16,966,400,358.23	10,587,978,185.42	60.24%	8,783,859,219.07

Whether the lower of the net profit before and after deduction of extraordinary gain or loss in the past three accounting years has been negative and the most recent annual auditor's report indicates that the Company's ability to continue as a going concern is uncertain?

Yes  No

Whether the lower of the net profit before and after deduction of extraordinary gain or loss is negative?

Yes  No

## VI. Key financial indicators by quarter

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating revenue	4,008,953,829.13	3,844,274,956.64	3,778,078,677.52	3,724,556,018.78
Net profit attributable to shareholders of the listed company	773,455,157.66	677,752,452.09	528,792,372.20	134,090,189.90
Net profit attributable to shareholders of the listed company after deduction of extraordinary gain or loss	771,179,702.79	668,842,459.86	531,484,128.95	88,251,859.64
Net cash flows from operating activities	426,746,375.68	-24,802,517.88	-76,777,607.56	236,634,632.13

Whether there's any material difference between the financial indicators or aggregate amounts thereof set out above and the corresponding financial indicators set out in any quarter report or semi-annual report of the Company already disclosed?

Yes  No

## VII. Differences in accounting data arising from adoption of foreign and Chinese accounting standards concurrently

### 1. Differences between net profit and net assets disclosed on the financial statements according to the international accounting standards and the Chinese accounting standards concurrently

Applicable  N/A

There wasn't any difference between net profit and net assets disclosed on the financial statements for the reporting period due to adoption of the international accounting standards and the Chinese accounting standards by us concurrently.

### 2. Differences between net profit and net assets disclosed on the financial statements according to the foreign accounting standards and the Chinese accounting standards concurrently

Applicable  N/A

There wasn't any difference between net profit and net assets disclosed on the financial statements for the reporting period due to adoption of the foreign accounting standards and the Chinese accounting standards by us concurrently.

## VIII. Items and amounts of extraordinary gains or losses

Applicable  N/A

In RMB

Item	The amount of 2021	The amount of 2020	The amount of 2019	Remark
Gain or loss on disposal of non-current assets (including allowance for impairment of assets that has been written off)	501,358.91	70,055,759.62	-253,138.65	
Government grants recognized in profit or loss (excluding government grants that are closely related to the business of the Company and are provided in fixed amount or quantity continuously according to the applicable policies of the country)	35,999,768.69	49,700,923.82	57,599,556.19	
Gain or loss on assets under entrusted investment or management	34,265,617.23	3,906,349.28	7,344,704.18	
Reversal of impairment loss on accounts receivable tested for impairment individually	4,843,660.00	31,747,600.00	1,800,000.00	
Other non-operating revenue and expenses	-21,265,876.15	-18,913,395.60	-111,786.45	
Less: Effect of income tax		1,209.77	2,138,585.88	
Effect of minority interest (exclusive of tax)	12,508.07	539,732.26	991,661.34	
Total	54,332,020.61	135,956,295.09	63,249,088.05	--

Other items of gain or loss within the meaning of extraordinary gains or losses:

Applicable  N/A

We do not have any other item of gain or loss within the meaning of extraordinary gains or losses.

Classification of any item of extraordinary gain or loss defined by *the Explanatory Announcement No. 1 on Information Disclosure for Companies Publicly Offering Securities - Extraordinary Gain or Loss* as recurrent profit or loss:

Applicable  N/A

We have not classified any item of extraordinary gain or loss defined by *the Explanatory Announcement No. 1 on Information Disclosure for Companies Publicly Offering Securities - Extraordinary Gain or Loss* as recurrent



profit or loss during the reporting period.

## Section III Management's Discussion and Analysis

### I. Situations of our industry during the reporting period

1. As the main arena, battlefield and forefront, the media are undergoing in-depth convergence.

*The Resolution of the Central Committee of the Communist Party of China on the Major Achievements and Historical Experience of the Party over the Past Century* states that the Party puts heavy emphasis on developing and creating new means of communication; it has promoted integrated development of media, and worked to strengthen the penetration and credibility of the media and its ability to guide and influence; the Party therefore attaches great importance to the Internet as the main arena, battleground, and forefront of the ideological struggle; it has improved the leadership and management systems for the Internet, regulated the cyberspace according to the law, and strived to foster a clean online environment. Along with the promulgation and implementation of *the Anti-trust Guidelines for Platform Economy*, comprehensive rectification and control of the cultural and entertainment sector and launch of "Qinglang" special campaigns, the elements of internal and external development of the Internet industries and the cultural and entertainment sector have been further regulated, disorderly competitions have been effectively curbed, and the industry has become more orderly. Long-term development, proprietary content and innovation have become common understanding about the development of Internet content platforms in the new era.

2. The video industry enters the era of competition for existing users, and witnesses changes in market recognition, development pattern and underlying logics.

According to *the Annual Report on China's Mobile Internet Development 2021* published by QuestMobile, as of the end of 2021, there were 1.174 billion mobile Internet subscribers in China; the coverage of the mobile Internet has reached the saturation point generally; the total number of subscribers increased slightly. The industry enters the era of competition for existing users in the number and activeness of subscribers and market penetration. The market recognition, development pattern and underlying logics of the long video industry are undergoing radical changes, the traffic-guided expansion is drawing to an end, the development model that gains market share through cash burning can not be cast off overnight, and the number of subscribers and paid members of some platforms has stopped increasing. In the context of such changes, the long video industry finds new opportunities of development, and it becomes critical for the new pattern of the long vide sector to return to the essence of content creation, increase the conversion rate of existing users and operate member service ecosystem meticulously.

3. The Internet advertising market is growing steadily and the media content marketing has become the core driving force for the industry.

According to *the Annual Report on China's Mobile Internet Development 2021* and relevant data published by QuestMobile, the total size of the advertising and promotion market increased more than 11% year on year; the Internet advertising market has maintained a good momentum of development, reflected by the continuous increase in the duration of use of online products and frequency of interaction by users of video platforms and other content media, which propels the brands to attach great importance to content operations; the market share of content operations has been increasing continuously; and the growth rate of effect advertisements is close to 60%. In the field of long video streaming advertisements, the integrated platforms having content ecosystem covering the entire industry chain are continuously consolidating their market position. The integrated video platforms are enhancing their advantages in conversion rate at terminals of the advertising consumer market, customer adhesion, IP premiums, brand expansion and other areas, and major advertisers show a greater preference for leading new media platforms.

4. Along with the upgrading of user base, content quality and technical standards, the development of big screen smart IPTV is accelerating.

According to *the Communications Statistics Bulletin 2021*, there were 349 million IPTV subscribers in China in 2021, a net increase of 33.36 million year on year; and the three major carriers had 536 million broadband subscribers in total, which means that the penetration of IPTV among broadband subscribers reaches more than 65%. According to *the Asia Pacific Pay TV Forecasts issued by Digital TV Research*, the number of IPTV subscribers in China will increase by 44 million between 2021 and 2027. The subscribers of big screen smart TV, mainly IPTV, have the core characteristics of high confidence of TV subscribers and high adhesion of paid subscribers. High quality content, rapid popularization of 4K/8K ultra HD standard, improved user experience realized by smart recommendation and waterfall display have become main driving forces behind the upgrading and accelerated development of the smart big screen sector.

5. The content sector is improving quality and reducing volume, and the market share of positive energy and central theme content is growing steadily.

According to *the 2021 Insights into Entertainment* issued by Endata, the production of variety shows has decreased for three consecutive years. In 2021, 428 variety shows were released in total, a decrease of more than 5% as compared with the preceding year. The policies relating to variety shows have been further improved, as a result of which, the traffic hype, excessive entertainment and other adverse trends have been

effectively curbed, and the positive energy works continuously guide the industry. Though long video platforms still maintain the traditional system superiority in the field of variety shows, short video platforms are actively making breakthroughs by releasing vertical and innovative variety shows, and a variety of mid-form, short and micro variety shows have sprung up and become new focus of the industry. In the field of films and TV dramas, the total number of home-made TV dramas and series decreased as compared with the preceding year, traffic stars, hot topic hype and other development patterns of the industry in the past began to ebb, and excellent TV dramas and series with good conception, stories and reputation and respecting aesthetic standards of audiences become the focus of the market. TV dramas and series giving full scope of the central theme of the times and focusing on hot topics win the market by their quality and gain reputation and popularity; key TV dramas and series make a strong performance on the market; short TV dramas grow rapidly; high-quality short TV dramas have become the new and main development direction for the long video streaming platforms due to their brands, intensification and normality; and creative network micro-dramas and IP derivate dramas grow continuously, to further satisfy the diversified demands of market segments.

6. Enhancing the protection of content copyright has become a common understanding of the industry, promoting the integration and sound development of long and short videos.

In 2021, a number of content industry associations, video platforms, film and TV companies and other stakeholders jointly participated in the publication of the Joint Declaration on the protection of copyright in films and TV dramas, the 2021 Whitepaper on the Protection of Copyright in Short Videos in China, and the Standard and Detailed Rules for the Examination of Network Short Videos, appealed to the short video platforms and public account producers and operators to respect authorship and protect copyright, so that the practices and standards relating to short videos have been further defined and improved. To improve the copyright protection practices of the long and short video industry has become a common understanding of the industry, and the major market players' awareness of copyright protection has been enhanced generally. The long video platforms, on the basis of high-quality variety shows, dramas, series, films and other key content IPs, actively innovate in mid-form, short and micro videos, continuously enhance commercial incentives and traffic support, and actively promote the ecological extension of PUGC, resulting in an increase in market share of excellent micro-shows and micro-dramas. The short video platforms continuously increase investment in the ecosystem for professional user generated content, widen the traffic distribution channels in a variety of ways, further exploit the lower-tier and overseas markets, and focus on monetization of the value of "short video + e-commerce" users.

7. The metaverse industry is on the upswing, and virtual human, VR/AR, digital collection and other frontier metaverse technologies guide the trend of innovation of the content industry.

Digital virtual human, VR/AR, digital twin, digital collection and other frontier metaverse technologies, exploration of new-generation Internet patterns and other new trends of the industry have drawn wide attention throughout the world, and more and more social media, gaming, e-commerce, advertising, and long and short video platforms begin to set foot in this field. Creation of virtual content, copyright protection using block chain encryption technology and digital circulation of assets have become the innovation trends of the cultural and media industry. The industries, universities and research institutes work together to promote the commercialization of metaverse technologies. A variety of software and hardware products designed to cope with the demands of young people for new-pattern content have been released, promoting innovation in high-quality content IPs, development of related frontier technologies, and rapid upgrading of business models. New-type interaction content, 3D virtual social media, integrated virtual and real shopping, and other kinds of metaverse-related business innovations have become hot topics of the market.

8. The competition in content among e-commerce platforms is turning white-hot, and the construction of vertical platform ecosystem is enhanced.

According to the Annual Report published by QuestMobile, e-commerce shopping is growing steadily, and the number of mobile subscribers has exceeded 1.1 billion. In the context of new market pattern, the competition for customer traffic among all kinds of e-commerce platforms in their social media, community and content operations is turning white-hot. The lower-tier markets have become the main source of new customers. The new-type content e-commerce platforms further enhance their advantage in the conversion rate of "recommendation". The major e-commerce platforms continuously innovate in and produce "recommendation" content, and on the basis of intelligent algorithms, access different kinds of potential users through multiple channels, in various forms and a variety of market segments, and promote multi-dimensional binding and in-depth linkage between audiences and content, products, brands and platforms. Through restructuring human, goods, stores and other factors, the new-type content e-commerce platforms continuously upgrade the past shopping environment to "social media + shopping environment", and create an immersive shopping experience by building diversified scenarios and using new digital technologies, to improve the efficiency of monetization. By cooperating with leading IP and creative content providers, professional artists and KOL talents, the platforms actively explore new e-commerce models, and collaborate with mid- and short-form content, IP derivatives, live streaming commerce and other new e-commerce distribution channels, in order to stimulate users' purchase intention by means of content, and create an organic cycle of human, goods and content that co-exist and promote each other.

## II. Our main business during the reporting period

We are required to comply with the disclosure requirements applicable to “Internet video business” set forth in the *Guide on Self-regulatory Supervision for Companies Listed on the Shenzhen Stock Exchange No. 4 – Disclosure of Industry Information by the Companies Listed on the ChiNext Board*.

We are the first state-owned new media company listed on the A-share market that is characterized by integrated development, and has built a core industry chain covering all channels and the entire content ecosystem, and is the integrated convergence media industry and capital operation platform affiliated to GBS (HBC). Our main business includes Mango TV Internet video business, new media interactive entertainment content production and content e-commerce business. Relying on the Mango convergence media ecosystem, and centered on the Internet video platform operation, we have built an entire media industry chain ecosystem covering membership, advertising, IPTV, OTT, films and TV dramas, variety shows, artist agency, music copyright operation, IP derivative development and live entertainment, content e-commerce, etc., characterized by synergetic development of the upstream and downstream.



### 1. Mango TV Internet video business

Mango TV Internet video business mainly includes advertising, membership and operator business. The advertising business is classified into soft advertising business and hard advertising business; where the soft advertising business centers on content, and fully exploits the market value of high-quality content IPs, to provide customers with naming rights, implant and other advertising products; and hard advertising business provides customers with pre-roll, inserted and other advertising services. The membership business is classified into online membership business and offline membership business; where the online membership business means such business activities where we attract users to purchase member packages on line on the basis of our rich copyright resources and high-quality content released by us exclusively; and the offline membership business mainly attracts target audiences to become our members through promotional activities in various forms. The operator big screen business means such business activities where we enter into cooperation agreements with major carriers and cable TV operators, pursuant to which we provide them with content products and give cooperation to them in their marketing and promotional activities, and share the relevant revenues with them.

### 2. New media interactive entertainment content production

Our new media interactive entertainment content production business mainly includes content production and operation, artist agency, music copyright, IP derivatives development and location based entertainment business. The content production and operation business mainly includes production of variety shows, films and TV dramas and content copyright operation, reflecting our core competencies. As a leading content producer, we produce proprietary and customized high-quality content, to publicize the positive energy of the society, guide the culture and values of young people, and bring social benefits as a state-owned cultural company. On the other hand, we use our high-quality content to attract members, serve advertisers or otherwise bring economic benefits. In the artist agency business, we seek and train new talents having great potentialities, provide artists with comprehensive services including positioning, publicity, modeling, commercial sponsorship, etc., build an echelon of artists at all levels and of various types, and create a closed loop of artist agency business by arranging the artists to take part in films, TV dramas, variety shows, commercial performances, branded concerts, brand sponsorship, peripheral derivatives license or otherwise. In the music copyright business, on the basis of music IP resources accumulated and continuously enriched by the artists, we grant online App licenses, overseas digital music licenses, game licenses, program licenses, background music licenses for films and TV dramas and other digital music licenses. In the IP derivative development and live entertainment business, relying on the rich IPs of Mango family, such as

Who's the Murderer, Great Escape and other hot programs, we grant multi-dimensional IP derivatives licenses, carry out offline location based entertainment business around the country, and build M-CITY brand.

### 3. Content e-commerce business

Our content e-commerce business mainly includes Happigo, a media e-commerce platform transformed from traditional TV shopping, and Xiaomang, a vertical content e-commerce platform targeting youngsters on the basis of our rich long videos. The media e-commerce business mainly relies on TV screen, while also promotes interaction between big screen and IPTV, mobile App, mini program and other small screens, and multi-channel operations. Xiaomang e-commerce platform is designed as "a content e-commerce platform focusing on home-made new fashions", puts forward a slogan of "go to Xiaomang to find home-made new fashions", recommends home-made goods to young users using high-quality content, and builds a wholly new e-commerce model centered on "content + community + e-commerce".

## III. Analysis of core competencies

### 1. Important opportunities for in-depth integrated development of media

The commencement of the 14<sup>th</sup> Five-year plan period and the promulgation of *the Opinions on Accelerating the In-depth Integrated Development of Media* by the General Office of CCCPC and the General Affairs Office of the State Council mark the integrated development of media enters a new journey in the second half, and the Party media and state-owned enterprises face a period of important opportunities for high-quality development. In this course of history full of honors and dreams, we have the sense of responsibility and mission that "the main forces shall enter the main arena", and will give full play to our advantages as an integrated media platform, actively carry out mainstream propaganda campaigns and content upgrading campaigns, lay stress on talent management, cope with trade competition, through innovation in systems and mechanisms, build an integrated mainstream new media group and ecosystem, and establish new standards for stated-owned Internet companies, to make the main forces become real main forces and the main arena actually play its role.

### 2. Advantages of Mango convergence media in joint development of double platforms

In conformity with the trend of in-depth integrated development of media, HBS has built the sole double platforms in the country, i.e. the mainstream new media platform Mango TV and the traditional media Hunan TV. These two platforms are committed to realizing win-win development, by building a joint development model characterized by co-creation and sharing, have realized content creation, advertising marketing, joint interview and broadcasting and other areas, and mutual supplement in product cluster and linkage, and actually brought benefits of reform and development through integrated development of media, and in iteration and symbiosis, laid a solid foundation for the building of a mainstream new media group with strong propagation force, guiding force, influence and credibility.

### 3. Innovation gene based on the concept of "innovate or die"

We carry the innovation spirit of HBS, and stick to the concept of "innovate or die"; with respect to mechanisms, have established the open and innovative incentive system, and vigorously promoted team system and studio system, to create a sound external environment for the employees that bears the basic risks and arouses their enthusiasm; with respect to management, organized "Mango Youth Talk", "Young CEO Club", "Qingmang Internship Program" and other activities, to build innovation and creation exchange platforms for young people and continuously improve our innovative talent pool and echelon building system; with respect to business, set the goal of "do it first or be the best", continuously enhanced content innovation and upgrading, and preserved our core competencies in content creation; and with respect to technology, accurately understood the development trend of the industry, made forward-looking arrangements for new technologies and new businesses, taken part in competition for future communication patterns, and accelerated the in-depth integration of culture and technology.

### 4. The smart mid-end matrix enables systemic production of proprietary content

We stick to the business philosophy that "content is the king", rely on our strong content production teams, secure core essential production factors, and build a high-level long video platform. As of the end of the reporting period, Mango TV has 26 variety show production teams, and has built a proprietary variety show system having strong competencies and high market value in the industry, and become the largest variety show producer. With respect to TV dramas and series, we now have 29 film and TV drama production teams and 34 strategic studios under the Xinmang Program, and in reliance on Mango ecosystem, actively innovate in the integration of TV station and network. In addition, we have built a smart mid-end matrix, and realized standardized coordination in assessment, operation, product, technology and other aspects of content production, in order to build a joint action mechanism with efficient processes, activated elements and agile operation that enables sound management, liberate the production forces of the content teams and continuously consolidate and improve the high-quality proprietary content with plentiful layers and special characteristics of Mango.

### 5. Differential positioning of "youth, metropolis and women"

We stick to the special content strategy and platform positioning of “youth, metropolis and women”, to ensure that our clear user base, fine content products and advertisers are linked and fit perfectly with each other. The overall user image of Mango TV is “vigor, fashion and quality”, among others, and its percentage of women users is higher than the average level of the industry. Clear user imaging and platform positioning will enhance our special advantages in realizing compound value of content IPs through multiple channels and in a variety of ways, and building membership operation system. On this basis, we will continuously enrich the content matrix, to acquire more diversified users.

#### 6. Ecological advantage with joint actions of the upstream and downstream of the entire industry chain

In reliance on our advantages in content production, we continuously build the closed loop of new media ecosystem covering the entire industry chain of media and Internet, where the upstream mainly includes artist agency and variety show, film and TV drama production business, the mid-stream is responsible for content operation and distribution through multiple channels provided by the online video platforms, in reliance on our strong content production capabilities and high-quality content matrix, and the downstream is responsible for adaption and development of Mango family content IPs and derivatives of offline location based entertainment, and on the basis of content, creates a wholly new video content e-commerce model centered on “video + content + e-commerce”, and realizes monetization of derivatives through multiple online and offline channels. All links in our industry chain coordinate and supplement with each other, creating integrated Mango ecosystem covering the entire industry chain with special characteristics in the context of media convergence.

#### 7. “One cloud and multiple screens” system covering all terminals and supported by multiple licenses

Mango TV is the sole market player in the Internet video industry that holds both IPTV and OTT business licenses, and its smart big screen business has covered 31 provincial regions in China, and is an important supporting point for us to develop 5G and living room economy. In reliance on our complete licenses, our video content business covers all terminals, including mobile phone, PAD, TV, IPTV and OTT. We are the first video media platform that has actually built “one cloud and multiple screens” system in the industry.

#### 8. Sustainable business model

On the basis of our attributes as a video platform and gene of content production, we have blazed a development path different from other Internet platforms. On the one hand, we have realized effective control over content production costs through accurate user positioning, strong content production capabilities, and effective cluster of core production factors. On the other hand, in reliance on our industry-leading model of monetization through “membership + advertising + operator” channels, we have developed multiple sources of revenue, and become the sole market player in the Internet video industry that has made profits and maintained profitability.

## IV. Analysis of main business

### 1. Overview

The year of 2021 stood at the historical intersection of the Two Centenary Goals and was the 100<sup>th</sup> anniversary of the Communist Party of China and the first year of the 14<sup>th</sup> Five-year Plan, starting a new journey for building a modern socialist country in all respects. Guided by the spirit of series of important speeches of General Secretary Xi Jinping, we resolutely implement the decisions and arrangements by the Central Government about the in-depth integrated development of media and comprehensive rectification of the cultural and entertainment sector, strictly perform our missions and duties as a Party media and state-owned company, focus on the building of a mainstream new media group in the new period of development, cope with the changes in the competition pattern of the industry, continuously enhance the values guiding role of media and innovation in proprietary content, actively deal with the repeated shocks brought about by COVID-19, and promote the steady and high-quality development of all lines of business. During the reporting period, our operating revenue totaled RMB15.356 billion, an increase of 9.64% year on year; and the net profit attributable to the shareholders of the Listed Company was RMB2.114 billion, an increase of 6.66% year on year. Our core business, Mango TV Internet video business (advertising + membership + operator business), has grown steadily and realized an operating revenue of RMB11.261 billion, up 24.29% year on year.

(1) Increase the mainstream voice and play the strong tone of the times, to celebrate the 100th anniversary of the Communist Party of China

“A Party media must be absolutely loyal to the Party”. We always follow the correct political direction, direction of public opinions and values, innovate on the basis of what has worked in the past, and resolutely occupy the mainstream propaganda front. With respect to the propaganda of important themes, Mango TV always places “Study Time” highlighted in red on its homepage, launched the special channel “100<sup>th</sup> anniversary of the Communist Party of China”, and released TV dramas “Faith Makes Great” and

“Refinement of Faith” dedicated to the 100th anniversary of the Communist Party of China, focusing on the historic leap achieved by the Chinese people under the leadership of the Communist Party of China from standing upright to becoming prosperous and growing in strength in various forms. With respect to newsreels, we established special documentary studios focusing on the creation of central theme works, and released 17 central theme high-quality documentaries carrying forward positive energy, including “Daughter of the Party”, “We Are Young” and “Mundane Glory: Here Comes The Party”, of which, “Mundane Glory” was awarded a second prize in the 31st China News Awards, which fully reflects our mission and responsibility of the times as a mainstream new media. With respect to international communication, we upgraded the international App of Mango TV in an all-round way, and launched “Chinese Culture”, “100<sup>th</sup> anniversary of the Communist Party of China”, “Traditional Chinese Culture Channel” and other special sections, to build it into an important window for Chinese culture to go global.



(2) Innovate in the system and mechanisms, consolidate our advantages in the production of proprietary content and enhance the values guiding role of content

We stick to the philosophy that content is the king for a high-level long video platform, concentrate our efforts on the creation of content that satisfy the demands of the times, reflect the social sentiment and address the concerns of the public, resist the chaotic phenomenon of the industry through our practical actions, and strive to guide the new-round of innovation and build a high-quality, sound and sustainable proprietary content ecosystem.

With respect to variety shows, Mango TV has 26 variety show production teams, and has established a production center, and technical, director and photographic, packaging and other multi-dimensional studios, to provide professional support to content production; established the variety show authorization committee, to regulate the whole-course management of content production and effectively control production costs; made continuous efforts to explore innovation mechanisms and incentive mechanisms for content products, improve the efficiency of team cooperation, fully stimulate the creativity of content teams, and cultivate the endogenous impetus for content innovation. During the report period, Mango TV released more than 40 variety show programs; of which, “Call Me By Fire”, “Braving Life” and other programs salute the fighting spirit of the times; “Call Me By Fire” has become another hot program following “Sisters Who Make Waves”; “Dawan District Brothers” marks the integration of Hong Kong and Chinese Mainland; “See You Again” reflects the social reality from the perspective of “cooling-off period before divorce” introduced by the new marriage law; and “Sisters Who Make Waves”, “Who’s the Murderer”, “Great Escape”, “Viva La Romance”, “Meeting Mr. Right” and other N-generation proprietary flagship variety show programs have become the evergreen of the industry.

With respect to films and TV dramas, Mango TV has 29 film and TV drama production teams and 34 strategic studios under the “Xinmang Program”, and has established the film and TV drama planning committee, responsible for overall management of planning, production and assessment of TV dramas and series, and whole-course control over the assessment, authorization, production, broadcasting, review and other activities, in order to effectively improve the quality of films and TV dramas, and competencies of the platform in the field of TV dramas and series. In 2021, Mango TV released 170 films and TV dramas in total, including 55 key films and TV dramas, and 84 micro and short dramas under the “Big Mango Program”. The “Mango Monsoon” theater takes the lead in the industry in resisting water injection dramas, suspended expressions, reliance on traffic and traditional broadcasting system, promotes the new pattern of the industry and innovation and development of the film and TV industry, and has released nine high-quality innovative short dramas, including “Hunter”, “The Lie Detective” and “Remembrance of Things Past”. “The Rational Life”, “Unforgettable Love”, “Stand by Me”, “Love at Night”, “Love is Beautiful”, “As We Wish” and other key films and TV dramas have also been well received by the audiences. With respect to micro and short dramas, Mango TV has established the “Big Mango Program” to support the production of mid- and short-form videos. “The Queen of Attack”, a hot micro and short drama of the year, has been well received by the audiences and viewed more than 500 million times.





(3) Consolidate the smart mid-end, gather the momentum of development and maintain the steady growth of the core Internet video business

Mango TV has made continuous efforts to build a big operation system, and in reliance on the integrated smart mid-end matrix consisting of content mid-end, technology mid-end, risk control mid-end and operation mid-end, created business synergy in multi-screen integration, advertising membership operation and other core business segments, and improved the market value of content IPs. Mango TV Internet video business has realized steady growth of revenue, and increase in margin rate year on year, and constitutes an ever increasing proportion in our total operating revenue, and its position as the core pillar of the main platform becomes more and more prominent.



With respect to the advertising business, in addition to ensuring high-quality content, we actively explore the new marketing models, and exploit the advertising value of programs. During the reporting period, we developed 118 new advertisers, more than 1,000 brands ran soft, hard, programmatic and other advertisements on Mango TV, and our revenue from the advertising business exceeded RMB5 billion for the first time, totaling RMB5.453 billion, an increase of 31.75% year on year. By providing one-stop marketing services, the amount of sponsorship fees received by our major variety show programs has hit record highs repeatedly. The amount of sponsorship fees received by “Sisters Who Make Waves S2” hit record high in the industry. The advertising and sponsorship fees received by high-quality N-generation proprietary variety show programs have been increasing steadily. The customized advertisements inserted in variety show programs adopt the model of “IP & brand interaction”, and the revenues from which have grown significantly for four consecutive years. With respect to advertisements inserted in TV dramas, we adopt the differential strategy, and develop new soft advertising products, to expand the channels for cooperation.

With respect to the membership business, Mango TV has overcome the adverse effect of repeated breaks of COVID-19 on offline membership operations and production of important programs and content, and attracted 50.4 million active members as of the end of 2021, an increase of 39.5% as compared with 2020. During the reporting period, our revenue from the membership business totaled RMB3.688 billion, an increase of 13.3% year on year. In view of the evolution of the long video industry and the current pattern of market competition, Mango TV has gradually enhanced channel cooperation, concentrated its efforts on increasing the member conversion rate and user penetration rate, while maintaining the established practices such as accurate marketing and user circle break, tried full-cycle customized operation for variety show members, such as in “Call Me By Fire”, “Who’s the Murderer” and other major proprietary programs. While fully upgrading the membership interest matrix, we have adjusted the membership prices since January 2, 2022.

With respect to operator business, during the reporting period, our revenue from the operator business totaled RMB2.12 billion, an increase of 27.17% year on year. With respect to nation-wide business, we have entered into in-depth strategy cooperation with Migu Culture, a subsidiary of China Mobile, in big screen business, 5G innovative business and other areas, enhanced business development in all provinces, and realized in-depth coverage of content basic package and value-added package. With respect to the business in



Hunan, we have realized growth of business revenue through “offline promotion + smart recommendation + business innovation”.

(4) Optimize organization structure, gather development forces and improve the quality and efficiency of operation

During the reporting period, in order to improve internal business synergy, and enhance the core competencies of Mango TV as our main platform, we have optimized our organization structure, by reorganizing Mango Studios, Mango Entertainment and Mango Fun into subsidiaries of Mango TV, focusing on production of programs for Monsoon theater, variety show content innovation and location based entertainment operation respectively. With respect to the artist agency business, management of artist always insists on passing on the mainstream social values and giving full scope to the central themes, actively promoting execution and renewal of contracts with key artists, and forming a group of nearly 100 actors, variety show performers, musicians, hosts and other artists represented by HUA Chenyu, OU Hao, ZHANG Xincheng, LI Sidani and BAI Jugang under EE-Media, YANG Shuo, WAN Qian and QI Sijun, among others under Happy Sunshine. With respect to music copyright business, EE-Media and Happy Sunshine have established a music library composed of nearly 1,700 record, film, TV and variety show music. With respect to media retail business, Happigo continuously optimizes the cost structure of and exploits key markets for the big screen TV shopping business. In addition, “Mango Revitalization Cloud Supermarket” has been upgraded to promote the effective linkage between consolidation of the poverty alleviation outcomes and rural revitalization.

(5) Develop new business, extend industry chain and cultivate new points of growth

During the reporting period, we concentrated our efforts on accelerating the development of Shopmang App, our e-commerce platform selling and distributing new fashion home-made goods and content, and through Shopmang Flower Cultivation Night, Xiaomang New Year’s Shopping Festival and other large evening parties, successfully realized interaction by users between programs and the App. During the reporting period, the peak number of daily active users of Shopmang App reached 1.26 million. We have actively developed offline location based entertainment business, on the basis of “Who’s the Murderer”, “Great Escape” and other high-quality content, extended our IPs from online to offline, and created M-city, a wholly new brand. We focus on building offline location based entertainment complex, and establish and output industrial standards in respect of script creation, copyright protection, DM training, offline entity operation, etc.

(6) Focus on innovation in content product patterns and promote in-depth integration of culture and technology

We focus on innovation in content product patterns by using technologies, and actively explore wholly new approaches of integration of culture and technology. The “Guangmang” cloud production and broadcasting platform independently developed by us integrates “interview, edition and broadcasting”, and “Guangmang” ultra HD cloud production and broadcasting technology was named as a “National Typical Case of Integration of Radio, TV and Media”. We successfully applied 5G and VR production and broadcasting technologies in the Family Outing Night of “Call Me By Fire”, and created the most complicated application of new technologies by long video variety show platforms. We continuously follow AR, VR, XR and other frontier technologies, and have made series of achievements of innovation, including without limitation virtual host, interactive video platform, IMG0 ultra HD vide reparation and augmentation platform, Internet 4K ultra HD production and broadcasting platform, and 3D video content reality augmentation system.

## 2. Revenue and cost

### (1) Components of operating revenue

Overall situation of operating revenue

In RMB

	2021		2020		Y/Y % change
	Amount	Proportion to operating revenue	Amount	Proportion to operating revenue	
Total operating revenue	15,355,863,482.07	100%	14,005,534,955.36	100%	9.64%
By segment					
Mango TV Internet video business	11,261,249,957.21	73.33%	9,060,568,867.27	64.69%	24.29%
New media interactive entertainment content production and	1,877,457,854.82	12.23%	2,764,980,756.83	19.74%	-32.10%

operation					
Content E-business	2,157,213,530.01	14.05%	2,104,532,724.46	15.03%	2.50%
Other main business	39,485,705.99	0.26%	61,533,468.52	0.44%	-35.83%
Revenue from other business	20,456,434.04	0.13%	13,919,138.28	0.10%	46.97%
By product					
Mango TV Internet video business	11,261,249,957.21	73.33%	9,060,568,867.27	64.69%	24.29%
New media interactive entertainment content production and operation	1,877,457,854.82	12.23%	2,764,980,756.83	19.74%	-32.10%
Content E-business	2,157,213,530.01	14.05%	2,104,532,724.46	15.03%	2.50%
Other main business	39,485,705.99	0.26%	61,533,468.52	0.44%	-35.83%
Revenue from other business	20,456,434.04	0.13%	13,919,138.28	0.10%	46.97%
By region					
Hunan	4,224,776,693.61	27.51%	4,513,906,434.72	32.23%	-6.41%
Outside Hunan	11,131,086,788.46	72.49%	9,491,628,520.64	67.77%	17.27%
By sales model					
Sale	15,355,863,482.07	100.00%	14,005,534,955.36	100.00%	9.64%

(2) Segments, products, regions or sales models representing more than 10% of operating revenue or profit

√ Applicable □ N/A

In RMB

	Operating revenue	Operating cost	Gross margin	Y/Y % change in operating revenue	Y/Y % change in operating cost	Y/Y % change in gross margin
By segment						
Mango TV Internet video business	11,261,249,957.21	6,350,577,826.34	43.61%	24.29%	18.17%	2.92%
New media interactive entertainment content production	1,877,457,854.82	1,556,685,395.67	17.09%	-32.10%	-27.49%	-5.26%
Content E-business	2,157,213,530.01	1,968,834,667.67	8.73%	2.50%	17.45%	-11.61%
Others	59,942,140.03	29,364,881.14	51.01%	-20.56%	-11.32%	-5.10%
By product						
Mango TV Internet video business	11,261,249,957.21	6,350,577,826.34	43.61%	24.29%	18.17%	2.92%
New media interactive	1,877,457,854.82	1,556,685,395.67	17.09%	-32.10%	-27.49%	-5.26%

entertainment content production						
Content E-business	2,157,213,530.01	1,968,834,667.67	8.73%	2.50%	17.45%	-11.61%
Others	59,942,140.03	29,364,881.14	51.01%	-20.56%	-11.32%	-5.10%
By region						
Hunan	4,224,776,693.61	2,679,793,836.19	36.57%	-6.41%	-12.98%	4.13%
Outside Hunan	11,131,086,788.46	7,225,668,934.63	35.09%	17.27%	16.91%	0.21%
By sales model						
Sale	15,355,863,482.07	9,905,462,770.82	35.49%	9.64%	7.31%	1.39%

In case of any adjustment to the statistic scale for main business data, the main business data of the most recent reporting period as adjusted according to the statistic scale applied at the end of the current reporting period:

Applicable  N/A

**(3) Whether the Company's revenue from sale of tangible goods is higher than the revenue from labor service?**

Yes  No

**(4) Performance of material sales contracts of the Company as of the end of the reporting period**

Applicable  N/A

**(5) Components of operating cost**

Classification of segments and products:

In RMB

Segment	Item	2021		2020		Y/Y % change
		Amount	Proportion to operating revenue	Amount	Proportion to operating revenue	
Mango TV Internet video business	Internet video business	5,929,892,854.51	59.86%	4,841,068,825.32	52.45%	22.49%
Mango TV Internet video business	Operator business	420,684,971.83	4.25%	532,836,160.11	5.77%	-21.05%
New media interactive entertainment content production	Copyright and production costs	1,402,186,406.77	14.16%	1,980,661,842.66	21.45%	-29.21%
New media interactive entertainment content production	Employee benefits and others	154,498,988.90	1.56%	166,826,921.86	1.81%	-7.39%
Content E-business	Content E-business	1,968,834,667.67	19.88%	1,676,380,697.52	18.16%	17.45%
Other main business	Other main business	20,199,308.10	0.20%	26,844,714.41	0.29%	24.75%

Costs of other business	Costs of other business	9,165,573.04	0.09%	6,269,482.56	0.07%	46.19%
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In RMB

Product	Item	2021		2020		Y/Y % change
		Amount	Proportion to operating revenue	Amount	Proportion to operating revenue	
Mango TV Internet video business	Internet video business	5,929,892,854.51	59.86%	4,841,068,825.32	52.45%	22.49%
Mango TV Internet video business	Operator business	420,684,971.83	4.25%	532,836,160.11	5.77%	-21.05%
New media interactive entertainment content production	Copyright and production costs	1,402,186,406.77	14.16%	1,980,661,842.66	21.45%	-29.21%
New media interactive entertainment content production	Employee benefits and others	154,498,988.90	1.56%	166,826,921.86	1.81%	-7.39%
Content E-business	Content E-business	1,968,834,667.67	19.88%	1,676,380,697.52	18.16%	17.45%
Other main business	Other main business	20,199,308.10	0.20%	26,844,714.41	0.29%	24.75%
Costs of other business	Costs of other business	9,165,573.04	0.09%	6,269,482.56	0.07%	46.19%

Analysis:

None.

**(6) Changes in the scope of consolidation during the reporting period**✓ Yes  No

During the reporting period, we established Hainan EE-Media Co., Ltd. and Shanghai Mango Universe Culture & Entertainment Co., Ltd., deregistered Happigo (Beijing) New Media Technology Co., Ltd. and Hangzhou Hemei Interactive Entertainment Technology Co., Ltd., transferred 100% shares of Hunan Happy Money Microfinance Co., Ltd., and acquired 100% shares of Shenzhen Zhonghe Boao Technology Development Co., Ltd. Refer to “Section X Financial Report - VIII. Changes in the scope of consolidation”.

**(7) Material changes or adjustments in respect of business, products or services of the Company during the reporting period** Applicable ✓ N/A**(8) Major customers and suppliers**

Major customers of the Company:

Aggregate sales revenue from top 5 customers (RMB)	6,081,156,735.70
Proportion of aggregate sales revenue from top 5 customers to annual sales revenue	39.60%
Proportion of aggregate sales revenue from related parties among top 5 customers to annual sales revenue	32.17%

Particulars of top 5 customers:

No.	Name of customer	Sales revenue (RMB)	Proportion to annual sales revenue
1	Customer 1	3,289,290,336.88	21.42%
2	Customer 2	1,650,532,231.02	10.75%
3	Customer 3	640,648,113.21	4.17%
4	Customer 4	333,268,244.86	2.17%
5	Customer 5	167,417,809.73	1.09%
Total	--	6,081,156,735.70	39.60%

Other information of major customers:

Applicable  N/A

The sales revenue from the largest customer reflects the aggregate sales revenue from our actual controller HBC and its controlled subsidiaries, and the sales revenue from the second largest customer reflects the aggregate sales revenue from our affiliate Migu Culture Technology Co., Ltd. and its controlled subsidiaries.

Major suppliers of the Company:

Aggregate purchase amount from top 5 suppliers (RMB)	1,977,207,514.01
Proportion of aggregate purchase amount from top 5 suppliers to annual purchase cost	19.96%
Proportion of aggregate purchase amount from related parties among top 5 suppliers to annual purchase cost	11.43%

Particulars of top 5 customers:

No.	Name of supplier	Purchase amount (RMB)	Proportion to annual purchase cost
1	Supplier 1	1,132,617,166.53	11.43%
2	Supplier 2	231,132,075.47	2.33%
3	Supplier 3	224,236,501.26	2.26%
4	Supplier 4	209,519,697.66	2.12%
5	Supplier 5	179,702,073.09	1.82%
Total	--	1,977,207,514.01	19.96%

Other information of major suppliers:

Applicable  N/A

The purchase amount from the largest supplier reflects the aggregate purchase amount from our actual controller HBC and its controlled subsidiaries

### 3. Expenses

In RMB

	2021	2020	Y/Y % change	Explanation for significant changes
Selling expenses	2,469,328,212.64	2,164,415,269.87	14.09%	Primarily due to an increase in business marketing and channel development expenses
Administrative expenses	695,934,611.78	629,200,722.73	10.61%	Primarily due to an increase in expenses in connection with human resources and depreciation
Financial expenses	-101,210,337.17	-86,619,854.07	16.84%	Primarily due to an increase in interest income
R&D expenses	271,991,403.40	184,384,948.72	47.51%	Primarily due to an increase in the funding for R&D projects and salaries of R&D personnel

### 4. R&D expenses

√ Applicable □ N/A

Description of major R&D project	Purpose	Progress	Objectives	Expected effect on the future development of Company
Mango TV cloud storage and multi-screen broadcasting platform project	Use proprietary technologies to build edge cloud computing platform, media convergence platform, cloud production platform, smart audio & video cloud and other systems, and create a cloud storage and multi-screen broadcasting platform leading in the country.	Construction of systems such as cloud storage system, cloud distribution system, cloud P2P system, cloud transcoding system and cloud data analysis system has been completed.	The platform will act as a core technology platform for viewing videos, be linked with the Mango TV video production system having huge media resources on the upstream, and with PC, mobile, Internet TV and other broadcasting terminals on the downstream, help Mango TV realize storage of huge video resources, distribution to subscribers through nearby nodes and extremely fast view and downloading.	The project will improve subscribers' viewing experience on the platform, reduce the operating costs of the platform, and help us maintain our core competencies in the future.
Smartly managed broadcasting and control system	The smartly managed broadcasting and control system is a key project of Mango TV for ensuring secure live broadcast and improving image quality, and is designed to build an IP broadcasting and control platform using virtual, SND and other next-generation technologies under the development strategy of integration and intelligentization of radio, TV and media.	The related infrastructure has been improved; and live transcoding, signal source, monitoring, network, data collection and analysis and other basic resources have been consolidated and would be fully backed up.	“1. To implement the requirements of the National Radio and TV Administration, build 1:1 backup system for signal source reception, live transcoding and broadcast routing with full coverage. 2. To establish standard data interfaces, on the principle of secure broadcast and standard operation and maintenance, use the smartly managed broadcasting and control system to improve the security performance and image quality of Mango TV broadcast system, and enable it to cope with the requirements for the development of convergence media in all respects at present and in the future.”	The product fully supports signal source reception, live broadcast, broadcast monitoring, fault alert and location and emergency response for IPTV in Hunan, and provides data analysis and logical display capabilities, and data system support for scientific broadcast management. The new distributed broadcast and control model with data link logical display + accurate fault location developed independently will be the important tool for improving the stableness of live broadcast of Mango TV.

Particulars of R&amp;D personnel:

	2021	2020	Y/Y % change
Number of R&D personnel	595	622	-4.34%
Proportion of R&D personnel to total number of employees	14.79%	13.91%	0.88%
Education background of R&D personnel			
Undergraduates	439	458	-4.15%
Masters	100	102	-1.96%
Others	56	62	-9.68%
Ages of R&D personnel			
Below 30	155	168	-7.74%
30-40	415	426	-2.58%
Others	25	28	-10.71%

Amount of R&D expenses and proportion of R&D expenses to operating revenue in the past three years:

	2021	2020	Y/Y % change
Amount of R&D expenses (RMB)	369,361,905.14	319,282,521.92	280,287,866.02
Proportion of R&D expenses to operating revenue	2.41%	2.28%	2.24%
Amount of R&D expenses capitalized (RMB)	97,370,501.74	134,897,573.20	40,988,534.16
Proportion of capitalized R&D expenses to total R&D expenses	26.36%	42.25%	14.62%
Proportion of R&D expenses capitalized to the net profit of the current period	4.60%	6.82%	3.54%

Analysis of the cause and effect of significant change in the composition of R&D personnel:

Applicable  N/A

Because Happy Money was excluded from our scope of consolidation, its R&D personnel were no longer included in the number of R&D personnel in 2021.

Analysis of the cause of significant change in the proportion of R&D expenses to operating revenue compared with the preceding year:

Applicable  N/A

Analysis of the cause and reasonableness of significant change in the proportion of R&D expenses capitalized:

Applicable  N/A

## 5. Cash flows

In RMB

Item	2021	2020	Y/Y % change
Cash provided by operating activities	14,948,148,074.05	13,357,032,896.39	11.91%
Cash used in operating activities	14,386,347,191.68	12,776,062,543.31	12.60%
New cash flows from operating activities	561,800,882.37	580,970,353.08	-3.30%
Cash provided by investment activities	5,738,565,482.92	886,489,234.84	547.34%
Cash used in investment activities	8,931,089,507.90	692,459,021.89	1,189.76%
Net cash flows from investment activities	-3,192,524,024.98	194,030,212.95	-1,745.37%
Cash provided by financing activities	4,566,523,925.07	160,436,700.00	2,746.31%
Cash used in financing activities	339,498,633.27	662,272,824.91	-48.74%
Net cash flows from financing activities	4,227,025,291.80	-501,836,124.91	



Net increase in cash and cash equivalents	1,596,914,430.17	273,387,984.85	484.12%
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Analysis of the main causes of significant changes in the relevant data:

Applicable  N/A

The cash provided by investing activities increased by 547.34%, cash used in investment activities increased by 1,189.76%, and new cash flows from investment activities decreased by 1,745.37%, primarily due to use of offering proceeds as scheduled, and purchase of structured bank deposits with unused offering proceeds.

The cash provided by financing activities increased by 2,746.31%, primarily due to receipt of the offering proceeds of RMB4.487 billion.

The cash used in financing activities decreased by 48.74%, primarily due to repayment of loans of prior years in the preceding year, and a decrease in cash used for repaying debts in the current year.

The net cash flows from financing activities in the current period was RMB 4,227,025,300, as compared with -RMB 501,836,100 in the preceding period, primarily due to receipt of the offering proceeds.

The net increase in cash and cash equivalents increased by 484.12%, primarily due to receipt of the offering proceeds of RMB4.487 billion and cash provided by operating activities.

Analysis of the significant difference between net cash flows from operating activities during the reporting period and net profit in current year:

Applicable  N/A

Primarily due to our strategic investment in copyright pool and Shopmang e-commerce during the reporting period.

## V. Analysis of non-main business

Applicable  N/A

In RMB

	Amount	Proportion to total profit	Main source	Whether or not sustainable
Investment income	37,229,498.93	1.76%	Income on bank wealth management products	No
Impairment loss on assets	-112,008,261.59	-5.30%	Impairment loss on inventories and accounts receivable	No
Non-operating revenue	21,850,496.77	1.03%	Income from rights protection actions	No
Non-operating expenses	43,300,269.96	2.05%	Expenses in connection with indemnity, epidemics and donations	No

## VI. Analysis of assets and liabilities

### 1. Material changes in the components of assets

In RMB

	End of 2021		Beginning of 2021		Y/Y % change	Reason of significant change
	Amount	Proportion to total assets	Amount	Proportion to total assets		
Monetary capital	6,974,465,151.81	26.71%	5,336,319,786.70	27.39%	-0.68%	Primarily due to receipt of the private offering proceeds of RMB4.487 billion in the

						reporting period
Accounts receivable	3,113,742,914.88	11.93%	2,976,696,672.95	15.28%	-3.35%	
Contract assets	903,053,743.61	3.46%	817,451,396.56	4.20%	-0.74%	
Inventories	1,689,546,700.79	6.47%	1,660,324,608.09	8.52%	-2.05%	
Long-term equity investment	23,882,517.37	0.09%	22,882,969.51	0.12%	-0.03%	
Fixed assets	184,450,336.98	0.71%	186,924,296.25	0.96%	-0.25%	
Right of use assets	210,304,495.42	0.81%	217,783,996.12	1.12%	-0.31%	
Short-term borrowings	39,786,903.37	0.15%	39,789,110.68	0.20%	-0.05%	
Contract liabilities	1,327,294,063.85	5.08%	1,330,475,023.10	6.83%	-1.75%	
Lease liabilities	169,643,622.50	0.65%	168,778,053.34	0.87%	-0.22%	

Analysis of high proportion of overseas assets:

Applicable  N/A

## 2. Assets and liabilities at fair value

Applicable  N/A

In RMB

Item	Beginning balance	Gain or loss on changes in fair value	Aggregate changes in fair value recorded in equity	Impairment loss recognized in the current period	Amount acquired in the reporting period	Amount sold in the reporting period	Other changes	Ending balance
<b>Financial assets</b>								
1. Financial assets held for trading (excluding derivative financial assets)					8,736,000.00	5,326,000.00		3,410,000.00
Subtotal of financial assets					8,736,000.00	5,326,000.00		3,410,000.00
Receivables financing	164,410.00						26,610.00	137,800.00
Total	164,410.00				8,736,000.00	5,326,000.00	26,610.00	3,547,800.00
Financial	0.00							0.00

al liabilities								
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Other changes:

Other changes of receivables financing mainly refer to changes of endorsement of acceptance bill or maturity acceptance.

Whether there's any material change in the measurement properties of main assets of the Company during the reporting period?

Yes  No

### 3. Encumbrances on assets as of the end of the reporting period

As of the end of the reporting period, the total amount of restricted assets was RMB 273,835,200, including capitals of RMB 61,822,000 frozen in litigations, third-party platform deposit RMB 1,220,200, and POS deposit RMB5,000; endorsed commercial bill undue RMB 210,748,000.

## VII. Analysis of investments

### 1. Overall situation

Applicable  N/A

Amount of investment in 2021 (RMB)	Amount of investment in 2020 (RMB)	Y/Y % change
43,523,517.70	60,000,000.00	-27.46%

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

Applicable  N/A

### 3. Major non-equity investment that have not yet been completed in the reporting period

Applicable  N/A

### 4. Financial assets at fair value

Applicable  N/A

In RMB

Type of assets	Initial cost of investment	Gain or loss on changes in fair value	Aggregate changes in fair value recorded in equity	Amount acquired in the reporting period	Amount sold in the reporting period	Aggregate investment income	Ending balance	Source of funds
Financial derivatives	8,736,000.00			8,736,000.00	5,326,000.00	34,265.617.23	3,410,000.00	Purchase of structured bank deposits with owned funds and offering proceeds
Total	8,736,000.00	0.00	0.00	8,736,000.00	5,326,000.00	34,265.617.23	3,410,000.00	-

### 5. Use of offering proceeds

√ Applicable □ N/A

**(1) Description of use of offering proceeds**

√ Applicable □ N/A

In RMB0'000

Year of offering	Method of offering	Total offering proceeds	Total amount of offering proceeds used in the reporting period	Aggregate amount of offering proceeds already used	Total amount of offering proceeds the purpose of which was changed in the reporting period	Aggregate amount of offering proceeds the purpose of which has been changed	Percentage of offering proceeds the purpose of which has been changed	Total amount of unused offering proceeds	Purpose and whereabouts of unused offering proceeds	Total amount of offering proceeds that has remained unused for more than two years
2019	Private share offering	198,270.07	4,176.44	98,827.45	0	0	0.00%	99,442.62	Deposited in the special account of offering proceeds	99,442.62
2021	Share offering to specific persons	448,579.21	108,727.65	108,727.65	0	0	0.00%	339,851.56	Deposited in the special account of offering proceeds, and purchase cash management products	0
Total	--	646,849.28	112,904.09	207,555.1	0	0	0.00%	439,294.18	--	99,442.62
Description of use of offering proceeds										
During the reporting period, the total amount of offering proceeds used by us was RMB1,129,040,900. As of December 31, 2021 during the reporting period, the aggregate										

amount of offering proceeds used by us was RMB2,075,551,000. The balance of the special account of offering proceeds was RMB2,224,720,100, including RMB2,132,941,800 of principal and RMB91,778,300 of interest income. We have used RMB2,260,000,000 of unused offering proceeds to purchase cash management products.

## (2) Committed fund-raising investment projects

√ Applicable □ N/A

In RMB0'000

Committed investment project and use of over-raised funds	Whether the project has been changed or partially changed	Total committed investment amount	Total investment amount as adjusted (1)	Amount invested in the reporting period	Aggregate amount already invested as of the end of the reporting period (2)	Progress of investment as of the end of the reporting period (3) = (2)/(1)	Date that the project is ready for its intended use	Income earned in the reporting period	Aggregate income as of the end of the reporting period	Whether the project has produced the desired result	Whether there's any significant change in the feasibility of the project
Committed investment project											
1. Mango TV copyright pool expansion project	No	148,674	148,674	2,600	86,150	57.95%		-4,723.48	17,115.99	N/A	No
2. Mango TV cloud storage and multi-screen broadcast platform project	No	49,558	49,558	1,576.44	12,677.45 <sup>Note1</sup>	25.58%		Note2		N/A	No
1. Content resource pool expansion project	No	398,587.78	398,587.78	108,727.65	108,727.65	27.28%		108,853.3	108,853.3	N/A	No
2. Mango TV smart audio & video media service platform project	No	49,991.43	49,991.43	0	0	0.00%		Note3		N/A	No
Subtotal	--	646,811.21	646,811.21	112,904.09	207,555.1	--	--	104,129.82	125,969.29	--	--
Use of over-raised funds											

None											
Total	--	646,811.21	646,811.21	112,904.09	207,555.1	--	--	104,129.82	125,969.29	--	--
Failure to meet the scheduled progress and produce the desired result and reason thereof (please describe on a project by project basis)	Mango TV cloud storage and multi-screen broadcast platform project: The project was planned for in 2017 and implemented in 2019 after receipt of the relevant offering proceeds. During the procedure of implementation, the market and technical environment of the industry also changed to certain degree within these two years. Therefore, after receipt of the relevant offering proceeds, we adjusted the fund use plan by extending the fund use period to 2021, resulting in the difference between the fund use progress and original use plan in the reporting period. The fund use plan in respect of Mango TV cloud storage and multi-screen broadcast platform project was adjusted pursuant to the <i>Proposal for Adjusting the Fund Use Plan in Respect of Certain Fund-raising Investment Project</i> adopted by the 29 <sup>th</sup> session of the 3 <sup>rd</sup> Board of Directors of the Company on April 23, 2020, and further adjusted pursuant to the <i>Proposal for Adjusting the Fund Use Plan in Respect of Certain Fund-raising Investment Project</i> adopted by the 35 <sup>th</sup> session of the 3 <sup>rd</sup> Board of Directors on January 26, 2021.										
Reason of significant change in the feasibility of the project	None										
Amount and use of over-raised funds and progress of use thereof	N/A										
Change in the place of the fund-raising investment project	N/A										
Adjustment of the method of implementation of the fund-raising investment project	Applicable										
	Occurred in the reporting period.										
	Mango TV copyright pool expansion project: As of December 31, 2020, we purchased and released on Hunan TV 5 key TV series as scheduled. The progress of investment and development meet expectations. The amount of actual investment being lower than the planned amount of investment was primarily due to changes in industry policies, as a result of which the prices for content copyright have returned to the reasonable level, so the price for TV series per part actually paid by us was lower than the estimated amount. On November 28, 2021 and December 21, 2021, the Company held the 7 <sup>th</sup> session of the 4 <sup>th</sup> Board of Directors and the 2 <sup>nd</sup> extraordinary shareholders' meeting respectively, considering and approving <i>The Proposal for Adjusting the Method of Implementation and Fund Use Plan in Respect of Certain Fund-raising Investment Project</i> , pursuant to which the method of implementation and fund use plan in respect of the Mango TV copyright pool										

	expansion project were adjusted, and remaining offering proceeds were used to purchase exclusive Internet copyright of teleplays.
Funds pre-invested in the investment project and replacement thereof	<p>Applicable</p> <p>On September 23, 2021, the 5<sup>th</sup> session of the 4<sup>th</sup> Board of Directors and the 4<sup>th</sup> session of the 4<sup>th</sup> Board of Supervisors considered and adopted the Proposal for Replacing the Funds Pre-invested in the <i>Fund-Raising Investment Project and Self-raised Funds Used to Pay Part of the Offering Costs with the Offering Proceeds</i>, approving the replacement of the funds pre-invested in the investment project in the amount of RMB703,945,533.67 and self-raised funds used to pay part of the offering costs in the amount of RMB475,471.70 (exclusive of tax) with the offering proceeds, totaling RMB704,421,025.37. The independent directors and the Board of Supervisors of the Company approved such proposal. The replacement has been completed as of December 31, 2021.</p> <p>On September 23, 2021, the 5<sup>th</sup> session of the 4<sup>th</sup> Board of Directors and the 4<sup>th</sup> session of the 4<sup>th</sup> Board of Supervisors considered and adopted the <i>Proposal Regarding Payment by the Wholly-owned Subsidiary of Funds Invested in the Fund-Raising Investment Project with Banker's Acceptance Bills and Replacement of the Same with the Offering Proceeds</i>, approving the payment by Happy Sunshine, our wholly-owned subsidiary, of amounts in connection with the fund-raising investment project with banker's acceptance bills (including issuance and endorsement of banker's acceptance bills, the same below) during the period of fund raising for such investment project through share offering to specific persons, and replacement of the same with the offering proceeds by transferring the amount actually paid from the special account of offering proceeds to the account of owned funds of the Company. The independent directors and the Board of Supervisors of the Company approved such proposal.</p>
Temporary replenishment of working capital with the unused offering proceeds	N/A
Amount of unused offering proceeds and reason thereof	N/A
Purpose and whereabouts of unused offering proceeds	During the reporting period, we used RMB2,260,000,000 of unused offering proceeds to purchase cash management products, and deposited the balance of the unused offering proceeds in the special account of offering proceeds.
Problems and other matters existing in the use and disclose of offering proceeds	None

Notes: 1. The planning for Mango TV cloud storage and multi-screen broadcast platform project was completed in 2017, and its implementation was commenced after raising supporting funds in 2019; the project construction was almost completed in 2021. On April 21, 2022, the 8<sup>th</sup> session of the 4<sup>th</sup> Board of Directors and the 7<sup>th</sup> session of the 4<sup>th</sup> Board of Supervisors considered and adopted Proposal on Termination of Cloud Storage and Multi-Screen Broadcast Platform Project and Applying Saved Offering Proceeding to Eternally

Supplement Working Capitals, proposing to apply offering proceeds saved from this project RMB 388,899,100 (including interest incomes, and final amount is subject to balance of interest-bearing bank account at the date of fund transfer) to eternally supplement working capitals; independent directors expressed independent opinions of agreeing with it. This matter shall be submitted to the general meeting of the Company for consideration.

2. Mango TV cloud storage and multi-screen broadcast platform project: aiming at fully improving users' experience of watching across the platform, no economic benefits will be yielded directly, so it is impossible to calculate the benefits of such project separately.

3. Mango TV smart audio & video media service platform project: project initiation has been completed in the first quarter of 2022, and investment continues. This project aims at improving overall platform-level solutions in ultra HD video, interactive video and re-consumable video in future, accelerating integration of Mango TV in aspects of resources, technology, services, business and flow, no economic benefits will be yielded directly, so it is impossible to calculate the benefits of such project separately.

### (3) Changes in the fund-raising investment projects

Applicable  N/A

There has been no change in the fund-raising investment projects during the reporting period.

## VIII. Sale of material assets and equities

### 1. Sale of material assets

Applicable  N/A

No material asset has been sold during the reporting period.

### 2. Sale of material equities

Applicable  N/A

Counterparty	Equities sold	Date of transaction	Transaction price (RMB0'000)	Net profit contributed by such equities to the Listed Company from the beginning date of the reporting report to the date of transaction (RMB0'000)	Effect of the sale on the Company	Ratio of the net profit contributed by the sale of equities to the Listed Company to its total net profit	Pricing principle	Whether or not a related-party transaction	Affiliation with the counterparty	Whether such equities have been fully transferred	Whether the transaction has been completed as scheduled, and if not, the reason and the actions taken by the Company	Date of disclosure	Disclosure reference
Mango Media Co.,	100% shares	May 31, 2021	30,424.97	77.07	To improve the efficiency of	0.04%	Appraised price	Yes	Parent	Yes	Yes	June 25, 2021	Announcement on the Completion of



Ltd.	of Happy Money				resource allocation, and enable us to focus on our main business									Transfer of 100% Shares of the Wholly Owned Subsidiary disclosed on www.cninfo.com.cn
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### IX. Analysis of major subsidiaries and associates

✓ Applicable  N/A

Major subsidiaries and associates representing more than 10% of the net profit of the Company:

In RMB

Company name	Type of company	Main business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Happy Sunshine	Subsidiary	Internet video business, operator business and content operation business	242,470,013.00	23,570,984,552.88	15,055,215,350.00	12,950,476,639.62	2,104,527,787.90	2,082,070,694.11
Happigo	Subsidiary	Media retail	401,000,000.00	1,034,734,591.59	581,665,920.92	1,923,249,732.02	18,853,328.73	19,838,645.46
EE-Media	Subsidiary	Artist agency business, program, film and TV drama production business and copyright business	90,000,000.00	1,145,327,685.12	491,568,431.98	534,369,650.50	73,599,373.37	73,617,020.16

Subsidiaries acquired or disposed of during the reporting period:

Applicable  N/A

Company name	Method of acquisition or disposal	Effect on overall production, operation and results
Happy Money	Share transfer	The operating revenue of Happy Money was RMB28.3559 million and the gain or loss on disposal was RMB770,700 on a consolidated basis, so this share transfer has little effect on our production, operation and results.

Particulars of major subsidiaries and associates:

During the reporting period, Happy Sunshine, the operating entity of our main platform Mango TV, maintained growth of business, and its operating revenue increased by 14.93%. During the reporting period, the net offering proceeds was RMB4.487 billion, and the total assets of Happy Sunshine increased by 40% year on year, reflecting further improvement of our asset quality.

## X. Structured entities controlled by the Company

Applicable  N/A

## XI. Prospects for future development of the Company

### (I) Prospects for future development

The year 2022 is a crucial opportune year for Mango Excellent Media to pursue the high-quality development. Keeping in mind the mission of the party media and assuming the social responsibility as the listed company, the board of directors and the management of the Company made real efforts and innovation, maintained the main position as the main force and strived to optimize and strengthen the mainstream new media group, so as to celebrate the 20th National Congress of the CPC with practical achievements. Below is a brief description of our main tasks:

#### 1. Keep in mind the mission of the party media and promote mainstream value communication

By upholding the leadership of the Party with utter loyalty, the Company continues to enhance its mainstream value guidance through content innovation and upgrading. In 2022, the Company will take a higher political position and give full play to its advantages as the integrated media to advocate the 20th National Congress of the CPC with the greatest investment, the best creativity and the most enthusiasm, and promote Xi Jinping's socialist ideology with China's characteristics in the new era around the main theme of the 20th National Congress of the CPC. To this end, the Company will plan the theme work of "New Generation", and release more than 20 documentary films such as These Ten Years and Daughter of the Party 2 and some teleplays such as China's Long Course of History and Hutong, presenting the magnificent picture of the new journey in the new era with small points and big picture. Meanwhile, the Company will sing the Chinese voice out loud in international communication in the new era. We will strengthen foreign communication by optimizing Mango TV's international APP and striving to carry out in-depth cooperation with countries along the Belt and Road within the year, and expand the overseas user base, so as to build a benchmark platform for international communication.

#### 2. Leverage on the advantages of two platforms to pursue innovative, integrated and in-depth development of media

The Company proactively implements the strategy of the Party Central Committee on accelerating media's integrated development and utilizes the advantages of the two platform of Mango ecosystem to promote the integrated and in-depth development of media with innovations in mechanism, paradigm and content. In 2022, in compliance with the regulatory requirements for listed companies, the Company will further develop the joint mechanism of Hunan Satellite TV and Mango TV platforms for content collection and broadcasting to realize the in-depth content integration from planning, operation to management, consolidate the upgrade from copyright-based to talent-based, and establish a new benchmark for the integrated development of media. On this basis, we will also explore more paths and methods for in-depth integration, and realize the self-evolution and iteration of the Mango integrated development model.

#### 3. Insist on innovation and lead content upgrade in the industry

Currently, the changing creative themes of the content sector bring new opportunities to the long video industry. The Company will cater to the trend of content innovation and upgrading, leverage on Mango's talents and ecosystem strength, adhere to the "people-centered" creation philosophy, insist on self-breakthrough, catch up with the times and long-term planning, so as to pursue long-term content innovation and upgrading and lead the content innovation and upgrading of the industry. In 2022, the Company will make efforts in both film and television and variety shows for content innovation and

upgrading. In terms of film and television, the Company will focus on the “Mango Monsoon” theater, set higher standards and mobilize wider collaboration to sustainably produce high-quality products that empathize with the times and boast refreshed visual experience. In terms of variety shows, the Company will increase innovation and research and development efforts and strive to launch more than 40% of innovative programs, so as to further consolidate its leading position in the variety shows industry.

4. Increase strategic investment to promote the iteration and upgrade of emerging businesses

In 2022, the Company will increase strategic resources to promote stable development of emerging businesses. Xiaomang E-commerce will continue to strengthen its core positioning as a content e-commerce platform for new trendy domestic products. Taking advantage of its high-quality content IP resources on the two platforms within Mango ecosystem, it will iterate and upgrade the “video + content + e-commerce” model through IP resources operation to empower new trendy domestic products. Meanwhile, we will introduce strategic shareholders to push synergy between Xiaomang E-commerce and each business sector of the overall Mango ecosphere, and promote the faster and better development of Xiaomang E-commerce. The live entertainment business will expedite its transformation from setting a benchmark to expanding new stores.

5. Consolidate the middle platform matrix and explore the evolutionary transformation of technology content

In 2022, the Company will further improve and consolidate the middle platform matrix in three aspects to further enhance the effectiveness of resource integration and facilitate our production and operation. Firstly, we will further upgrade our content middle platform to implement more innovative projects and stimulate internal content creativity. Secondly, we will strengthen the risk control and operation middle platforms to maximize resource allocation. We will improve large operation system to cultivate strategic operation talents, so as to utilize the aggregation capabilities to maximize the content value. Thirdly, in line with the trend of digital intelligence in the content industry, we will empower our business development with technology middle platform to promote symbiosis between culture and technology; based on 5G key lab established under authorization of The State Administration of Radio Film and Television, promote R&D and application of NFT, digital human production and virtual content production & broadcasting technology, and explore metaverse-oriented 5G+ media product form, technology application and business model innovation.

6. Focus on team building to stimulate the innovative vitality of young talents

The high threshold long video content innovation is driven by talents essentially. Talent is the most important resource and a company’s development cannot leave talents. The Company will further optimize the talent-based innovation mechanism to attract, develop, retain and utilize talents. We will further solidify the “Young Talent Plan”, promote the “Qingmang Internship Program” and expand the “Mango Youth Talk”. We will also focus on team building and invest in human capital to further consolidate our core competitiveness and stimulate the innovative vitality of young talents.

7. Improve corporate governance and promote high-quality development of listed companies

In 2022, the Company will continue to implement the relevant requirements of the Securities and Futures Commission to carry out special actions on the governance of listed companies, and ensure the quality development of the Company through multi-level and multi-dimensional development of corporate governance capacity. Firstly, based on the self-examination and self-correction in the previous year, we will further strengthen the institutionalization of the corporate governance system and upgrade the corporate governance capability and internal control to a higher level. Secondly, with a focus on high-quality information disclosure, we will further improve the operation of the mechanism of general meeting of shareholders, board of directors and board of supervisors of the Company, and enhance the ability of directors, supervisors and senior executives to perform their duties diligently, so as to build a long-term mechanism for the standardized operation of the Company. Lastly, we will define the main responsibility of the “key minority”, promote the Company to lead innovation while ensuring standardized operation, continuously improve the intrinsic development quality of listed companies and create higher corporate value, thus effectively rewarding investors.

8. Practice the concept of “protect the investment” and strengthen the protection mechanism for minority shareholders

As the cornerstone of the capital market, it’s the battlefield for investor protection in listed companies. The Company is obliged to practice the concept of “protect the investment” and protect minority investors. In 2022, the Company will further strengthen investor protection by enhancing the relevance and effectiveness of information disclosure based on investor demands, to fully protect investors’ right to know; establish a sound communication mechanism between the board of directors and investors and improve the channels and ways for institutional investors to participate in corporate governance; and take the initiative to understand the demands of minority investors and continuously optimize the investor return mechanism. Meanwhile, the Company will leverage on its advantages as a new media

platform and rely on the Mango New Media Investor Education Base to further strengthen the education for minority investors through developing investor-friendly and high-quality investment education programs, in a bid to further improve the operation of the investor education base.

(II) Potential risks and countermeasures

1. Risk of macroeconomic fluctuations

The cultural and media industry is closely related to macro-economy. Macroeconomic fluctuations will increase uncertainties in our operation: first, changes in macroeconomic situation will affect the budgets of our business customers, which could in turn result in great fluctuations in our B2B business, for example, during the recession of macro-economy, business customers may reduce their advertising budgets, which could have an adverse effect on our advertising business; second, macroeconomic fluctuations will affect the revenue level and structure of our end customers and in turn affect consumer confidence and consumer preferences. Therefore, we will give full play to the advantages of Mango system with the joint action of double platforms and entire industry chain, through content innovation and upgrading, increase the percentage of hot variety shows, films and TV dramas, attract more end customers, strive to improve platform brands, and provide advertisers with high-quality, effective, customized and integrated services, to effectively cope with the risk of macroeconomic fluctuations.

2. Policy and regulatory risks

The whole business process of the cultural and media industry in which we operate is subject to policies and regulations. The changes in industry regulatory policies may bring uncertainties for our business and operation. We will produce content in strict accordance with the applicable industry regulatory and policy requirements, and establish sound internal quality management and control mechanisms, in order to avoid risks associated with policies and regulations. As a mainstream new media, we will insist on our attributes as a media, reject the idea of traffic first, focus on the production of high-quality content, assume the responsibility to guide mainstream social values, and embrace the new development opportunities in the current policy environment.

3. Risk of changes in industry competition patterns

The video industry enters the era of competition for existing users, and witnesses changes in market recognition, development pattern and underlying logics. The traffic-oriented expansion of the Internet operations is drawing to an end, and the number of subscribers and paid members of some video platforms has stopped increasing. In the context of changes in industry pattern, as a mainstream new media, we always stick to the development strategy of focusing on high-level long videos, accurately catch the trends of the themes of creation in the field of long videos, fulfill the values guiding role of media, emphasize on the essence of content creation, and make breakthroughs in the context of changes in industry pattern through content innovation and upgrading.

4. Risk of business qualifications

Certain businesses of us are subject to special business qualifications. If we are unable to promptly renew or obtain new business qualifications upon expiration of the relevant existing business qualifications or to comply with the updated regulatory requirements, our business development may be adversely affected. We will enhance business qualification management and actively communicate with the competent business qualifications authorities, to promptly renew business qualifications upon expiration thereof.

5. Risk of film and TV drama production

(1) Risk of failure of films and TV dramas to pass the relevant review. After completion of production, a TV drama must pass the review by and obtain a *TV Drama Release Permit* from the National Radio and TV Administration or the relevant provincial office. A film or TV drama produced by us may fail to pass the filing procedures and obtain a production permit due to any reason attributable to the artists appearing therein or otherwise; and after completion of production, may fail to obtain a release permit, or to be broadcast after obtaining a release permit, due to its theme or otherwise, which could affect our operating results. We will produce films and TV dramas in strict accordance with the applicable policies of the country and review process of the competent authorities, and ensure that both social and economic benefits are taken into account in our planning for the production of films and TV dramas.

(2) Risk of high uncertainties of return on investment in films and TV dramas. Films and TV dramas are cultural products, the reception of which by the audiences is affected by preferences, life experience, public opinions and other factors, and their audience rating after being broadcast is greatly uncertain. The investment in films and TV dramas has the inherent characteristics of huge amount of single investment, long period of return on investment, direct linkage between revenue and box office receipts or audience rating, and non-predictability of market reaction, among others, so the return on investment is greatly uncertain. We have established scientific pre-authorization and authorization policies, and set up special review departments, to reduce the

risks of investment in films and TV dramas.

6. Risk of technology upgrading

Along with the maturity and application of 5G, cloud computing, AI, AR/VR and other technologies, new business patterns and business models may emerge and bring about wholly new cultural and entertainment experience to users. The commercial remodeling brought about by technology upgrading may have an adverse effect on our operation. We have established the innovation research institute, to enhance researches on new technologies, new models and future trends of the industry, make judgments and arrangements in advance, and cope with risks of technology upgrading in an unhurried manner.

7. Risk of outflow of talents

The new media business, film and TV drama production, and artist agency business conducted by us have high requirements for the professional levels of practitioners, so experienced professionals are of great importance to our business development, and outflow of core personnel could affect the conduct of our business. In addition, if we fail to continuously recruit outstanding talents, our business development may be adversely affected. We will build an ecosystem suitable for talents to give full play to their abilities, and continuously improve the incentive mechanisms that are competitive on the market, to retain and attract talents, arouse the enthusiasm and creativity of core personnel, and promote our business development.

8. Risk of infringement on intellectual property rights

Due to the complexity of the production of films, TV dramas and audio & video products, diversified ways to use the works, rapid development of Internet application and complexity of copyright protection, the copyright purchased by us may have defects and infringe on the interests of legal right holders, or the licenses purchased by us may be unable to satisfy the requirements of new businesses, resulting in infringement damages payable by us. In addition, there may be infringing and pirating activities on the market in respect of films, TV dramas and audio & video products in which we have exclusive rights, which could prejudice our legitimate rights and interests. Therefore, we have established copyright protection policy and copyright purchase policy, enhanced efforts to safeguard our intellectual property rights, and in particular, appoint special personnel and professional institutions to monitor copyright infringement activities over the Internet in real time and take actions to safeguard our legitimate rights and interests.

## XII. Investigation, research, communication, interview and other activities during the reporting period

√ Applicable □ N/A

Date	Place	Method of communication	Type of guests	Guests	Main topic of discussion and information provided	Particulars of the investigation and research activity available at
April 27, 2021	Meeting room of the Company	On-site investigation and research	Institutions	Refer to the Record of Investor Relations Activities of Mango Excellent Media Co., Ltd. ( 2021-01 )	Our business situations and future development strategies and prospects for industrial development	Refer to our Record of Investor Relations Activities disclosed on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
August 18, 2021	Teleconference	Communication by telephone	Institutions	Refer to the Record of Investor Relations Activities of Mango Excellent Media	Our business situations and future development strategies and prospects for	Refer to our Record of Investor Relations Activities disclosed on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>

				Co., Ltd. (2021-02)	industrial developmen t	
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## Section IV Corporate Governance

### I. Overview of our corporate governance

During the reporting period, we have continuously improved our corporate governance structure, internal management and control policies, intensively carried out corporate governance activities, promoted operational compliance and continuously increased our corporate governance level in strict accordance with the requirements of the *Company Law*, the *Securities Law*, the *Code of Corporate Governance for Listed Companies*, the *Rules Governing the Listing of Stocks on the ChiNext Board of the Shenzhen Stock Exchange*, and other applicable laws, regulations and normative documents. During the reporting period, we amended our *Articles of Association*, the *Rules of Procedure of the Board of Directors*, the *Rules of Procedure of the Board of Supervisors* and other relevant policies and documents, to provide stronger institutional guarantee for our operational compliance. As of the end of the reporting period, our corporate governance complies with the applicable laws, administrative regulations and the provisions of the CSRC regarding corporate governance of the listed companies.

#### 1. Shareholders and shareholders' meeting

We convene and hold shareholders' meetings in strict accordance with our *Articles of Association*, the *Rules of Procedure of the Shareholders' Meeting* and other relevant provisions and requirements, and treat all shareholders fairly. We permit investors to elect to vote in person or on line at our shareholders' meetings, so as to enable minority investors to fully exercise their voting rights. In considering material matters that affect the interests of minority investors, the votes cast by them are counted separately and disclosed on the relevant announcements on the resolutions of our shareholders' meeting.

#### 2. Relationship with controlling shareholder

Our controlling shareholder is strict with itself and has not directly or indirectly interfered with our decision-making and business activities without the authorization of the shareholders' meeting. We conduct business and operate independently, and are independent of our controlling shareholder in business, personnel, assets, organization and finance, and each of our Board of Directors, Board of Supervisors and internal bodies operates independently.

#### 3. Directors and Board of Directors

Our Board of Directors has nine directors, including three independent directors. The number of members and composition of our Board of Directors comply with the requirements of the applicable laws and regulations and our *Articles of Association*. The members of our Board of Directors perform their duties in good faith and diligently in accordance with our *Articles of Association* and the *Rules of Procedure of the Board of Directors*, actively participate in the related training, and are familiar with the applicable laws and regulations. Our Board of Directors convenes and holds meetings in accordance with the applicable procedures, keeps true, accurate and complete meeting minutes, securely maintain such meeting minutes, and disclose its resolutions in a timely manner.

#### 4. Supervisors and Board of Supervisors

Our Board of Supervisors has three supervisors, including one employee supervisor. The number of members and composition of our Board of Supervisors comply with the requirements of the applicable laws and regulations. During the reporting period, our supervisors seriously performed their duties, and actively supervised our material matters, related-party transactions, insiders, internal controls and financial condition and performance of duties by our directors and executives in compliance with the applicable laws and regulations, pursuant to the *Rules of Procedure of the Board of Supervisors*.

#### 5. Establishment and implementation of internal audit policy

Our Board of Directors has set up the Audit Committee, responsible for communications, supervision, meeting organization and examinations in respect of internal and external audits. The Audit Department under the Compensation and Appraisal Committee is responsible for handling day-to-day affairs, and examination and supervision of the establishment and implementation of internal controls, truthfulness and completeness of financial information of the Company.

#### 6. Performance appraisal and incentive and restraint mechanisms

Our Board of Directors has set up the Compensation and Appraisal Committee, responsible for the establishment of compensation policies, determination of compensation plans, and performance appraisal of executives. We have the performance appraisal and incentive system in place, link the revenue of operators with our operating results, and require that the appointment of executives must be open and transparent and comply with the applicable laws and regulations.

#### 7. Information disclosure and transparency

We truthfully, accurately, timely, fairly and completely disclose the relevant information in strict accordance with the applicable laws and regulations, the *Information Disclosure Policy* and the *Investor Relations Management Policy*, designate our Board Secretary to be responsible for making information disclosures,

coordinating our relations with investors, receiving visiting shareholders, and promptly replying inquiries of investors through the investors interaction platform, telephone and other channels, and <http://www.cninfo.com.cn>, the *China Securities Journal*, the *Shanghai Securities News*, the *Securities Times* and the *Securities Daily* as the websites and newspapers for us to disclose information, and truthfully, accurately, timely, fairly and completely disclose the relevant information in strict accordance with the applicable laws and regulations and the *Information Disclosure Policy*, in order to ensure that all shareholders have equal opportunities to access the information about us.

#### 8. Stakeholders

We fully respect the legitimate rights and interests of stakeholders, and strive to coordinate and balance the interests of shareholders, employees, partners, the society and other stakeholders, and jointly promote our sustained and steady development.

Is there any significant difference between the actual circumstance of corporate governance of the Company and the applicable laws, administrative regulations and the provisions of the CSRC regarding corporate governance of the listed companies?

Yes  No

There isn't any significant difference between the actual circumstance of our corporate governance and the applicable laws, administrative regulations and the provisions of the CSRC regarding corporate governance of the listed companies.

## II. The Company's independence of its controlling shareholder and actual controller in assets, personnel, finance, organization and operation

We are independent of our controlling shareholder and actual controller in operation, personnel, assets, organization and finance. None of our controlling shareholder, actual controller or their affiliates has illegal occupied our funds or requested us to provide any guarantee in violation of the applicable laws and regulations.

1. Business: We are an independent corporate entity, and conduct business and operate independently.
2. Personnel: We have an independent human resources department, and complete human resources management policies in place. Our General Manager, Deputy General Managers, CFO, Board Secretary and other executives receive remunerations from the Listed Company during their terms of office.
3. Segregation of assets: Our assets are complete and free from any encumbrance, and we have independent purchasing, production and sales systems and supporting facilities.
4. Organization: We have set up internal bodies that are suitable for our development requirements and operate independently, and our functional departments are independent of our controlling shareholder in their operation.
5. Finance: We have an independent finance department, and have established independent financial and accounting system and financial management policies, and opened separate bank accounts, and paid taxes separately.

## III. Horizontal competition

Applicable  N/A

## IV. Annual and extraordinary shareholders' meetings held during the reporting period

### 1. Shareholders' meetings held during the reporting period

Session	Type of meeting	Parentage of investors attending the meeting	Date of meeting	Date of disclosure	Resolution of the meeting
2020 annual shareholders' meeting	Annual shareholders' meeting	78.95%	May 21, 2021	May 22, 2021	Refer to the <i>Announcement on Resolutions of the 2020 Annual Shareholders' Meeting</i> disclosed on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> .
First extraordinary shareholders' meeting in 2021	Extraordinary shareholders' meeting	76.96%	October 11, 2021	October 12, 2021	Refer to the <i>Announcement on Resolutions of the First Extraordinary</i>



					<i>Shareholders' Meeting</i> in 2021 disclosed on www.cninfo.com.cn.
Second extraordinary shareholders' meeting in 2021	Extraordinary shareholders' meeting	79.98%	December 21, 2021	December 22, 2021	Refer to the <i>Announcement on Resolutions of the Second Extraordinary Shareholders' Meeting</i> in 2021 disclosed on www.cninfo.com.cn.

**2. Extraordinary shareholders' meetings convened on the requisition of holders of preferred shares whose voting rights have been restituted**

Applicable  N/A

**V. Arrangement for differential voting rights**

Applicable  N/A

**VI. Corporate governance of red-chip structured companies**

Applicable  N/A

## VII. Directors, supervisors and executives

### 1. Particulars

Name	Title	Status	Gender	Age	Beginning date of the term of office	End date of the term of office	Beginning balance of shares held	No. of additional shares acquired in the reporting period	No. of shares disposed of in the reporting period	Changes in the number of shares held due to other reasons	Ending balance of shares held	Cause of increase or decrease in the number of shares held
ZHANG Huali	Chairman of the Board of Directors	Active	Male		November 16, 2017		0	0	0	0	0	
ZHONG Hongming	Independent Director	Active	Male		June 14, 2017		0	0	0	0	0	
XIAO Xing	Independent Director	Active	Female		January 8, 2019		0	0	0	0	0	
LIU Yuhui	Independent Director	Active	Male		January 8, 2019		0	0	0	0	0	
LUO Weixiong	Director	Active	Male		September 19, 2019		0	0	0	0	0	
ZHANG Yong	Director	Active	Male		May 25, 2011		0	0	0	0	0	
CAI Huaijun	Director & General Manager	Active	Male		September 12, 2018		0	0	0	0	0	
LIU Xin	Director	Active	Male		September 19, 2018		0	0	0	0	0	
TANG Liang	Director	Active	Male		June 1, 2014		0	0	0	0	0	
YANG Yun	Chairman of the Board of Supervisors	Active	Male		June 14, 2017		1,500	0	0	0	1,500	
LI Jiaochun	Supervisor	Active	Male		June 14, 2017		0	0	0	0	0	

FANG Fei	Employee Supervisor	Active	Male		August 19, 2020		0	0	0	0	0	
ZHENG Huaping	Deputy General Manager	Active	Male		August 16, 2018		0	0	0	0	0	
LIANG Deping	Deputy General Manager & Finance Director	Active	Male		August 16, 2018		0	0	0	0	0	
WU Jun	Board Secretary	Active	Female		April 27, 2019		0	0	0	0	0	
HE Jin	Deputy General Manager	Retired	Female		August 16, 2018	April 21, 2021	0	0	0	0	0	
WANG Ke	Deputy General Manager	Retired	Male		August 16, 2018	April 21, 2021	0	0	0	0	0	
Total	--	--	--	--	--	--	1,500	0	0		1,500	--

Whether any director or supervisor retired or any executive was removed during the reporting period?

Yes  No

On April 21, 2021, our former deputy general managers HE Jin and WANG Ke resigned office due to transfer to different jobs.

Changes in directors, supervisors and executives:

Applicable  N/A

Name	Title	Type	Date	Reason
ZHANG Huali	Director	Elected	May 21, 2021	Re-elected upon expiration of term of office
ZHONG Hongming	Independent Director	Elected	May 21, 2021	Re-elected upon expiration of term of office
XIAO Xing	Independent Director	Elected	May 21, 2021	Re-elected upon expiration of term of office
LIU Yuhui	Independent Director	Elected	May 21, 2021	Re-elected upon expiration of term of office
LUO Weixiong	Director	Elected	May 21, 2021	Re-elected upon expiration of term of office
ZHANG Yong	Director	Elected	May 21, 2021	Re-elected upon expiration of term of office
CAI Huaijun	Director	Elected	May 21, 2021	Re-elected upon expiration of term of office
LIU Xin	Director	Elected	May 21, 2021	Re-elected upon expiration of term of office
TANG Liang	Director	Elected	May 21, 2021	Re-elected upon expiration of term of office
YANG Yun	Supervisor	Elected	May 21, 2021	Re-elected upon expiration of term of office
LI Jiaochun	Supervisor	Elected	May 21, 2021	Re-elected upon expiration of term of office
ZHANG Huali	Chairman of the Board of Directors	Elected	July 5, 2021	Re-elected upon expiration of term of office
YANG Yun	Chairman of the Board of Supervisors	Elected	July 5, 2021	Re-elected upon expiration of term of office
CAI Huijun	General Manager	Appointed	July 5, 2021	Re-elected upon expiration of term of office
ZHENG Huaping	Deputy General Manager	Appointed	July 5, 2021	Re-elected upon expiration of term of office
LIANG Deping	Deputy General Manager & Finance Director	Appointed	July 5, 2021	Re-elected upon expiration of term of office
WU Jun	Board Secretary	Appointed	July 5, 2021	Re-elected upon expiration of term of office
HE Jin	Deputy General Manager	Retired	April 21, 2021	Resigned as deputy general manager due to transfer to a different job
WANG Ke	Deputy General Manager	Retired	April 21, 2021	Resigned as deputy general manager due to transfer to a different job

## 2. Positions held

Professional background and main work experience of our current directors, supervisors and executives and main positions held by them in the Company:

### 1. Directors

ZHANG Huali, male, Han nationality, born in December 1964, member of the Communist Party of China, literary editor of first rank, graduated from the Chinese Department of Fudan University; former

deputy chief of the News Center, first deputy chief of the Culture and Sports Channel, director of the Entertainment Channel and director of the Satellite Channel of Hunan TV, member of the Party Committee, deputy controller and chief editor of HBS, and deputy secretary of the Party Committee and general manager of GBS; is now Secretary of the Party Committee and Chairman of GBS (HBS), and Chairman of Mango Media; has been our Chairman since November 2017, and Secretary of the Party Committee since November 2018.

ZHONG Hongming, male, Han nationality, born in January 1975, graduated from the Renmin University of China Law School, doctor of laws; is now associate research fellow at the Institute of Law, Sichuan Academy of Social Sciences, member of the Executive Council of the China Securities Law Society, member of the Executive Council of the China Commercial Law Society, and Independent Director of FIYTA Precision Technology Co., Ltd.; and has been our Independent Director since June 2017.

XIAO Xing, female, born in March 1971, member of the Communist Party of China, graduated from the Tsinghua University, PhD candidate of accounting; joined the Tsinghua University School of Economics and Management in 1997, has acted as teaching assistant, lecturer, associate professor, tenured associate professor and tenured professor there, and is now professor and chief of the Department of Accounting of the Tsinghua University School of Economics and Management, and Executive Deputy Director of the Tsinghua University Global Equity Private Research Institute, member of the National Accounting Professional Master Education Steering Committee, member of the Accounting Teaching Steering Committee of the Ministry of Education, and Independent Director of Li Auto and Bloomage Biotechnology; and has been our Independent Director since January 2019.

LIU Yuhui, male, born in October 1970, member of the Communist Party of China, graduated from the Chinese Academy of Social Sciences majoring in quantitative economics, PhD candidate; was chief of the Key Financing Laboratory, the Institute of Finance, the Chinese Academy of Social Sciences from August 2003 to April 2017; joined the Institution of Economics, the Chinese Academy of Social Sciences as a research fellow in April 2017; is now professor and doctoral tutor of economics at the Chinese Academy of Social Sciences, member of the Executive Council of the China Chief Economist Forum, and member of the Annuity Council of China National Petroleum Corporation; and has been our Independent Director since January 2019.

LUO Weixiong, male, Han nationality, born in November 1962, member of the Communist Party of China, undergraduate, bachelor of arts, chief editor; former chief editor of the Radio and TV News Agency, director and general manager of HTBI, general manager of HTBI Advertising Company, director of GBS Advertising Operation and Management Center, and director of HBS Operation and Industry Management Committee; is now member of the Party Committee and Deputy Controller of HBS, member of the Party Committee and Deputy General Manager of GBS, and Director of Mango Media Co., Ltd.; and has been our Director since September 2019.

ZHANG Yong, male, born in September 1962, member of the Communist Party of China, graduated from the Zhengzhou University of Light Industry as an undergraduate majoring in automation control, senior engineer; former deputy director of Hunan TV Entertainment Channel, director of GBS Program Marketing Center; assistant to controller and director of the Production Dispatch Center of Hunan TV, assistant to controller of HBS, and chairman and chief editor of Happy Sunshine; is now Assistant to the General Manager of GBS, and Director and General Manager of Mango Media Co., Ltd.; and has been a Director of the Company (including Happigo Co., Ltd., the predecessor of the Company) since May 2011.

CAI Huaijun, male, born in December 1977, member of the Communist Party of China, graduated from the Central South University majoring in business management, PhD candidate; former planning and statistics section chief of the Finance Department of Hunan TV, deputy chief of the Mango Media Restructuring and Listing Office, deputy chief of the Finance Department of HBS, and deputy general manager and strategic investment director of Mango Media Co., Ltd.; is now Secretary of the Party Committee, Managing Director and General Manager of Happy Sunshine; and has been General Manager of the Company since August 2018, Director of the Company since September 2018, Deputy Secretary of the Party Committee since November 2018, and Chief Editor since April 2020.

LIU Xin, male, born in October 1971, member of the Communist Party of China, PhD candidate; former deputy general manager and general manager of the Data Department of China Mobile; is now Secretary of the Party Committee, Chairman and General Manager of Migu Culture Technology Co., Ltd., Chairman of Migu Music Co., Ltd., Migu Video Technology Co., Ltd., Migu Digital Media Co., Ltd., Migu Interactive Entertainment Co., Ltd. and Migu Cartoon Co., Ltd., Director of iFlyTek Co., Ltd., and Director of China Mobile SDIC Innovation Investment Management Co., Ltd.; and has been our Director since September 2019.

TANG Liang, male, born in 1976, member of the Communist Party of China, graduated from the Hunan Normal University majoring in English education, undergraduate; former deputy chief of the News Center, and chief of the Beijing Program Center of Hunan Economic TV, deputy director of the

Fashion (Shopping) Channel of Hunan TV, member of the Party Committee and deputy general manager of Mango Media Co., Ltd., secretary of the Party Committee, director and general manager of Happigo Inc.; and has been our Director since August 2018, Deputy Secretary of the Party Committee since November 2018, and Secretary of the Discipline Inspection Committee since April 2020.

## 2. Supervisors

YANG Yun, male, born in July 1973, member of the Communist Party of China, master candidate, accountant; former chief of the Finance Department and deputy director of HBS Entertainment Channel, deputy general manager and chief of the Assets and Finance Department of Mango Media Co., Ltd., and chief of the Assets and Finance Department of HBS; is now Assistant to the General Manager and Chief of the Assets and Finance Department of GBS, Chief of the Finance Department of HBS, Director and Deputy General Manager of Mango Media, and Director of HTBI, has rich experience in financial management and media operations; and has been our Chairman of the Board of Supervisor since June 2017.

LI Jiaochun, male, born in January 1964, member of the Communist Party; has worked in the Hunan Provincial Party Committee for a long time as chief editor of magazine and chief of the Cultural Industry Office; is now Deputy Secretary of the Party Committee, Secretary of the Discipline Inspection Committee and Chairman of the Board of Supervisors of Mango Media; and has been our Supervisor since June 2017.

FANG Fei, male, born in December 1985, member of the Communist Party of China, master candidate; former planning director of the Economic TV Advertising Department, HBS Advertising Operation and Management Center, assistant to the general manager of Happy Sunshine and general manager of the Advertising Marketing Center of Happy Sunshine; is now Deputy General Manager of Happy Sunshine, Managing Director and General Manager of Mangofun, Managing Director and General Manager of Horgos Happy Sunshine Media Co., Ltd., and Director and General Manager of Happy Sunshine Xingmang Interactive Entertainment Media Co., Ltd.; and has been our Employee Supervisor since August 2020.

## 3. Executives (other than those who serve on the Board of Directors concurrently)

ZHENG Huaping, male, born in October 1976, member of the Communist Party of China, graduated from the Central South University majoring in science, technology and philosophy, master candidate; former section chief of the Planning and Promotion Department of the Chief Editor Office of Hunan TV, deputy chief of Mango Media Restructuring and Listing Office, deputy chief of the Chief Editor Office of the Hunan Satellite TV Channel, deputy director of HBS Program Transaction Management Center, and chairman and general manager of Mangofun; is now member of the Party Committee, Chief Editor and Deputy General Manager of Happy Sunshine; and has been Deputy General Manager of the Company since August 2018, and member of the Party Committee since November 2018.

LIANG Deping, male, born in February 1979, member of the Communist Party of China; MBA, Changsha University of Science and Technology; former assistant to the director, chief of the Finance Department and chief of the Production Department of the Entertainment Channel, and deputy director of the Entertainment Channel of Hunan TV, deputy general manager of Mango Entertainment, and managing director of Mangofun; is now member of the Party Committee and Deputy General Manager of Happy Sunshine, Managing Director of Happy Money, and Managing Director of Happigo; and has been Deputy General Manager and Finance Director of the Company since August 2018, and member of the Party Committee of the Company since November 2018.

WU Jun, female, born in February 1983, member of the Communist Party of China, PhD candidate; since June 2007, has been reporter and editor in charge at *Hunan News Network of Hunan TV*, deputy chief of the *Administration and Human Resources Department*, chief of the General Manager's Office and Party branch secretary of the head office of Mango Media Co., Ltd.; has been chief of the Board Office of Mango Excellent Media since August 2018, and our Board Secretary since April 2019.

Positions held in shareholders:

√ Applicable □ N/A

Name	Shareholder	Position	Beginning date of the term of office	End date of the term of office	Whether or not receive remunerations and subsidies from such shareholder
ZHANG Huali	Mango Media Co., Ltd.	Chairman			
LUO Weixiong	Mango Media	Director			

	Co., Ltd.				
ZHANG Yong	Mango Media Co., Ltd.	Director & General Manager			
YANG Yun	Mango Media Co., Ltd.	Director & Deputy General Manager			
LI Jiaochun	Mango Media Co., Ltd.	Deputy Secretary of the Party Committee, Secretary of the Discipline Inspection Committee and Chairman of the Board of Supervisors			

Positions held in other entities:

√ Applicable □ N/A

Name	Entity	Position	Beginning date of the term of office	End date of the term of office	Whether or not receive remunerations and subsidies from such entity
ZHANG Huali	HBS	Secretary of the Party Committee & Chairman			
ZHANG Huali	GBS	Secretary of the Party Committee & Chairman			
ZHONG Hongming	Institute of Law, Sichuan Academy of Social Sciences	Associate research fellow & Chief of the Finance Law Research Office			
ZHONG Hongming	FIYTA (Group) Co., Ltd.	Independent Director			
XIAO Xing	Tsinghua University School of Economics and Management	professor & chief of the Department of Accounting			
XIAO Xing	Tsinghua University Global Equity Private Research Institute	Executive Deputy Director			
XIAO Xing	National Accounting Professional Master Education Steering Committee	Member			
XIAO Xing	Accounting Teaching Steering Committee of the Ministry of Education	Member			
XIAO Xing	Li Auto	Independent Director			
XIAO Xing	Bloomage Biotechnology Corp., Ltd.	Independent Director			
LIU Yuhui	Chinese Academy of	Professor and			

	Social Sciences	doctoral tutor of economics			
LIU Yuhui	TF Securities	Guest economist			
LIU Yuhui	Executive Council of the China Chief Economist Forum	Member			
LIU Yuhui	Annuity Council of China National Petroleum Corporation	Member			
LUO Weixiong	HBS	Member of the Party Committee & Deputy Controller			
LUO Weixiong	GBS	Member of the Party Committee & Deputy General Manager			
ZHANG Yong	GBS	Assistant to the General Manager			
ZHANG Yong	EE-Media	Managing Director			
ZHANG Yong	Yize Capital Management Co., Ltd.	Director			
LIU Xin	Migu Culture Technology Co., Ltd.	Secretary of the Party Committee & Chairman			
LIU Xin	iFlyTek Co., Ltd.	Director			
LIU Xin	China Mobile SDIC Innovation Investment Management Co., Ltd.	Director			
YANG Yun	HBS	Chief of the Finance Department			
YANG Yun	GBS	Assistant to the General Manager and Chief of the Assets and Finance Department			
YANG Yun	HTBI	Director			
LIANG Deping	Happigo	Managing Director			

Punishments imposed by the securities regulatory authorities in the past three years on the directors, supervisors and executives of the Company currently in office or leaving office during the reporting period:

Applicable  N/A

### 3. Remunerations of directors, supervisors and executives

Decision-making process, criteria for determination and actual amount in respect of remunerations of directors, supervisors and executives:

Decision-making process: The remunerations of our directors and supervisors are decided by the shareholders' meeting according to our *Articles of Association* and other relevant provisions; the remunerations of executives are decided by the Board of Directors. The remunerations and subsidies of our directors and supervisors are considered and approved by the Board of Directors, and then submitted to the shareholders' meeting for approval.



Criteria for determination of the remunerations: The remunerations are determined according to our business situations, scope and importance of duties and result of performance appraisal. The subsidies of independent directors are determined by reference to the overall level of the listed companies in the same region and industry.

Amount of remunerations actually paid: The remunerations of directors, supervisors and executives holding posts in the Company are paid by the Company. We do not pay any additional subsidy to our directors and supervisors. The amount of total remunerations paid in 2021 was RMB28.98 million.

Remunerations of directors, supervisors and executives paid in the reporting period:

In RMB0'000

Name	Title	Gender	Age	Status	Total remuneration received from the Company (inclusive of tax)	Whether or not receiving remunerations from any affiliate of the Company
ZHANG Huali	Director	Male	57	Active	0	
ZHONG Hongming	Independent Director	Male	47	Active	22	
XIAO Xing	Independent Director	Female	50	Active	22	
LIU Yuhui	Independent Director	Male	51	Active	22	
LUO Weixiong	Director	Male	59	Active	0	
ZHANG Yong	Director	Male	59	Active	0	
CAI Huaijun	Director & General Manager	Male	44	Active	600	
LIU Xin	Director	Male	50	Active	0	
TANG Liang	Director	Male	45	Active	256	
YANG Yun	Chairman of the Board of Supervisors	Male	48	Active	0	
LI Jiaochun	Supervisor	Male	57	Active	0	
FANG Fei	Employee Supervisor	Male	36	Active	550	
ZHENG Huaping	Deputy General Manager	Male	45	Active	450	
LIANG Deping	Deputy General Manager & Finance Director	Male	42	Active	450	
WU Jun	Board Secretary	Female	38	Active	256	
HE Jin	Deputy General Manager	Female	50	Retired	135	
WANG Ke	Deputy General Manager	Male	42	Retired	135	
Total	-	-	-	-	2,898	-

## VIII. Performance of duties by the directors during the reporting period

### 1. Meetings of the Board of Directors held during the reporting period

Session	Date of meeting	Date of disclosure	Resolution of the meeting
35 <sup>th</sup> meeting of the 3 <sup>rd</sup> Board of Directors	January 26, 2021	January 27, 2021	Refer to the <i>Announcement on Resolutions of the 35<sup>th</sup> meeting of the 3<sup>rd</sup> Board of Directors</i> disclosed on www.cninfo.com.cn.
36 <sup>th</sup> meeting of the 3 <sup>rd</sup> Board of Directors	April 22, 2021	April 26, 2021	Refer to the <i>Announcement on Resolutions of the 36<sup>th</sup> meeting of the 3<sup>rd</sup> Board of Directors</i> disclosed on www.cninfo.com.cn.

1 <sup>st</sup> meeting of the 4 <sup>th</sup> Board of Directors	July 5, 2021	July 6, 2021	Refer to the <i>Announcement on Resolutions of the 1<sup>st</sup> meeting of the 4<sup>th</sup> Board of Directors</i> disclosed on www.cninfo.com.cn.
2 <sup>nd</sup> meeting of the 4 <sup>th</sup> Board of Directors	August 16, 2021	August 18, 2021	Refer to the <i>Announcement on Resolutions of the 2<sup>nd</sup> meeting of the 4<sup>th</sup> Board of Directors</i> disclosed on www.cninfo.com.cn.
3 <sup>rd</sup> meeting of the 4 <sup>th</sup> Board of Directors	August 30, 2021	August 31, 2021	Refer to the <i>Announcement on Resolutions of the 3<sup>rd</sup> meeting of the 4<sup>th</sup> Board of Directors</i> disclosed on www.cninfo.com.cn.
4 <sup>th</sup> meeting of the 4 <sup>th</sup> Board of Directors	September 10, 2021	September 14, 2021	Refer to the <i>Announcement on Resolutions of the 4<sup>th</sup> meeting of the 4<sup>th</sup> Board of Directors</i> disclosed on www.cninfo.com.cn.
5 <sup>th</sup> meeting of the 4 <sup>th</sup> Board of Directors	September 23, 2021	September 24, 2021	Refer to the <i>Announcement on Resolutions of the 5<sup>th</sup> meeting of the 4<sup>th</sup> Board of Directors</i> disclosed on www.cninfo.com.cn.
6 <sup>th</sup> meeting of the 4 <sup>th</sup> Board of Directors	October 27, 2021	October 28, 2021	Refer to the <i>Announcement on Resolutions of the 6<sup>th</sup> meeting of the 4<sup>th</sup> Board of Directors</i> disclosed on www.cninfo.com.cn.
7 <sup>th</sup> meeting of the 4 <sup>th</sup> Board of Directors	November 28, 2021	November 29, 2021	Refer to the <i>Announcement on Resolutions of the 7<sup>th</sup> meeting of the 4<sup>th</sup> Board of Directors</i> disclosed on www.cninfo.com.cn.

## 2. Attendance of the directors at meetings of the Board of Directors and shareholders

Attendance of the directors at meetings of the Board of Directors and shareholders							
Director	No. of board meetings attended during the reporting period	No. of board meetings present in person	No. of board meetings present by means of communication equipment	No. of board meetings present by proxy	No. of board meetings absent from	Whether or not having been absent from two consecutive board meetings	No. of shareholders' meeting attended
ZHANG Huali	9	2	7	0	0	No	3
ZHONG Hongming	9	1	8	0	0	No	1
XIAO Xing	9	0	9	0	0	No	1
LIU Yuhui	9	0	9	0	0	No	1
LUO Weixiong	9	2	7	0	0	No	3
ZHANG Yong	9	2	7	0	0	No	3
CAI Huaijun	9	2	7	0	0	No	2
LIU Xin	9	2	7	0	0	No	1
TANG Liang	9	2	7	0	0	No	3

Explanation about absence from two consecutive meetings of the Board of Directors:

**3. Objections raised by the directors regarding matters of the Company**

Whether any director has raised any objection regarding matters of the Company?

Yes  No

No director has raised any objection regarding matters of the Company during the reporting period.

**4. Other information regarding the performance of duties by the directors**

Whether the suggestions put forward by the directors have been adopted by the Company?

Yes  No

Explanation about the adoption or non-adoption by the Company of the suggestions put forward by the directors:

During the reporting period, our directors have performed their duties and obligations diligently in strict accordance with the *Company Law*, the *Securities Law* and other applicable laws and regulations and our *Articles of Association*, actively participated in the relevant meetings, and seriously considered all proposals. Our independent directors have kept communications with other directors, supervisors, executives and related personnel by telephone, attending meetings, on-site investigations or otherwise, actively asked for information about our production, operation and financial conditions, put forward active suggestions regarding our development strategies and corporate governance, and expressed independent opinions about related-party transactions, profit distribution policies, remuneration management, re-election and other matters, to effectively ensure the fairness and objectiveness of the decisions made by the Board of Directors. Our directors perform their duties honestly and in good faith, safeguard the legitimate rights and interests of the Company and all shareholders, and play an active role in promoting our operational compliance and healthy development.

**IX. Activities of the committees of the Board of Directors during the reporting period**

Committee	Members	No. of meetings held	Date of meeting	Topics	Important opinions and suggestions	Performance of other duties	Objections (if any)
Audit Committee	XIAO Xing (Chairman), ZHONG Hongming, LIU Yuhui, LUO Weixiong and TANG Liang	6	January 20, 2021	Considered and approved the <i>Internal Audit Plan 2021</i> , <i>2020 Annual Report Audit Plan</i> , and the <i>Proposal Regarding the Auditor's Report on the Internal Control Policy for Monetary Capital of Happy Money</i> ; and reviewed the <i>Summary Report on Audit Work 2020 and Work Plan 2021</i> prepared by the Audit Department.			
			April 12, 2021	Considered and approved the <i>Proposal Regarding the 2020 Auditor's Report</i> , the <i>Proposal Regarding the Self-assessment of Internal Controls in 2020</i> , the <i>Proposal Regarding the Special Report on the Deposit and Use of Offering Proceeds in 2020</i> , the <i>Proposal Regarding the Fulfillment of Covenants Relating to Operating Results in 2020</i> , the <i>Proposal Regarding Amendment to the Accounting Policies</i> and the <i>Proposal Regarding the Financial Report for the First Quarter of 2021</i> .			
			April 20, 2021	Considered and approved the <i>Proposal Regarding the Special Report on Offering Proceeds in the First Quarter of 2021</i> , and the <i>Proposal Regarding the Auditor's Report on the Internal Control Policy for Monetary Capital of Happigo Co. Ltd.</i> ; and reviewed the Summary Report on Audit Work in the First Quarter of 2021 and Work Plan for the Second Quarter of 2021 prepared by the Audit Department.			
			August 6, 2021	Considered and approved the <i>Proposal Regarding the Financial Report for the First Half of 2021</i> , and the <i>Proposal Regarding the Special Report on the Deposit and Use of Offering Proceeds in the First Half of 2021</i> ; approved the <i>Proposal Regarding the Special Examination Report on the Implementation of Significant Events and Material Receipts and Payments in the First Half of 2021</i> ; and reviewed the <i>Summary Report on Audit</i>			

				<i>Work in the Second Quarter of 2021 and Work Plan for the Third Quarter of 2021 prepared by the Audit Department.</i>			
			October 22, 2021	Considered and approved the <i>Proposal Regarding the Financial Report for the Third Quarter of 2021</i> , the <i>Proposal Regarding the Re-appointment of Accounting Firm</i> , and the <i>Proposal Regarding the Special Report on the Deposit and Use of Offering Proceeds in the Third Quarter of 2021</i> ; and reviewed the <i>Summary Report on Audit Work in the Third Quarter of 2021 and Work Plan for the Fourth Quarter of 2021</i> prepared by the Audit Department.			
			December 24, 2021	Considered and approved the <i>Proposal Regarding the 2021 Annual Report Audit Plan</i> prepared by Pan-China Certified Public Accountants LLP, and the <i>Internal Audit Plan 2021</i> ; and reviewed the <i>Summary Report on Audit Work 2021 and Work Plan 2022</i> prepared by the Audit Department.			
Compensation Committee	LIU Yuhui (Chairman), ZHONG Hongming, XIAO Xing, ZHANG Yong and LIU Xin	2	February 9, 2021	Considered and approved the <i>Proposal Regarding Total Remunerations and Remunerations of Senior Officers for 2020</i> .			
			April 22, 2021	Considered and approved the <i>Proposal Regarding Performance Appraisal of Senior Officers for 2020 and Remuneration Proposal for 2021</i> .			

## X. Activities of the Board of Supervisors

Whether the Board of Supervisors has identified any risk involving the Company in its supervisory activities during the reporting period?

Yes  No

The Board of Supervisors has not raised any objection to the supervisory matters during the reporting period.

## XI. Employees

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

Employees of the parent company (person) at the end of the Reporting Period	34
Employees of main subsidiaries (person) at the end of the Reporting Period	3,988
Total of employees on active duty Period(person) at the end of the Reporting	4,022
Total of employees receiving remuneration for the current period (person)	4,022
Retired employees whose expense is undertaken by parent company and main subsidiaries (person)	7
<b>Composition of employees by specialization</b>	
Areas of specialization	Headcounts
Production personnel	1,332
Sales personnel	1,543
Technical personnel	745
Finance personnel	118
Administrative personnel	284
Total	4,022
<b>Composition of employees by education background</b>	
Education background	Headcounts
Doctorate	6
Master's degree or above	550
Bachelor's degree	2,680
Junior college or below	786
Total	4,022

## 2. Remuneration policy

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

## 3. Training plan

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

## 4. Outsourcing

Applicable  N/A

Total working hours of outsourcing (hour)	510,409.11
Total remuneration paid for outsourcing (RMB)	23,002,981.21

## XII. The Company's Profit Distribution and Capitalization of Capital Reserve

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

Applicable  N/A

During the Reporting Period, the Company implemented the 2020 profit distribution plan as follows: an aggregate of RMB231,449,076.43 as cash dividends are distributed to all shareholders at RMB1.3 (including tax) per 10 shares based on the total share capital of 1,780,377,511 shares, with 0 bonus shares and 0 capitalized shares involved.

Special explanation for cash dividend policies	
Do they comply with the provisions of Articles of Association or the requirements of the resolutions of general meeting of shareholders?	Yes
Are dividend standards and ratios clear and explicit?	Yes

Are decision-making procedures and mechanisms complete?	Yes
Do independent directors diligently perform their duties and play their roles?	Yes
Do minority shareholders have the opportunity to fully express their opinions and demands? Are their legal rights and interests fully protected?	Yes
Are conditions and procedures for adjusted or changed cash dividend policies compliant and transparent?	Cash dividend policies are not adjusted or changed

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

Yes  No  N/A

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

Description of the profit distribution and capitalization of capital reserve

Number of bonus shares distributed for each 10 shares (unit: share)	0
Amount of dividends distributed for each 10 shares (in RMB) (including tax)	1.30
Number of shares transferred from capital reserve each 10 shares (unit: share)	0
Basic number of the share capital for the distribution proposal (unit: share)	1,870,720,815
Amount of cash dividends (in RMB) (including tax)	243,193,705.95
Amount of cash dividends through other methods (e.g., repurchase of shares) (in RMB)	0.00
Total cash dividends (including those distributed through other methods) (in RMB)	243,193,705.95
Distributable profits (in RMB)	300,279,430.14
Proportion of total cash dividends (including those distributed through other methods) to the total profits distributed	100.00%
Cash dividends distributed this time	
If the Company is at the growth period and has any major asset arrangement, then at the time of distribution of profits, its cash dividends shall account for at least 20% of profits distributed this time.	
Descriptions on proposal of profit distribution and capitalization of capital reserve	
The profit distribution proposal which is in compliance with the relevant provisions of the Articles of Association and the deliberation procedures, has fully protected the legitimate rights and interests of minority investors, on which the independent directors have expressed their agreement opinion independently.	

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

Applicable  N/A

### **XIII. Implementation of the Company's Equity Incentive Plan, Employee Shareholding Plan or Other Employee Incentive Measures**

Applicable  N/A



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

## **XIV. Construction and Implementation of Internal Control System during the Reporting Period**

### **1. Construction and Implementation of Internal Control System**

During the Reporting Period, the Company conscientiously complies with all laws and regulations as well as the provisions of the Company's internal control system to standardize operations, optimize governance and control risks. Through comprehensive implementation of the Company's internal control application manual, the Company makes continuous review and evaluation on the implementation effects of the internal control system, continues to improve and optimize various important business processes in conjunction with business changes, and revises and updates the internal control application manual, in order to ensure its internal control management develops synchronously with businesses, and its internal control system is complete, compliant with laws and regulations, effective and feasible. The Audit Department under the Audit Committee of the Board of Directors of the Company carries out independent and objective supervision and evaluation within the Company pursuant to regulations and systems such as the *Basic Standards for Enterprise Internal Control*, *Guidelines for the Standardized Operation of Listed Companies on GEM*, *Internal Audit Standards*, the *Company's Audit Management System* and *Management Measures for Self-Evaluation of the Company's Internal Control*. In accordance with the determination of material weaknesses in the Company's internal control over financial report, the Company has no material weaknesses in internal control over financial report on the benchmark date of the internal control evaluation report, and the Company has maintained effective internal control over financial report in all material aspects under the requirements of Standards for Enterprise Internal Control and related regulations. In accordance with the determination of material weaknesses in the Company's internal control over non-financial report, the Company has no material weaknesses in internal control over non-financial report on the benchmark date of the internal control evaluation report. There are no factors affecting the evaluation conclusion of the effectiveness of internal control from the benchmark date of the internal control evaluation report to the issue date thereof.

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

Yes  No

## **XV. Management and Control of Subsidiaries by the Company During the Reporting Period**

Company name	Integration plan	Integration progress	Problems met in integration	Resolution measures adopted	Resolution progress	Subsequent resolution plan
Happy Sunshine	N/A	N/A	N/A	N/A	N/A	N/A
Happigo Inc.	N/A	N/A	N/A	N/A	N/A	N/A
EE-Media	N/A	N/A	N/A	N/A	N/A	N/A

## XVI. Internal control evaluation report and internal control audit report

### 1. Internal control self-evaluation report

Disclosure date	April 25, 2022	
Index of disclosure	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>	
Proportion of the total assets of the entities included in the evaluation scope to the total assets recorded in the Company's consolidated financial statements	100.00%	
Proportion of the operating income of the entities included in the evaluation scope to the operating income recorded in the Company's consolidated financial statements	100.00%	
Identification Standard of Deficiencies		
Category	Financial Report	Non-financial Report
Qualitative standard	<p>1. General deficiencies: other internal control deficiencies under the threshold of material weakness and significant deficiencies.</p> <p>2 Significant deficiencies: the selection and application of accounting policies inconsistent with the generally accepted accounting standards; the absence of anti-fraud procedures and control measures; the absence of appropriate control mechanisms, the absence of compensatory controls or failure in the implementation thereof for the accounting treatment of irregular or special transactions; the existence of one or more deficiencies in the control of the financial reporting process at the end of the period and the absence of reasonable assurance that the financial statements prepared are true and accurate.</p> <p>3. Material weakness: fraud acts of the Company's directors, supervisors, or officers; correction of published financial reports by the Company, and material misstatements in the current financial reports detected by the certified public accountants</p>	<p>1. General deficiencies: other internal control deficiencies under the threshold of material weakness and significant deficiencies.</p> <p>2. Significant deficiencies: general mistakes resulting from decision-making procedures; violation of internal rules and regulations, resulting in losses; deficiencies in significant business mechanisms or systems; significant or general deficiencies in internal control that have not been rectified.</p> <p>3. Material weakness: significant mistakes due to lack of democratic decision-making procedures or unscientific decision-making procedures, resulting in significant property losses to the Company; serious violations of national laws and regulations; lack of significant business mechanisms, or ineffectiveness of implementation thereof; continuous or a large quantity of significant internal control deficiencies in the Company.</p>

	but not identified by the Company's internal control process; ineffective supervision by the Audit Committee and the internal audit institution on internal control.	
Quantitative standard	<p>1. General deficiencies: potential misstatement of total consolidated profit &lt;3%, potential misstatement of total consolidated owner's equity &lt;0.5%, potential misstatement of total consolidated assets &lt;0.5%, potential misstatement of total consolidated operating income &lt;0.5%.</p> <p>2. Significant deficiencies, 3% ≤ potential misstatement of total consolidated profit &lt;5%, 0.5% ≤ potential misstatement of total consolidated owner's equity &lt;1%, 0.5% ≤ potential misstatement of total consolidated assets &lt;3%, 0.5% ≤ potential misstatement of total consolidated operating income &lt;1%.</p> <p>3. Material weakness, potential misstatement of total consolidated profit ≥5%, potential misstatement of total consolidated owner's equity ≥1%, potential misstatement of total consolidated assets ≥3%, potential misstatement of total consolidated operating income ≥1%.</p>	<p>1. General deficiencies: direct property loss subsequent to consolidation &lt;0.5% of total assets of the Company;</p> <p>2. Significant deficiencies: 0.5% of total assets of the Company ≤ direct property loss subsequent to consolidation &lt;1% of total assets of the Company;</p> <p>3. Material weakness: 1% of total assets of the Company ≤ direct property loss subsequent to consolidation.</p>
Number of material weakness of financial reports (piece)		0
Number of material weakness of non-financial reports (piece)		0
Number of significant deficiencies of financial reports (piece)		0
Number of significant deficiencies of non-financial reports (piece)		0

## 2. Audit or assurance report of internal control

N/A

## XVII. Rectification on Self-examination Problems Regarding the Special Campaign to Improve the Governance of Listed Companies

Under relevant requirements of the *Announcement on Launching a Special Campaign to Improve the Governance of Listed Companies* (Zheng Jian Hui [2020] No. 69) by China Securities Regulatory Commission ("CSRC") and the *Circular on Launching a*

*Special Campaign to Improve the Governance of Listed Companies* ( Xiang Zheng Jian Gong Si Zi [2020] No. 31) by Hunan Regulatory Bureau of CSRC, the Company conscientiously organizes, carefully arranges and actively carries out the special campaign to improve the governance of listed companies. Through self-examination, self-correction and self-regulation, the Company has strengthened the endogenous power of corporate governance and improved rules of corporate governance system, thus a good ecology of corporate governance has established, and a listed company governance structure with each department taking accountable for their own duties and responsibilities, coordinated operation and effective balances has been further improved, so as to solidify the foundation of the Company's high-quality development.

#### 1. Change of the Board of Directors

Problems: The Company did not fulfill the deliberation procedures for the change of the Board of Directors on the general meeting of shareholders as of the self-examination reporting date regarding the special campaign to improve the governance of listed companies, though the change of the Board of Directors through deliberation had been approved on the 30th meeting of the third session of the Board of Directors of the Company due to expiration of the third session of the Board of Directors of the Company in June 2020.

Rectification: On May 21, 2021, the Company held the 2020 general meeting of shareholders, in which the Company elected members of the fourth session of the Board of Directors of the Company. On July 5, 2021, the Company held the first meeting of the fourth session of the Board of Directors, in which the Company elected the chairman of the Board of Directors, formed a new special committee of the Board of Directors, and appointed senior management, thus completed matters of the change of the Board of Directors.

#### 2. Attendance on meetings including general meeting of shareholders, and meetings of the Board of Directors and the Board of Supervisors

Problems: Some directors, supervisors and executives were unable to attend all on-site general meetings of shareholders due to objective reasons such as the COVID-19.

Rectification plan: Directors, supervisors and executives will attend (observe) or authorize others to attend general meeting of shareholders, and meetings of the Board of Directors and the Board of Supervisors in strict accordance with the relevant regulations.

#### 3. Horizontal competition

Problems: Mango Media Co., Ltd., acting as the Company's controlling shareholder, and Hunan Broadcasting System, acting as the actual controller of the Company, have no horizontal competitions between each other, and have made written commitment on matters related to horizontal competition with the listed company to avoid horizontal competition with the listed company. However, Xiao Xiang Film Group and Hunan TV & Broadcast Intermediary Co., Ltd., as subordinate enterprises of Golden Eagle Broadcasting System which is the integrated operating company of the actual controller Hunan Broadcasting System, have operated similar businesses with the listed company.

Reasons: In accordance with relevant notices and replied approvals issued by the General Office of the CPC Hunan Provincial Committee, the General Office of the People's Government of Hunan Province and the Special Panel for Reform of Hunan Provincial Cultural System from 2018, the CPC Hunan Provincial Committee and the People's Government of Hunan Province proposed to reorganize the CPC Committee of Golden Eagle Broadcasting System to universally lead Golden Eagle Broadcasting System, Xiao Xiang Film Group and Hunan Broadcasting Internet Holding Group. It was agreed that Xiao Xiang Film Group and Hunan Broadcasting Internet Holding Group were merged into Golden Eagle Broadcasting System to be its wholly-owned subsidiaries, and all institutional assets owned by Hunan Broadcasting System were divested and transferred to Golden Eagle Broadcasting System, so that the management system of "Two Institutions under the leadership of one CPC committee operating integrately" can realize, and Golden Eagle Broadcasting System can further develop. After the integration of Golden Eagle Broadcasting System, Xiao Xiang Film Group (film and television content production business) and Hunan TV & Broadcast Intermediary Co., Ltd. (game business) under Hunan Broadcasting Internet Holding Group have similar businesses with the listed company.

Rectification plan: Golden Eagle Broadcasting System has issued written commitment on matters related to horizontal

competition with the listed company during the application process of the Company's 2020 non-public offering, which clearly describes the plan and schedule for solving the horizontal competition with key details referring to Section VI "I. Performance of Commitments".

## Section V Environmental and Social Responsibility

### I. Significant Environment Protection Problems

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

Yes  No

Description of administrative penalties for environmental problems during the Reporting Period

Company or subsidiaries	Reasons for penalty	Violation cases	Penalty result	Effects on production and operation of the listed company	Rectification measures
N/A	N/A	N/A	N/A	N/A	N/A

Other environment information disclosed with reference to other entities engaged in high pollution industries

N/A

Measures taken to reduce its carbon emissions and their effectiveness during the Reporting Period

Applicable  N/A

For details, refer to ESG Report separately disclosed by the Company at [www.cninfo.com.cn](http://www.cninfo.com.cn) at the same date.

Reasons for not disclosing other environment information

The Company and its subsidiaries are not in high pollution industries regulated by the State Department of Environmental Protection. During the Reporting Period, the Company and its subsidiaries receives no penalties due to violation of laws and regulations related to environment protection.

### II. Description of social responsibilities

For details, refer to *2021 Social Responsibility Report* separately disclosed by the Company at [www.cninfo.com.cn](http://www.cninfo.com.cn) at the same date.

### III. Description of consolidating and expanding achievements of poverty eradication and rural revitalization

For details, refer to *2021 Social Responsibility Report* separately disclosed by the Company at [www.cninfo.com.cn](http://www.cninfo.com.cn) at the same date.

## Section VI Important Events

### I. Performance of Commitments

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

√ Applicable □ N/A

Sources of commitments	Promiser	Type	Content	Date	Deadline	Performance
Commitments made in the Acquisition Report or Equity Change Report						
Commitments made at the time of assets restructuring	Mango Media Co., Ltd.	Commitments on Share Lock-up	<p>1. Within thirty-six months of the end of this offering, we will not transfer the listed company's shares acquired by us in this restructuring in any form, including but not limited to the public transfer through securities market or transfer by agreement, nor will we entrust others with management of the listed company's shares held by us. Within six months of completion of this restructuring, if the daily closing price of the listed company's shares is lower than the issue price for twenty consecutive trading days, or the daily closing price of the listed company's shares at the end of a six-month period is lower than the issue price, then the lock-up period of the listed company's shares acquired by us in this restructuring will automatically extended for six months;</p> <p>2. The aforesaid share lock-up arrangements shall also apply to the increase in holdings of consideration shares acquired by us in this restructuring due to placement of shares, bonus share distribution and capitalization of capital reserve by the listed company and other reasons within the lock-up period; 3. If the aforesaid commitments on the lock-up period are inconsistent with the latest regulatory opinions issued by the securities regulatory authority, then we agree to make adjustments accordingly pursuant to the regulatory opinions issued by the competent securities regulatory authority; after the expiry of the aforesaid lock-up period, the relevant regulations of CSRC and Shenzhen Stock Exchange shall apply; 4. If we are suspected of</p>	July 12, 2018	July 12, 2021	Fulfilled the commitments, but listing and circulating procedures for restricted shares not commenced by the shareholder

			providing or disclosing any information containing misrepresentations, misleading statements or materials omissions in this transaction and are therefore investigated by the judicial authority or the CSRC, we will not transfer the beneficial interest held by us in the listed company before the investigation conclusion of the case is determined.			
Hunan Broadcasting System; Mango Media Co., Ltd.	Commitments on Avoiding Horizontal Competition, Related-party Transactions and Fund Use	In order to avoid the horizontal competition with the listed company, Mango Media and Hunan Broadcasting System have respectively issued their own <i>Letter of Commitments on Avoiding Horizontal Competition</i> , undertaking that, during the period of acting as the controlling shareholder and actual controller of the listed company, “1. We and the channels and companies controlled by us are not engaged in any business or activity in any form that competes or would compete with the business of the listed company and/or its controlled companies, directly or indirectly. 2. After completion of this restructuring, we will take and procure the channels and companies controlled by us to take effective measures to avoid: (1) engaging in any business or activities directly or indirectly in any form that competes or would compete with the business of the listed company and/or its controlled companies, or holding any interests or benefits in such business; (2) supporting in any form any other persons other than the listed company and/or its controlled companies in engagement in any business or activity that competes or would compete with the business being conducted or to be conducted by the listed company and/or its controlled companies. 3. If we and the channels and companies controlled by us have any commercial opportunity to engage, join or participate in any business or activity that would compete with the business of the listed company and/or its controlled companies, then the listed company and/or its controlled companies will have a priority with respect to the aforesaid commercial opportunities. 4. If we and the channels and companies controlled by us competes with that of the listed company and its controlled enterprise, then we and the channels and companies controlled by us will cease engaging in any business similar with or identical with the principal business of the listed company and/or its controlled companies to avoid the horizontal competition by stopping conduct of the relevant competitive business, including the relevant competitive business in that of the listed company or transferring the relevant competitive business to any unrelated third party. 5. We agree to bear and be liable for all losses, damage and costs caused to the listed company and/or its controlled companies due to breach of the aforesaid commitments.”	July 12, 2018	Long-term	Ongoing	



	Hunan Broadcasting System; Mango Media Co., Ltd.	Commitments on Avoiding Horizontal Competition, Related-party Transactions and Fund Use	In order to reduce and regulate the related-party transactions and safeguard the legal rights and interests of Happigo and minority shareholders, Hunan Broadcasting System and Mango Media have issued the <i>Letter of Commitments on Regulating Related-party Transactions</i> with the contents as follows: we and the channels and other public institutions or economic organizations controlled by us will take measures to avoid dealing with the related-party transactions with the listed company and its controlled companies as far as possible; regarding the related-party transactions that cannot be avoided or are definitely necessary (including but not limited to product transactions, mutual offer of services/labor and etc.), we undertake that we will follow and urge the channels and other public institutions or economic organizations controlled by us to follow the principles of market fairness, justice and openness, legally sign agreements and perform the legal procedures in accordance with the provisions on the decision-making and abstention of related-party transactions of the relevant laws and regulations, normative documents and the listed company to guarantee the fairness and compliance of the related-party transactions, will not harm the legitimate rights and interests of shareholders of the listed company and its controlled subsidiaries as well as shareholders of the listed company through related-party transactions, and will promptly disclose the information as required by the relevant laws and regulations and normative documents; we and the channels and other public institutions or economic organizations controlled by us will eliminate any illegal use of assets and funds of the listed company. If aforesaid commitments are breached, we are willing to assume all legal responsibilities arising therefrom.	July 12, 2018	Long-term	Ongoing
Commitments made at the time of IPO or re-financing	Aegon-industrial Fund Management Co., Ltd.; Zhongou Asset Management Co., Ltd.; China Mobile Capital Holding Co., Ltd.	Commitments on Share Lock-Up	The shares purchased by the issuance target shall not be transferred within 6 months since end of the issuance. From end of this issuance to expiry of lock-up period, any shares added to the shares purchased by the issuance target due to bonus issue or share capital converted from capital reserves shall also comply with aforesaid lock-up arrangement.	August 24, 2021	February 24, 2022	Performance completed
	Mango Excellent	Other Commitments	1. During six months prior to the date of board resolution concerning this issuance and till today, the Company did not	December 25,	Long-term	Ongoing

	Media Co., Ltd.	invest in any similar financial business; from the date of issuing letter of commitment (December 25, 2020) to the date when the capitals raised this time are totally used or during 36 months after raised capitals are available, the Company undertakes to not add investment in any similar financial business (including capital increase, loan, security and other forms of investment); 2. As at the date of this Announcement, the Company holds 100% of equities of Hunan Happy Money Microfinance Co., Ltd. (hereinafter "Happy Money"), the Company will complete dispose of small loan business of Happy Money through dissolution and liquidation, termination of business or transferring equities to qualified entity within six months after letter of commitments is issued, and the Company will no longer be engaged in small loan business.	2021		
	GBS	Commitments on Avoiding Horizontal Competition, Related-party Transactions and Fund Use  (1) As at the date of issuing letter of commitments, GBS and channels or enterprises controlled by it have not carried out horizontal competition which has material adverse effect on the Issuer and/or enterprises controlled by it. (2) Within 5 years after completing this Offering, GBS and channels or enterprises controlled by it will settle the issue of horizontal competition concerning the Issuer by various means such as entrusted management, assets restructuring, business adjustment/termination and assets transfer/sale, and implement measures related to business integration, in accordance with laws, policies, articles of association or similar organizational documents of such channels or enterprise, with a view to benefit business development of the Issuer and safeguard benefits of shareholders of the Issuer; (3) GBS will, and procure that channels and enterprises controlled by it will, adopt effective measures to: (i) avoid adding other business constituting horizontal competition with the Issuer and/or enterprises controlled by it before settling existing issue of horizontal competition; (ii) not to support any other person in engaging any business or activities which compete or may compete with the business dealt in by the Issuer and/or enterprises controlled by it currently or in future. (4) If GBS and channels or enterprises controlled by it have any business opportunity of carrying out, participating in or holds equities in any business or activity which may compete with the business dealt in by the Issuer and/or enterprises controlled by it, the Issuer and/or enterprises controlled by it shall have preferred rights with respect to such business opportunity. (5) GBS agrees to bear and compensate all losses, damages and expenses incurred by the Issuer and/or enterprises controlled by it due to breach of aforesaid	September 25, 2020	Long-term	Ongoing

			commitments by GBS.			
Hunan Broadcasting System; Mango Media Co., Ltd.	Other Commitments	(1) We commit that we will not interfere in the Company's operation and management activities beyond our authority, nor will we encroach on the Company's interests; (2) From the date hereof to the completion of the Company's issuance of A-share shares to specific persons, if securities regulatory authorities such as the CSRC and Shenzhen Stock Exchange make separate provisions or put forward other requirements on the recovery measures for returns and the commitments thereon, and the above commitments cannot meet such provisions, we will then make supplementary commitments in accordance with the latest provisions; (3) We will effectively take relevant recovery measures for returns formulated by the Company and fulfill our corresponding commitments on recovery measures for returns. Besides, we will, in case of violating or refusing to fulfill the above commitments, undertake the corresponding obligations of explanation, apology and so on in accordance with the relevant provisions, and will be liable for compensation as appropriate according to law if losses are thus caused to the Company or its shareholders.	September 25, 2020	Long-term	Ongoing	
CAI Huaijun; HE Jin; LIANG Deping; LIU Xin; LIU Yuhui; LUO Weixiong; TANG Liang; WANG Ke; WU Jun; XIAO Xing; ZHANG Huali; ZHANG Yong; ZHENG Huaping; ZHONG Hongming	Other Commitments	(1) I will faithfully and diligently perform my duties and safeguard the legitimate rights and interests of the Company and all shareholders; (2) I will not to transfer benefits to other entities or individuals free of charge or under unfair conditions, nor otherwise damage the Company's interests; (3) I will restrict my position-related consumption; (4) I will not use the Company's assets to engage in investing or consumption activities irrelevant to performance of my duties; (5) I will procure the linkage of the compensation system formulated by the board of directors or the remuneration and appraisal assessment committee with the implementation of the Company's recovery measures for returns within my legal authority; (6) if the Company subsequently implements the equity incentive plan, I will procure the linkage of exercise conditions for the Company's equity incentives to be announced with the implementation of the Company's recovery measures for returns within my legal authority; (7) from the date hereof to the completion of the Company's issuance of A-share shares to specific persons, if securities regulatory authorities such as the CSRC and Shenzhen Stock Exchange make separate provisions or put forward other requirements on the recovery measures for returns and the commitments thereon, and the above commitments cannot meet such provisions, I will then make supplementary commitments in accordance with the latest provisions; (8) I will effectively take relevant recovery measures	September 25, 2020	Long-term	Ongoing	

			for returns formulated by the Company and fulfill my corresponding commitments on recovery measures for returns. Besides, I will, in case of violating or refusing to fulfill the above commitments, undertake the corresponding obligations of explanation, apology and so on in accordance with the relevant provisions, and will be liable for compensation as appropriate according to law if losses are thus caused to the Company or its shareholders.			
Mango Media Co., Ltd.	Commitments on Reducing Shareholdings		(1) If it intends to reduce the shares of the Company held by it after expiry of lock-up period, it shall reduce according to relevant laws, and make announcement through the Company 3 trading days before reducing. The total number of shares of the Company reduced by it within two years after expiry of lock-up period shall not exceed 5% of total shares held by it at the time of IPO, and the price at which shares are reduced shall not be less than 100% of price of IPO. If shares are reduced two years after expiry of lock-up period, the price at which shares are reduced through call auction trading system of securities exchange shall not be less than closing price of shares in the trading day immediately preceding the share reduction announcement day. (2) The period of share reduction is six months after announcing reduction plan; if intending to continue to reduce shareholding after expiry of aforesaid period, the reduction plan shall be announced again according to aforesaid arrangement.	January 21, 2015	Long-term	Ongoing
Hongyi Investment Industry Phase I Fund (Tianjin) (L.P.); Mianyang Science and Technology Industry Investment Fund (L.P.); Tianjin Hongshan Capital Investment Fund Center (L.P.)	Commitments on Reducing Shareholdings		Hongyi Investment Industry Phase I Fund (Tianjin) (L.P.) (“Hongyi Investment”), Mianyang Science and Technology Industry Investment Fund (L.P.) (“Mianyang Fund”), Tianjin Hongshan Capital Investment Fund Center (L.P.) (“Hongshan Capital”), as other existing shareholders of the Company, make the following commitments with respect to the intention to reduce shareholdings: (1) We will not transfer or entrust others with management of any pre-IPO shares of the issuer held by us, nor propose the repurchase of such shares by the Company within twelve months from the listing date of the issuer. (2) If we intend to reduce our shareholdings in the Company after the expiry of the lock-up period of shares held by us in the Company, we will legally do same, and make a public announcement within three trading days prior to reduction through the Company. The shareholdings of Hongyi Investment, Mianyang Fund, Hongshan Capital we reduce in aggregate within two years after the expiry of the lock-up period will equal to the issuer’s shares held in total by us and the reduction price will not lower than 80% of the IPO price of the Company. The reduction period will be six months after the public announcement of the reduction plan, and if we	January 21, 2015	January 21, 2018	Mianyang Fund and Hongshan Capital disclosed on November 19, 2016 and Hongyi Investment disclosed on December 10, 2016 the <i>Announcement on Prompt of Shareholdings Reduction Plan for Shareholders Holding 5% or More of Shares Prior to IPO</i> through the

			continue to reduce our shareholdings after expiry of the reduction period, we will make the public announcement anew in accordance with the aforesaid arrangements. During the period from the listing of the Company's shares until reduction of shareholdings, if the Company has paid dividends, given bonus shares, capitalized capital reserve, issued new shares or had other ex-right and ex-dividend matters, the floor reduction price and number of reduced shares will be adjusted accordingly. If the Company's shareholders fail to fulfill these commitments, the proceeds from reduction of shareholdings in the Company will belong to the listed Company.			Company, and as of the end of 2017, all of them have completed reduction of their shareholdings.
Mango Excellent Media Co., Ltd.	Commitments on Distributing Dividends		<p>The Company commits to improving the profit distribution system, in particular cash dividends policy. The Company improved the <i>Articles of Associations (Draft)</i> at the 1st extraordinary general meeting of shareholders in 2014, stipulating the Company's profit distribution policy, the procedures of decision-making and implementation of the profit distribution policy, preparation and adjustment mechanism of the profit distribution policy, and the plan for shareholders' dividend returns in order to enhance the protection over minority shareholders.</p> <p>The <i>Articles of Associations (Draft)</i> further defines the Company's profit distribution, especially the specific conditions, percentages, and forms of the cash dividend distribution as well as the conditions of the bonus share distribution, and clarifies that the cash dividends are superior to bonus shares; and the Company prepared the <i>Plan on Dividend Returns for the Coming Three Years of Happigo Inc.</i> to further implement the profit distribution system.</p>	January 21, 2015	Long-term	Ongoing
Hunan Broadcasting System; Mango Media Co., Ltd.	Commitments on Avoiding Horizontal Competition, Related-party Transactions and Fund Use		<p>(I) Commitments on avoiding horizontal competition: 1. Controlling Shareholder: Mango Media, as the controlling shareholder of the Company, issued the <i>Letter of Commitments on Avoiding Horizontal Competition</i>. (1) Mango Media and its other subordinate enterprises other than the Issuer are not engaged in any business or activity in any form that competes or would compete with the business of the Issuer and/or its subordinate enterprises directly or indirectly. (2) Mango Media will take and procure any enterprises controlled by Mango Media to take effective measures to avoid: (A) engaging in any business or activities directly or indirectly in any form that competes or would compete with the business of the issuer and/or its subordinate enterprises directly or indirectly, or holding any interests or benefits in such business; (B) supporting any other persons other than the Issuer and/or its subordinate enterprises in any form in engagement in any business or activity that competes</p>	January 21, 2015	Long-term	Ongoing

		<p>or would compete with the business being conducted or to be conducted by the Issuer and/or its subordinate enterprises. (3) If Mango Media and its subordinate enterprises have any commercial opportunity to engage, join or participate in any business or activity that would compete with the business of the Issuer and/or its subordinate enterprises, then the Issuer and/ its subordinate enterprises will have a priority with respect to the aforesaid commercial opportunities. (4) Mango Media, as the shareholder of the Issuer, will not engage in any business or activity that damages or would damage the interests of the Issuer and/or its subordinate enterprises by utilizing the status of the shareholder, the rights to which the shareholder is entitled and the information obtained according to the relevant laws, regulations and the Articles of Association, including but not limited to the trade secrets of the Issuer and/or its subordinate enterprises. Mango Media agrees to bear and be liable for all losses, damage and costs caused to the Issuer and its subordinate enterprises due to breach of the aforesaid commitments. 2. Commitments on avoiding horizontal competition and constraint measures of the actual controller: (1) Letter of Overall Commitments issued by Hunan Broadcasting System: On March 29, 2012, Hunan Broadcasting System, as the actual controller of the Company, issued the <i>Letter of Commitments on Avoiding Horizontal Competition</i>, undertaking that: ① Hunan Broadcasting System and its subordinate enterprises (excluding the Issuer) are not engaged in any business or activity in any form that competes or would compete with the business of the Issuer and/or its subordinate enterprises directly or indirectly. ② Hunan Broadcasting System will take and procure any enterprises controlled by Hunan Broadcasting System to take effective measures to avoid: (A) engaging in any business or activities directly or indirectly in any form that competes or would compete with the business of the Issuer and/or its subordinate enterprises directly or indirectly, or holding any interests or benefits in such business; (B) supporting any other persons other than the Issuer and/or its subordinate enterprises in any form in engagement in any business or activity that competes or would compete with the business being conducted or to be conducted by the Issuer and/or its subordinate enterprises. ③ If Hunan Broadcasting System and its subordinate enterprises have any commercial opportunity to engage, join or participate in any business or activity that would compete with the business of the Issuer and/or its subordinate enterprises, then the Issuer and/or its subordinate enterprises will have a priority with respect to the aforesaid</p>			
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			commercial opportunities. Mango Media agrees to bear and be liable for all losses, damage and costs caused to the Issuer and its subordinate enterprises due to breach of the aforesaid commitments. Hunan Broadcasting System agrees to bear and be liable for all losses, damage and costs caused to the issuer and its subordinate enterprises due to breach of the aforesaid commitments. (II) Letter of Commitments on Avoiding Fund Use: The controlling shareholders and actual controllers of the Company undertake that: they will strictly comply with the provisions of the laws, regulations, normative documents and the Company's relevant rules and systems, not appropriate or use the Company's assets or resources in any form, nor do anything directly or indirectly which harms or would harm the interests of the Company and other shareholders. If the rights and interests of the Company or other shareholders are harmed due to violations of the aforesaid commitments and undertakings, the controlling shareholders and actual controllers will be liable for compensation according to law.			
Commitments on equity incentives						
Other commitments made to the Company's minority shareholders						
Fulfill the commitments on time or not	Yes					

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

Applicable  N/A

**II. Appropriation of non-operating funds of the Listed Company by the controlling shareholder and other related parties**

Applicable  N/A

In: RMB0'000

Shareholders or related parties	Type of related relationship	Appropriation period	Reason for appropriation	Opening balance	New appropriated amount during the Reporting Period	Proportion of the latest audited net assets	Total repayments during the Reporting Period	Closing balance	Proportion of the latest audited net assets	Balance as of the disclosure date of the annual report	Estimated repayment method	Estimated repayment amount	Estimated repayment time (month)
Shanghai Mamma Mia Interactive Entertainment Technology Co., Ltd.	Others	5 years	Borrowings for production and operation	262.97	0	0.00%	0	262.97	0.02%	262.97	Cash settlement	262.97	May 2026
Total				262.97	0	0.00%	0	262.97	0.02%	262.97	--	262.97	--
Relevant decision procedures				In order to support the business development of Shanghai Mamma Mia Interactive Entertainment Technology Co., Ltd. ("Mamma Mia") which was originally a wholly-owned subsidiary of Happy News, Mamma Mia would be supported with liquidity from Happy News through Happy News' internal approval and decision-making process.									
Reasons for new appropriation of non-operating funds by controlling shareholders and other related parties and description of the responsible persons' accountability and proposed measures by the Board of Directors in the current period				N/A									
Reasons for failure to settle appropriated non-operating funds as planned, and description of accountability and proposed measures by the Board of Directors in the current period				In December 2016, Happy News transferred 70% of the equity shares of Mamma Mia externally (to noncontrolling shareholders and their affiliates), so that Mamma Mia was no longer included in the scope of consolidation of Happy News. At present, Happy News still holds 24.25% of the equity shares of Mamma Mia. In order to ensure stable development of Mamma Mia, Happy News and Mamma Mia signed Repayment Plan, which stipulates monthly repayment of RMB 50,000 since January 2022, until the loan is paid off.									
Special review opinions on appropriation of funds given by accounting firm				Pan-China Certified Public Accountants LLP believes that the summary sheet prepared by management of Mango Excellent Media complies with the provisions of Guideline No. 8 on Regulation of Listed Companies – Regulatory Requirements on Fund Transfer and External Guarantee of Listed Companies (CSRC Announcement (2022) No. 26) and Guideline No. 1 on Self-discipline Regulation of Companies Listed at the Growth Enterprise Market of the Shenzhen Stock Exchange – Business Handling (SZS (2022) No. 28) in all material aspects, truly reflecting appropriation of non-operating funds and transfer of other related capitals of Mango Excellent Media in 2021.									
Reasons for inconsistency between appropriation of non-operating funds by the controlling shareholder and other related parties disclosed in the Company's annual report and that in the special audit opinion				N/A									



### III. External Guarantees in Violation of Regulations

Applicable  N/A

The Company has no external guarantees in violation of regulations during the Reporting Period.

### IV. Explanations from the Board of Directors for the “Modified Auditor’s Report” Issued Most Recently

Applicable  N/A

### V. Explanations from the Board, the Board of Supervisors, the Independent Directors (if any) for the “Modified Auditor’s Report” Issued by the Engaged Accounting Firm During the Reporting Period

Applicable  N/A

### VI. Explanation from the Board for Reasons and Effects of Accounting Policies and Accounting Estimate Change and Significant Accounting Mistake Correction

Applicable  N/A

#### 1. Reasons for changes

On December 7, 2018, the Ministry of Finance issued the *Notice on Issuing the Revised Accounting Standards for Business Enterprises No. 21 - Leases* (Cai Kuai [2018] No. 35), requiring that enterprises listed concurrently at home and abroad and enterprises that are listed abroad and prepare financial statements by adopting the International Financial Reporting Standards or the Accounting Standards for Business Enterprises shall implement the revised standards as of January 1, 2019; other that adopt the Accounting Standards for Business Enterprises shall implement the same as of January 1, 2021. As a domestic listed company, the Company shall implement the said revised standards from January 1, 2020, and adjust the original accounting policies accordingly.

#### 2. Accounting policies before this change

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

#### 3. Accounting policies after this change

After this change, the Company will implement the relevant provisions of the *Accounting Standards for Business Enterprises No. 21 - Leases* revised by the Ministry of Finance on December 7, 2018. In addition to the above accounting policy changes, the remaining unchanged parts are still implemented in accordance with the *Accounting Standards for Business Enterprises – Basic Standards* issued by the Ministry of Finance previously, as well as the specific accounting standards, the application guidelines, and interpretations to accounting standards for business enterprises and other relevant provisions.

#### 4. Effects of Change

The Company has implemented the new leasing standard since January 1, 2021. In accordance with the provisions for the transition from the old standard to the new standard, the Company may adjust the opening amounts of relevant items of the financial statements based on the cumulative effect of the first implementation of the standard, and cannot make any adjustments on information for the comparable periods. This change in accounting policies will bring no significant impacts on the Company’s financial position, operation results and cash flows.

## VII. Explanation for Changes in the Scope of Consolidated Financial Statements Comparing with Those in Prior Year

Applicable  N/A

During the Reporting Period, Hainan E.E. Media Co., Ltd. and Shanghai Mango Universe Culture and Entertainment Co., Ltd. are newly established, while Happigo (Beijing) New Media Technology Co., Ltd. and Hangzhou Hemei Interactive Entertainment Technology Co., Ltd. are deregistered; and shares of Hunan Happy Money Microfinance Co., Ltd., are transferred out in 100%, while shares of Shenzhen Zhonghe Boao Technology Development Co., Ltd. are acquired in 100%. For details, see “VIII. Changes in Scope of Consolidation in Section X Financial Report” hereof.

## VIII. Engagement and Dismissal of the Accounting Firm

Current certified public accountants

Domestic certified public accountants	Pan-China Certified Public Accountants LLP
Remuneration paid to the domestic certified public accountants (in RMB0'000)	198
Audit period of the domestic accounting firm	6
Name of the engaged certified public accountants	LIU Gangyue, ZHANG Hong
Audit period of the engaged certified public accountants	1 year for LIU Gangyue and 4 years for ZHANG Hong

Whether the certified public accountant is changed

Yes  No

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

Applicable  N/A

During the year, the Company engaged China International Capital Corporation Limited as its sponsor due to non-public offering of stocks, and paid RMB14 million in total as the underwriting fees in such period.

## IX. Delisting Subsequent to the Disclosure of the Annual Report

Applicable  N/A

## X. Bankruptcy and Reorganization

Applicable  N/A

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

## XI. Material Litigation or Arbitration

Applicable  N/A

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

## XII. Penalty and Rectification

Applicable  N/A

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

## XIII. Integrity of the Company and Its Controlling Shareholders and actual controllers

Applicable  N/A

## XIV. Significant Related-party Transactions

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

Applicable  N/A

Related party	Related party relationship	Type	Content	Pricing principle	Price	Amount (in RMB0'000)	Proportion of similar trading amount	Approved trading amount (in RMB0'000)	Exceed the approved amount or not	Mode of settlement	Available market price of similar transactions	Disclosure date	Disclosure index
Golden Eagle Broadcasting System	Under common control of the same actual controller	Acceptance of labor service	Copyright, etc.	Market pricing	73,295.92	73,295.92	7.40%	70,031	Yes	By transfer	73,295.92	April 26, 2021	Published at <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ; Announcement Titles: <i>Announcement on the Occurrence of Related-party Transactions Concerning Daily Operations in 2020 and Estimation of Related-party Transactions Concerning Daily Operations in 2021, Announcement on Increasing the Estimated Amount of Related-party transactions Concerning Daily Operations in 2021, and Announcement on</i>
Golden Eagle Broadcasting System	Under common control of the same actual controller	Rendering of labor service	Advertising release, etc.	Market pricing	168,414.52	168,414.52	10.97%	151,200	Yes	By transfer	168,414.52	April 26, 2021	
Yunhong Communication Technology (Guangzhou) Co., Ltd.	Company materially affected by the actual controller	Rendering of labor service	Advertising release	Market pricing	76,596.83	76,596.83	4.99%	77,900	None	By transfer	76,596.83	April 26, 2021	
Hunan TV Business Operation Development Co., Ltd.	Under common control of the same actual	Rendering of labor service	Advertising release	Market pricing	67,343.87	67,343.87	4.39%	66,458	Yes	By transfer	67,343.87	April 26, 2021	

	controller													Adjusting the
MIGU Culture Technology Co., Ltd.	Sharing the key manager	Rendering of labor service	Operator revenue	Market pricing	165,053.22	165,053.22	10.75%	170,000	None	By transfer	165,053.22	April 26, 2021		Estimated Amount of Related-party transactions Concerning Daily Operations with MIGU Culture Technology Co., Ltd. in 2021
Total				--	--	550,704.36	--	535,589	--	--	--	--	--	--
Details of return of goods in large sales				None.										
Actual performance during the reporting period (if any) in the event that the total amount of the daily related-party transactions to occur in the current period is expected by categories				None.										
Reasons for the large difference between the trading price and the market reference price (if applicable)				N/A										

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

√ Applicable □ N/A

Related Party	Related party relationship	Type	Content	Pricing principle	Carrying amount of transferred assets (RMB0'000)	Appraisal value of transferred assets (RMB0'000)	Transfer price (RMB0'000)	Mode of settlement	Trading profit or loss (RMB0'000)	Disclosure date	Disclosure index
Mango Media Co., Ltd.	Parent company	Equity transfer	100% equity shares of Hunan Happy Money Microfinance Co., Ltd.	Appraisal value	30,347.9	30,424.97	30,424.97	By transfer	77.07	June 25, 2021	Published at the official website of cninfo; <i>Announcement on Transfer of 100% Equity Shares of a Wholly-owned Subsidiary</i>
Reasons for significant difference between transfer price and carrying amount or appraisal value (if any)				None.							
Impact on the Company's operating results and financial situation				An amount of RMB770,700 was recognized for investment income from equity transfer at the level of consolidated financial statements, accounting for 0.04% of the net profit in the							

	consolidated statements.
The performance realization during the Reporting Period if the related party transaction involves performance agreement	None.

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

Applicable  N/A

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

### 4. Credits and debits with related parties

Applicable  N/A

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

Yes  No

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

### 5. Transactions with finance companies having related-party relationship

Applicable  N/A

The Company has no deposit, loan, credit facility or other financial business with finance companies having related-party relationship and related parties.

### 6. Transactions between finance companies controlled by the Company and related parties

Applicable  N/A

Finance companies controlled by the Company have no deposit, loan, credit facility or other financial business with related parties.

### 7. Other significant related-party transactions

Applicable  N/A

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

## XV. Significant Contracts and Performances Thereof

### 1. Trusteeship, contracting and leasing

#### (1) Trusteeship

Applicable  N/A

The Company has no trusteeship during the Reporting Period.

**(2) Contracting**

Applicable  N/A

The Company has no contracting during the Reporting Period.

**(3) Leasing**

Applicable  N/A

The Company has no lease during the Reporting Period.

**2. Significant guarantee**

Applicable  N/A

The Company has no guarantee during the Reporting Period.

**3. Cash asset management by others under entrustment****(1) Entrusted financing**

Applicable  N/A

Overview of entrusted financing during the Reporting Period

In RMB0'000

Specific type	Capital sources of entrusted financing	Amount of entrusted financing	Undue balance	Amount overdue and not recovered	Impaired amount of financing overdue and not recovered
Bank financing product	Raised funds	182,000	178,000	0	0
Bank financing product	Own funds	163,000	163,000	0	0
Total		345,000	341,000	0	0

Details of high-risk entrusted financing with significant single amount or poor security and liquidity.

Applicable  N/A

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

Applicable  N/A

**(2) Entrusted loans**

Applicable  N/A

The Company has no entrusted loan during the Reporting Period.

#### **4. Other significant contracts**

Applicable  N/A

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

#### **XVI. Description of Other Significant Matters**

Applicable  N/A

During the Reporting Period, 100% of the equity in Mango Studios Cultural Co., Ltd., Hunan Mango Entertainment Co., Ltd., and Shanghai Mangofun Technology Co., Ltd., as wholly-owned subsidiaries of the Company, were transferred to Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd., another wholly-owned subsidiary of the Company.

#### **XVII. Description of Significant Matters of the Company's Subsidiaries**

Applicable  N/A

## Section VII Share Changes and Information of Shareholders

### I. Share changes

#### 1. Share changes

Unit: share

	Before this change		Increase or decrease this time (+,-)					After this change	
	Quantity	Proportion	New shares	Bonus shares	Capitalization of capital reserve	Others	Sub-total	Quantity	Proportion
I. Restricted share	849,020,857	47.69%	90,343,304	0	0	0	90,343,304	939,364,161	50.21%
1. Shareholdings by the state	0	0.00%	0	0	0	0	0	0	0.00%
2. Shareholdings by the state-owned legal persons	849,019,732	47.69%	60,228,869	0	0	0	60,228,869	909,248,601	48.60%
3. Other shareholdings by domestic investors	1,125	0.00%	30,114,435	0	0	0	30,114,435	30,115,560	1.61%
Including: shareholdings by domestic legal persons	0	0.00%	30,114,435	0	0	0	30,114,435	30,114,435	1.61%
Shareholdings by domestic natural persons	1,125	0.00%	0	0	0	0	0	1,125	0.00%
4. Shareholdings by foreign investors	0	0.00%	0	0	0	0	0	0	0.00%
Including: shareholdings by overseas legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shareholdings by overseas natural persons	0	0.00%	0	0	0	0	0	0	0.00%
II. Unrestricted share	931,356,654	52.31%	0	0	0	0	0	931,356,654	49.79%
1. RMB ordinary share	931,356,654	52.31%	0	0	0	0	0	931,356,654	49.79%
2. Domestic listed foreign share	0	0.00%	0	0	0	0	0	0	0.00%
3. Overseas listed foreign share	0	0.00%	0	0	0	0	0	0	0.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total	1,780,377,511	100.00%	90,343,304	0	0	0	90,343,304	1,870,720,815	100.00%



## Reason for share changes

Applicable  N/A

In accordance with the CSRC's *Official Reply on Approving the Registration of Share Offering to Specific Persons by Mango Excellent Media* (Zheng Jian Xu Ke [2021] No. 2105), the Company issued 90,343,304 RMB ordinary shares to three specific persons, namely Zhongyi Capital Holding Group Limited, Lombarda China Fund Management Co.,Ltd., and Aegon-industrial Fund Management Co., Ltd., for which Pan-China Certified Public Accountants LLP made an audit for verification and issued a *Capital Verification Report* (Tian Jian Yan [2021] No. 2-29). The above shares were listed on the GEM of the Shenzhen Stock Exchange on August 24, 2021, with a six-month lock-up period commencing from the date of listing of the additional shares. Upon completion of this offering, the Company's shares have increased from 1,780,377,511 shares to 1,870,720,815 shares.

## Approval of share changes

Applicable  N/A

On June 24, 2021, the Company received CSRC's *Official Reply on Approving the Registration of Share Offering to Specific Persons by Mango Excellent Media* (Zheng Jian Xu Ke [2021] No. 2105), which approved: 1. it was approved the Company's registration application for share offering to specific persons; 2. the Company's shares to be issued this time shall be offered in strict accordance with the reporting documents and the issue plan submitted to the Shenzhen Stock Exchange; 3. this approval is valid for 12 months from the date of approval of registration; 4. in case of any significant matters arising from the Company between the date of approval of registration and date of the end of this issuance, the Company shall report to Shenzhen Stock Exchange in a timely manner and deal with such matters in accordance with relevant regulations.

## Description of registration of share changes

Applicable  N/A

The Company issued 90,343,304 RMB ordinary shares to three specific persons, namely Zhongyi Capital Holding Group Limited, Lombarda China Fund Management Co.,Ltd., and Aegon-industrial Fund Management Co., Ltd., which were listed on the GEM of the Shenzhen Stock Exchange on August 24, 2021, with a six-month lock-up period commencing from the date of listing of the additional shares.

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

Applicable  N/A

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

Applicable  N/A

## 2. Restricted share changes

Applicable  N/A

Unit: share

Name of shareholders	Opening restricted shares	Increase in restricted shares for the current period	Restricted shares released for the current period	Closing restricted shares	Reasons for restriction	Date of proposed release of restriction
Mango Media Co., Ltd.	849,019,732	0	0	849,019,732	Additional restricted shares in offering of shares for purchasing assets	The lock-up period was expired on July 12, 2021, but the listing and circulating procedures of the

						restricted shares are not applied for.
Zhongyi Capital Holding Group Limited	0	60,228,869	0	60,228,869	Additional restricted shares in offering of A-share shares to specific persons in 2020	As the lock-up period was expired on February 24, 2022, these shares have been Listed and circulated.
Industrial and Commercial Bank of China Limited - Lombarda China Times Pioneer Stock Promoter Securities Investment Fund	0	7,428,228	0	7,428,228	Additional restricted shares in offering of A-share shares to specific persons in 2020	As the lock-up period was expired on February 24, 2022, these shares have been Listed and circulated.
Shanghai Pudong Development Bank Co., Ltd – Lombarda China Innovation Future 18-month Closed Operation Hybrid Securities Investment Fund	0	4,416,784	0	4,416,784	Additional restricted shares in offering of A-share shares to specific persons in 2020	As the lock-up period was expired on February 24, 2022, these shares have been Listed and circulated.
China Everbright Bank Co., Ltd.-Xingquan Business Model Preferred Hybrid Securities Investment Fund (LOF)	0	3,122,979	0	3,122,979	Additional restricted shares in offering of A-share shares to specific persons in 2020	As the lock-up period was expired on February 24, 2022, these shares have been Listed and circulated.
China Merchants Bank Co., Ltd. - Lombarda China Internet Pioneer Hybrid Securities Investment Fund	0	2,810,680	0	2,810,680	Additional restricted shares in offering of A-share shares to specific persons in 2020	As the lock-up period was expired on February 24, 2022, these shares have been Listed and circulated.
China Merchants Bank Co., Ltd. - Xingquan Heyi Flexible Allocation Hybrid Securities Investment Fund (LOF)	0	2,411,981	0	2,411,981	Additional restricted shares in offering of A-share shares to specific persons in 2020	As the lock-up period was expired on February 24, 2022, these shares have been Listed and circulated.
China Merchants Bank Co., Ltd. - Xingquan Herun Hybrid Securities Investment Fund	0	2,411,980	0	2,411,980	Additional restricted shares in offering of A-share shares to specific persons in 2020	As the lock-up period was expired on February 24, 2022, these shares have been Listed and circulated.
Industrial and	0	1,561,489	0	1,561,489	Additional restricted	As the lock-up period was

Commercial Bank of China Limited - Xingquan Green Investment Hybrid Securities Investment Fund (LOF)					shares in offering of A-share shares to specific persons in 2020	expired on February 24, 2022, these shares have been Listed and circulated.
Postal Savings Bank of China Co., Ltd.- Lombarda China Shuangli Debt Securities Investment Fund	0	1,003,814	0	1,003,814	Additional restricted shares in offering of A-share shares to specific persons in 2020	As the lock-up period was expired on February 24, 2022, these shares have been Listed and circulated.
Others	1,125	4,946,500	0	4,947,625	4,946,500 shares are additional restricted shares in offering of A-share shares to specific persons in 2020 and the left 1,125 shares are restricted shares to directors, supervisors and executives.	As the lock-up period of 4,946,500 shares was expired on February 24, 2022, these shares have been Listed and circulated.
Total	849,020,857	90,343,304	0	939,364,161	--	--

## II. Shares issuing and listing

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

Applicable  N/A

Shares and their derivative securities	Issue date	Offering price (or interest rate)	Quantity	Listing date	Approved quantity for listing trading	End date of transaction	Disclosure index	Disclosure date
Shares								
Offering A-share shares to specific persons in 2020	August 3, 2021	49.81 RMB/Share	90,343,304	August 24, 2021	90,343,304		For details, refer to <i>Announcement on Offering A-share Shares to Specific Persons in 2020</i> disclosed by the Company at <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>	August 19, 2021
Convertible corporate bonds, separately traded convertible corporate bonds, corporate bonds								
Other derivative securities								

Description of securities issuing during the Reporting Period (excluding preferred shares)

In accordance with the CSRC's *Official Reply on Approving the Registration of Share Offering to Specific Persons by Mango*

*Excellent Media* (Zheng Jian Xu Ke [2021] No. 2105), the Company issued 90,343,304 RMB ordinary shares to three specific persons, namely Zhongyi Capital Holding Group Limited, Lombarda China Fund Management Co.,Ltd., and Aegon-industrial Fund Management Co., Ltd. at a price of RMB49.81 per share, for which Pan-China Certified Public Accountants LLP made an audit for verification and issued a *Capital Verification Report* (Tian Jian Yan [2021] No. 2-29). The above shares were listed on the GEM of the Shenzhen Stock Exchange on August 24, 2021, with a six-month lock-up period commencing from the date of listing of the additional shares. Upon completion of this offering, the Company's shares have increased from 1,780,377,511 shares to 1,870,720,815 shares.

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

Applicable  N/A

On August 24, 2021, the Company issued 90,343,304 Renminbi common shares to specific targets at the Growth Enterprise Market of the Shenzhen Stock Exchange, increasing the Company's shares from 1,780,377,511 shares to 1,870,720,815 shares.

Refer to following table for changes of assets and liabilities at the end of reporting period and end of previous year (Unit: RMB):

Item	December 31, 2021	December 31, 2020	Change at end of this year compared with end of previous year
Total assets	26,110,751,404.90	19,265,699,802.9	35.53%
Total liabilities	9,113,587,160.83	8,644,478,556.28	5.43%

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

Applicable  N/A

## III. Shareholders and actual controllers

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

Unit: share

Total ordinary shareholders as of the end of the period	42,998	Total ordinary shareholders as of the end of the month prior to the disclosure date of annual report	57,530	Total preferred shareholders with recovered voting rights as of the end of the period	0	Total preferred shareholders with recovered voting rights as of the end of the month prior to the disclosure date of annual report	0	Total shareholders holding special voting right shares	0
Information of shareholders holding 5% or more of shares or top 10 shareholders									
Name of shareholders	Nature of shareholder	Shareholding percentage	Closing shareholding	Increase or decrease	Quantity of restricted	Quantity of unrestricted	Pledged, marked or frozen		
							Status	Quantity	

			quantity		shares held	shares held		
Mango Media Co., Ltd.	State-owned legal person	56.09%	1,049,300,301	0	849,019,732	200,280,569		
Zhongyi Capital Holding Group Limited	State-owned legal person	7.01%	131,188,792	+60,228,869	60,228,869	70,959,923		
Hunan Caixin Jingguo Equity Investment Partnership (LP)	State-owned legal person	5.01%	93,647,857	+93,647,857	0	93,647,857		
Hong Kong Securities Clearing Company Limited	Foreign legal person	2.78%	52,033,005	+8,905,437	0	52,033,005		
China Merchants Bank Co., Ltd. - Xingquan Herun Hybrid Securities Investment Fund	Others	1.20%	22,359,381	+12,964,835	2,411,980	19,947,401		
China Merchants Bank Co., Ltd. - Xingquan Heyi Flexible Allocation Hybrid Securities Investment Fund (LOF)	Others	0.96%	17,900,404	+4,811,180	2,411,981	15,488,423		
Industrial and Commercial Bank of China Limited - Lombarda China Times	Others	0.91%	17,101,103	+14,144,130	7,428,228	9,672,875		

Pioneer Stock Promoter Securities Investment Fund								
Industrial and Commercial Bank of China Limited - Xingquan Green Investment Hybrid Securities Investment Fund (LOF)	Others	0.67%	12,582,075	+9,254,137	1,561,489	11,020,586		
117 Portfolio of the Social Security Fund of the PRC	Others	0.48%	9,049,621	+400,000	0	9,049,621		
Industrial Bank Co., Ltd.- Fullgoal Xingyuan Preferred 12-Month Holding Period Hybrid Securities Investment Fund	Others	0.47%	8,853,835	+8,853,835	0	8,853,835		
Explanation for related-party relationship or concerted actions of above shareholders	There is no related-party relationship or concerted action relationship between the Mango Media Co., Ltd. as the controlling shareholder of the Company and other top 10 unrestricted outstanding shareholders; it remains unknown whether or not there is a related-party relationship or concerted action relationship among other top 10 shareholders.							
Explanation for entrusting/accepting entrusted voting rights and waiver of voting rights regarding above shareholders	N/A							
Shareholdings of top 10 unrestricted shareholders								

Name of shareholders	Quantity of unrestricted shares held at the end of the Reporting Period	Type	
		Type	Quantity
Mango Media Co., Ltd.	200,280,569	RMB ordinary shares	200,280,569
Hunan Caixin Jingguo Equity Investment Partnership (LP)	93,647,857	RMB ordinary shares	93,647,857
Zhongyi Capital Holding Group Limited	70,959,923	RMB ordinary shares	70,959,923
Hong Kong Securities Clearing Company Limited	52,033,005	RMB ordinary shares	52,033,005
China Merchants Bank Co., Ltd. - Xingquan Herun Hybrid Securities Investment Fund	19,947,401	RMB ordinary shares	19,947,401
China Merchants Bank Co., Ltd. - Xingquan Heyi Flexible Allocation Hybrid Securities Investment Fund (LOF)	15,488,423	RMB ordinary shares	15,488,423
Industrial and Commercial Bank of China Limited - Xingquan Green Investment Hybrid Securities Investment Fund (LOF)	11,020,586	RMB ordinary shares	11,020,586
Industrial and Commercial Bank of China Limited - Lombarda China Times Pioneer Stock Promoter Securities Investment Fund	9,672,875	RMB ordinary shares	9,672,875
117 Portfolio of the Social Security Fund of the PRC	9,049,621	RMB ordinary shares	9,049,621
Industrial Bank Co., Ltd.- Fullgoal Xingyuan Preferred 12-Month Holding Period Hybrid Securities Investment Fund	8,853,835	RMB ordinary shares	8,853,835
Explanation for related-party relationship or concerted actions between top 10 unrestricted	There is no related-party relationship or concerted action relationship between the Mango Media Co., Ltd. as the controlling shareholder of the Company and other top 10 unrestricted outstanding shareholders; it remains unknown whether or not there is a related-party relationship or concerted action relationship among top 10 unrestricted outstanding		

outstanding shareholders, and between top 10 unrestricted outstanding shareholders and top 10 shareholders	shareholders and between top 10 unrestricted outstanding shareholders and top 10 shareholders.
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Whether the Company has made arrangement for voting right differences

Applicable  N/A

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

Yes  No

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

## 2. The Company's controlling shareholder

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

Type of the controlling shareholder: legal person

Controlling shareholder	Legal representative/responsible person	Date of incorporation	Organization code	Principal activities
Mango Media Co., Ltd.	ZHANG Huali	July 10, 2007	914300006707880875	Planning, production and operation of radio and television programs; investments in culture, sports, entertainment, media, technology, internet and other industries by self-owned funds (excluding national financial supervision and financial credit businesses such as deposit absorption, fund collection, entrusted loans, notes, and loans issuance); advertising planning, production and operation; multimedia technology development and operation. (Projects required for legal approval shall be operated on the premise of being approved by relevant authorities)

Change of the controlling shareholder during the Reporting Period

Applicable  N/A

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

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

Nature of the actual controller: local state capital management institution

Type of the controlling shareholder: legal person

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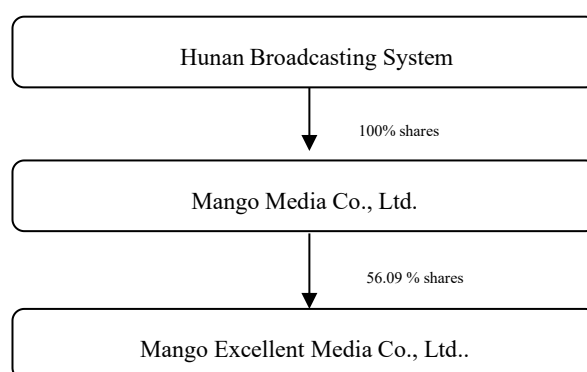
	representative/responsible person	incorporation		
Hunan Broadcasting System	GONG Zhengwen	January 25, 2010	12430000444877954G	Broadcasting news and other information, and television programs to promote social, economic and cultural development; news, thematic, literary, and artistic broadcasts, consulting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

Change of the actual controller during the Reporting Period

Applicable  N/A

The Company has not changed the actual controller during the Reporting Period

Block diagram for the ownership and controlling relationship between the Company and the actual controller



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

Applicable  N/A

**4. The controlling shareholder or the largest shareholder of the Company and its acting-in-concert parties have pledged 80% of the number of shares held by them**

Applicable  N/A

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

Applicable  N/A

**6. Restriction on reduction of shares to the controlling shareholder, the actual controller, the restructuring party, and other committed entity**

Applicable  N/A

**IV. Practical implementation of share repurchase during the reporting period**

Implementation progress of share repurchase

Applicable  N/A

Progress of reducing repurchased shares by means of centralized auction trading

Applicable  N/A

## Section VIII Preferred Shares

Applicable  N/A

The Company has no preferred shares during the Reporting Period.

## Section IX Bonds

Applicable  N/A

## Section X Financial Report

### I. Auditor's Report

Audit opinion	Unmodified Opinion
Signing date of audit report	April 21, 2022
Auditor	Pan-China Certified Public Accountants LLP
Auditor's report document number	Tian Jian Shen [2022] No. 2-191
Name of certified public accountants	LIU Gangyue and ZHANG Hong

#### Auditor's Report

To all shareholders of Mango Excellent Media Co., Ltd.:

#### I. Audit opinion

We have audited the financial statements of Mango Excellent Media Co., Ltd. ("Mango Excellent Media"), which comprise the consolidated and the parent company's balance sheets as at December 31, 2021, and the consolidated and the parent company's income statements, the consolidated and the parent company's statements of cash flow and the consolidated and the parent company's statements of changes in owners' equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements are prepared in all material respects in accordance with Accounting Standards for Business Enterprises and fairly present the consolidated and the parent company's financial position as of December 31, 2021, and the consolidated and the parent company's operating results and cash flows for the year then ended.

#### II. Basis for Opinion

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

#### III. Key Audit Matters

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

##### (I) Revenue recognition

##### 1. Descriptions

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

The operating income of Mango Excellent Media is mainly from new media platform operation, new media interactive entertainment content production and content e-businesses, etc. In 2021, the operating income of Mango Excellent Media amounted to RMB15,355,863,500.00, of which the operating income from the segments including new media platform operation and new media interactive entertainment content production amounted to RMB 13,138,707,800.00, accounting for 85.56% thereof.

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

## 2. Audit response

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

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

## (II) The carrying amount of content copyrights

### 1. Descriptions

Details of relevant information are disclosed in Note III (XI), (XVII) and Note V(I) 8 and 14 to the financial statements.

As of December 31, 2021, the carrying amount of Mango Excellent Media's content copyrights such as online information dissemination rights, screenplays, and film and television series was RMB7,906,817,800; of which, intangible assets were RMB 6,296,622,200 and stocks were RMB 1,610,195,600.

The management makes significant judgment to evaluate the carrying amount of content copyrights such as online information dissemination rights, screenplays, and film and television series. In making such evaluation, the management considers all possible factors that may affect the future broadcasting, production and distribution plans of the content copyrights such as the online information dissemination rights, screenplays and film and television series, the saleable or booking prices of film and television series, the discount rate and the current market environment to judge the expectation of obtaining future cash flows. The amount of content copyrights such as online information dissemination rights, screenplays, and film and television series is material, and involves significant management judgments, therefore, we identify the carrying amount of content copyrights such as online information dissemination rights, screenplays, and film and television series as a key audit matter.

## 2. Audit response

For the carrying amount of content copyrights such as online information dissemination rights, screenplays, and film and television series, our audit procedures include, inter alia:

- (1) Understand the key internal controls related to content copyrights such as online information dissemination rights, screenplays, and film and television series, evaluate the design of those controls, determine whether they are implemented, and test the operational effectiveness of the relevant internal controls;
- (2) Know and evaluate the reasonableness of amortization policies of online information dissemination rights, and implement computer-aided audit procedure for amortization information system of online information dissemination rights;
- (3) Evaluate the reasonableness of accounting policies related to content copyrights such as online information dissemination rights, screenplays, and film and television series by comparing relevant accounting standards and industry practice benchmarks, and test the management's assessment of the recoverable amount of content copyrights such as online information dissemination rights,

screenplays, and film and television series on a sample basis based on the materiality level of the closing balance of net value of content copyrights such as online information dissemination rights, screenplays, and film and television series;

(4) Inspect relevant agreements for the purchase of content copyrights such as online information dissemination rights, and screenplays, and verify the valid period of their licenses to evaluate the reasonableness of their net realizable values. For self-produced film and television series, select samples and discuss with the management to understand the current market environment, their future production and distribution plans;

(5) Inspect distribution contracts to verify the estimated selling price of content rights such as online information dissemination rights, screenplays, and film and television series. For television series that have been produced but have not obtained broadcast licenses, we select samples to compare their projected selling prices with the selling prices available to similar television series, so as to assess their impairment;

(6) Pay attention to public opinion of content rights such as online information dissemination rights, screenplays, and film and television series, assessing their negative public opinion and discussing with the management that whether there is an expected withdrawal or failure to complete production;

(7) Check whether information relating to impairment and copyright amortization of content rights such as online information dissemination rights, screenplays, and film and television series is properly presented and disclosed in the financial statements;

#### **IV. Other Information**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Pan-China Certified Public Accountants LLP    Certified Public Accountant: LIU Gangyue  
(Engagement Partner)

Hangzhou, China    Certified Public Accountant: ZHANG Hong

April 21, 2022

## II. Financial Statements

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

### 1. Consolidated balance sheet

Prepared by: Mango Excellent Media Co., Ltd.



In RMB

Item	December 31, 2021	December 31, 2020
Current Assets		
Cash and bank balances	6,974,465,151.81	5,336,319,786.70
Balances with clearing agencies		
Placements with banks and other financial institutions		
Held-for-trading financial assets	3,410,000,000.00	
Derivative financial assets		
Notes receivable	673,742,339.23	
Accounts receivable	3,113,742,914.88	2,976,696,672.95
Receivable financing	137,800,000.00	164,410,000.00
Prepayments	1,834,350,013.20	1,398,350,153.72
Premium receivable		
Amounts receivable under reinsurance contracts		
Reinsurer's share of insurance contract reserves		
Other receivables	40,568,403.37	51,168,090.47
Including: dividends receivable		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	1,689,546,700.79	1,660,324,608.09
Contract assets	903,053,743.61	817,451,396.56
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	123,539,219.25	520,087,664.20
Total current assets	18,900,808,486.14	12,924,808,372.69
Non-current assets:		
Loans and advances to customers		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	23,882,517.37	22,882,969.51

Other investments in equity instruments		
Other non-current financial assets		
Investment properties		
Fixed assets	184,450,336.98	186,924,296.25
Construction in progress		
Bearer biological assets		
Oil and gas assets		
Right of use assets	210,304,495.42	
Intangible assets	6,443,675,155.95	5,894,454,399.68
Development expenditure	232,522,753.24	157,264,231.85
Goodwill		
Long-term prepaid expenses	113,847,481.21	77,342,051.99
Deferred income tax assets		
Other non-current assets	1,260,178.59	2,023,481.01
Total non-current assets	7,209,942,918.76	6,340,891,430.29
Total assets	26,110,751,404.90	19,265,699,802.98
Current liabilities:		
Short term borrowings	39,786,903.37	39,789,110.68
Loans from the central bank		
Taking from banks and other financial institutions		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	921,504,704.91	712,292,035.75
Accounts payable	4,960,935,241.83	5,217,087,330.62
Receipts in advance		
Contract liabilities	1,327,294,063.85	1,330,475,023.10
Financial assets sold under repurchase agreements		
Customer deposits and deposits from banks and other financial institutions		
Funds from securities trading agency		
Funds from underwriting securities agency		
Employee benefits payable	980,394,114.20	856,712,827.84

Taxes payable	123,474,589.72	131,527,885.95
Other payables	149,086,160.61	160,651,194.91
Including: interest payable		
Dividends payable		
Fees and commissions payable		
Amounts payable under reinsurance contracts		
Held-for-sale liabilities		
Non-current liabilities due within one year	43,098,562.04	
Other current liabilities	339,035,557.99	138,698,825.59
Total current liabilities	8,884,609,898.52	8,587,234,234.44
Non-current liabilities:		
Insurance contract reserves		
Long-term borrowings		
Bonds payable		
Including: preferred shares		
Perpetual bonds		
Lease liabilities	169,643,622.50	
Long-term payables		
Long-term employee benefits payable		
Provisions	13,815,868.00	8,305,486.15
Deferred income	45,517,771.81	48,938,835.69
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	228,977,262.31	57,244,321.84
Total liabilities	9,113,587,160.83	8,644,478,556.28
Owner's equity		
Share capital	1,870,720,815.00	1,780,377,511.00
Other equity instruments		
Including: preferred shares		
Perpetual bonds		
Capital reserve	9,244,386,503.55	4,838,937,706.35
Less: treasury shares		
Other comprehensive income	-13,783.18	-2,759.37

Special reserve		
Surplus reserve	105,025,383.29	87,139,560.14
General risk reserve		
Undistributed profit	5,746,281,439.57	3,881,526,167.30
Total owners' equity attributable to equity holders of the parent company	16,966,400,358.23	10,587,978,185.42
Minority interests	30,763,885.84	33,243,061.28
Total owners' equity	16,997,164,244.07	10,621,221,246.70
Total liabilities and owners' equity	26,110,751,404.90	19,265,699,802.98

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

## 2. Balance sheet of the parent company

In RMB

Item	December 31, 2021	December 31, 2020
Current Assets		
Cash and bank balances	593,199,335.20	405,729,095.82
Held-for-trading financial assets		
Derivative financial assets		
Notes receivable		
Accounts receivable		
Receivable financing		
Prepayments	746,648.08	270,000.00
Other receivables	330,099,116.90	260,068,347.20
Including: dividends receivable		
Dividends receivable	250,000,000.00	
Inventories		
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	2,989,471.09	3,194,254.68
Total current assets	927,034,571.27	669,261,697.70
Non-current assets:		
Debt investments		
Other debt investments		

Long-term receivables		
Long-term equity investments	11,976,375,839.55	7,780,583,738.35
Other investments in equity instruments		
Other non-current financial assets		
Investment properties		
Fixed assets	852,797.16	1,305,884.91
Construction in progress		
Bearer biological assets		
Oil and gas assets		
Right of use assets	8,919,029.19	
Intangible assets	714,278.56	803,907.00
Development expenditure		
Goodwill		
Long-term prepaid expenses	4,785,543.89	5,579,058.77
Deferred income tax assets		
Other non-current assets		
Total non-current assets	11,991,647,488.35	7,788,272,589.03
Total assets	12,918,682,059.62	8,457,534,286.73
Current liabilities:		
Short term borrowings		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable		
Receipts in advance		
Contract liabilities		
Employee benefits payable	39,647,064.37	31,708,478.30
Taxes payable	624,511.69	545,679.40
Other payables	8,598,711.22	7,672,949.27
Including: interest payable		
Dividends payable		
Held-for-sale liabilities		
Non-current liabilities due within one year	1,524,817.62	

Other current liabilities		
Total current liabilities	50,395,104.90	39,927,106.97
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: preferred shares		
Perpetual bonds		
Lease liabilities	7,478,518.73	
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	7,478,518.73	
Total liabilities	57,873,623.63	39,927,106.97
Owner's equity		
Share capital	1,870,720,815.00	1,780,377,511.00
Other equity instruments		
Including: preferred shares		
Perpetual bonds		
Capital reserve	10,584,782,807.56	6,179,334,010.36
Less: treasury shares		
Other comprehensive income		
Special reserve		
Surplus reserve	105,025,383.29	87,139,560.14
Undistributed profit	300,279,430.14	370,756,098.26
Total owners' equity	12,860,808,435.99	8,417,607,179.76
Total liabilities and owners' equity	12,918,682,059.62	8,457,534,286.73

### 3. Consolidated income statement

In RMB

Item	2021	2020
I. Total operating income	15,355,863,482.07	14,005,534,955.36

including: operating income	15,355,863,482.07	14,005,534,955.36
Interest income		
Premiums earned		
Fee and commission income		
II. Total operating costs	13,268,399,151.99	12,143,647,482.17
Including: operating costs	9,905,462,770.82	9,230,288,644.44
Interest expenses		
Fee and commission expenses		
Surrenders		
Claims and policyholder benefits (net of amounts recoverable from reinsurers)		
Charges in insurance contract reserves (net of reinsurers' share)		
Insurance policyholder dividends		
Expenses for reinsurance accepted		
Taxes and levies	26,892,490.52	21,977,750.48
Selling expenses	2,469,328,212.64	2,164,415,269.87
General and administrative expenses	695,934,611.78	629,200,722.73
Research and development expenses	271,991,403.40	184,384,948.72
Financial expenses	-101,210,337.17	-86,619,854.07
Including: interest expenses	2,630,663.17	13,532,130.10
Interest income	125,145,189.95	116,608,027.80
Add: other income	123,334,219.55	152,751,572.29
Investment income (Loss is indicated by "-")	37,229,498.93	80,792,516.40
Including: income from investments in associates and joint ventures	999,547.86	72,125,990.33
Income from derecognition of financial assets measured at amortized cost		
Foreign exchange gains (Loss is indicated by "-")		
Net exposure hedging income (Loss is indicated by "-")		
Income from changes in fair value (Loss is indicated by "-")		
Impairment losses of credit (Loss is	-43,921,867.09	-52,586,997.38

indicated by “-”)		
Impairment losses of assets (Loss is indicated by “-”)	-68,086,394.50	-36,801,884.43
Income from disposal of assets (Loss is indicated by “-”)	-85,941.70	354,684.48
III. Operating profit (Loss is indicated by “-”)	2,135,933,845.27	2,006,397,364.55
Add: non-operating income	21,850,496.77	26,886,284.35
Less: non-operating expenses	43,300,269.96	46,535,880.99
IV. Total profit (Total losses are indicated by “-”)	2,114,484,072.08	1,986,747,767.91
Less: income tax expense	4,357.00	7,411,218.58
V. Net profit (Net loss is indicated by “-” )	2,114,479,715.08	1,979,336,549.33
(I) Categorized by the nature of continuing operation		
1. Net profit from continuing operations (Net loss is indicated by “-”)	2,113,148,651.46	1,975,807,519.82
2. Net profit from discontinued operations (Net loss is indicated by “-”)	1,331,063.62	3,529,029.51
(II) Categorized by ownership:		
1. Net profit attributable to shareholders of the parent company	2,114,090,171.85	1,982,159,476.82
2. Profit or loss attributable to minority interests	389,543.23	-2,822,927.49
VI. Other comprehensive income, net of tax	-11,023.81	-2,759.37
Other comprehensive income attributable to owners of the parent company, net of tax	-11,023.81	-2,759.37
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss		
1. Changes from re-measurement of defined benefit plans		
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		



3. Changes in fair value of other investments in equity instruments		
4. Changes in fair value of enterprises' own credit risks		
5. Others		
(II) Other comprehensive income that will be reclassified to profit or loss	-11,023.81	-2,759.37
1. Other comprehensive income that will be reclassified to profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amounts of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Reserve for cash flow hedges		
6. Translation differences of financial statements denominated in foreign currencies	-11,023.81	-2,759.37
7. Others		
Other comprehensive income attributable to minority interests, net of tax		
VII. Total comprehensive income	2,114,468,691.27	1,979,333,789.96
Total comprehensive income attributable to owners of the parent company	2,114,079,148.04	1,982,156,717.45
Total comprehensive income attributable to minority interests	389,543.23	-2,822,927.49
VIII. Earnings per share:		
(I) Basic earnings per share	1.17	1.11
(II) Diluted earnings per share	1.17	1.11

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

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

## 4. Income statement of the parent company

In RMB

Item	2021	2020
I. Operating income	0.00	0.00
Less: Total operating costs	0.00	0.00
Taxes and levies	1,899,087.62	6,923.08
Selling expenses		
General and administrative expenses	99,902,232.40	72,126,384.06
Research and development expenses		
Financial expenses	-25,837,827.24	-26,287,586.49
Including: interest expenses		
Interest income	26,073,238.54	26,296,386.01
Add: other income	11,246.72	227,348.06
Investment income (Loss is indicated by "-")	254,810,066.45	69,864,747.18
Including: income from investments in associates and joint ventures		69,864,747.18
Income from derecognition of financial assets measured at amortized cost (Loss is indicated by "-")		
Net exposure hedging income (Loss is indicated by "-")		
Income from changes in fair value (Loss is indicated by "-")		
Impairment losses of credit (Loss is indicated by "-")	410.99	-1,040.99
Impairment losses of assets (Loss is indicated by "-")		
Income from disposal of assets (Loss is indicated by "-")		
II. Operating profit (Loss is indicated by "-")	178,858,231.38	24,245,333.60
Add: non-operating income	0.08	20,000.74
Less: non-operating expenses		692,950.00
III. Total profit (Loss is indicated by "-")	178,858,231.46	23,572,384.34

Less: income tax expense		
IV. Net profit (Net loss is indicated by “-” )	178,858,231.46	23,572,384.34
(I) Net profit from continuing operations (Net loss is indicated by “-”)	178,858,231.46	23,572,384.34
(II) Net profit from discontinued operations (Net loss is indicated by “-”)		
V. Other comprehensive income, net of tax		
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss		
1. Changes from re-measurement of defined benefit plans		
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		
3. Changes in fair value of other investments in equity instruments		
4. Changes in fair value of enterprises' own credit risks		
5. Others		
(II) Other comprehensive income that will be reclassified to profit or loss		
1. Other comprehensive income that will be reclassified to profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amounts of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Reserve for cash flow hedges		
5. Translation differences of financial statements denominated in foreign currencies		
7. Others		

VI. Total comprehensive income:	178,858,231.46	23,572,384.34
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

## 5. Consolidated statements of cash flows

In RMB

Item	2021	2020
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	14,751,013,340.67	13,100,389,646.19
Net increase in customer deposits and deposits from banks and other financial institutions		
Net increase in loans from the central bank		
Net increase in taking from banks and other financial institutions		
Cash receipts from premiums under direct insurance contracts		
Net cash receipts from reinsurance business		
Net cash receipts from policyholders' deposits and investment contract liabilities		
Cash receipts from interest, fees and commissions		
Net increase in taking from banks and other financial institutions		
Net increase in financial assets sold under repurchase arrangements		
Net cash received from securities trading agency		
Receipts of tax refunds	1,996,750.43	2,974,027.99
Other cash receipts relating to operating activities	195,137,982.95	253,669,222.21

Sub-total of cash inflows from operating activities	14,948,148,074.05	13,357,032,896.39
Cash payments for goods purchased and services received	10,601,434,852.06	9,520,378,278.33
Net increase in loans and advances to customers	-24,141,357.18	11,344,610.37
Net increase in balance with the central bank and due from banks and other financial institutions		
Cash payments for claims and policyholders' benefits under direct insurance contracts		
Net increase in placements with banks and other financial institutions		
Cash payments for interest, fees and commissions		
Cash payments for insurance policyholder dividends		
Cash payments to and on behalf of employees	1,652,192,693.42	1,280,202,698.37
Payment of various types of taxes	161,767,416.65	176,899,520.26
Other cash payments relating to operating activities	1,995,093,586.73	1,787,237,435.98
Sub-total of cash outflows from operating activities	14,386,347,191.68	12,776,062,543.31
Net cash flow from operating activities	561,800,882.37	580,970,353.08
II. Cash flows from investing activities:		
Cash receipts from disposals and recovery of investments		259,679,200.00
Cash receipts from investment income	560,366.45	
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	986,465.39	403,685.56
Net cash receipts from disposals of subsidiaries and other business entities	245,559,897.67	
Other cash receipts relating to investing activities	5,491,458,753.41	626,406,349.28
Sub-total of cash inflows from investing	5,738,565,482.92	886,489,234.84

activities		
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	193,602,527.81	69,959,021.89
Cash payments to acquire investments		
Net increase in pledged loans receivable		
Net cash payments for acquisitions of subsidiaries and other business entities	1,486,980.09	
Other cash payments relating to investing activities	8,736,000,000.00	622,500,000.00
Sub-total of cash outflows from investing activities	8,931,089,507.90	692,459,021.89
Net Cash Flow from Investing Activities	-3,192,524,024.98	194,030,212.95
III. Cash Flows from Financing Activities:		
Cash receipts from investments by others	4,496,792,425.07	
Including: cash received by subsidiaries from minority shareholders' investments		
Cash receipts from borrowings	69,731,500.00	160,436,700.00
Other cash receipts relating to financing activities		
Sub-total of cash inflows from financing activities	4,566,523,925.07	160,436,700.00
Cash repayments of borrowings	39,631,527.65	470,057,800.00
Cash payments for distribution of dividends or profits or settlement of interest expenses	234,040,696.91	192,215,024.91
Including: dividends or profit paid by subsidiaries to minority shareholders		
Other cash payments relating to financing activities	65,826,408.71	
Sub-total of cash outflows from financing activities	339,498,633.27	662,272,824.91
Net cash flow from financing activities	4,227,025,291.80	-501,836,124.91
IV. Effect of foreign exchange rate	612,280.98	223,543.73

changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	1,596,914,430.17	273,387,984.85
Add: opening balance of cash and cash equivalents	5,314,463,484.01	5,041,075,499.16
VI. Closing balance of cash and cash equivalents	6,911,377,914.18	5,314,463,484.01

## 6. Statement of cash flows of the parent company

In RMB

Item	2021	2020
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services		
Receipts of tax refunds	1,996,750.43	
Other cash receipts relating to operating activities	211,758,714.55	41,857,033.57
Sub-total of cash inflows from operating activities	213,755,464.98	41,857,033.57
Cash payments for goods purchased and services received		
Cash payments to and on behalf of employees	49,283,696.15	33,162,880.94
Payment of various types of taxes	1,899,087.70	
Other cash payments relating to operating activities	46,516,142.78	42,247,660.59
Sub-total of cash outflows from operating activities	97,698,926.63	75,410,541.53
Net cash flow from operating activities	116,056,538.35	-33,553,507.96
II. Cash flows from investing activities:		
Cash receipts from disposals and recovery of investments	304,249,700.00	259,679,200.00
Cash receipts from investment income	560,366.45	
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		

Net cash receipts from disposals of subsidiaries and other business entities		
Other cash receipts relating to investing activities		
Sub-total of cash inflows from investing activities	304,810,066.45	259,679,200.00
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	306,134.50	2,206,642.91
Cash payments to acquire investments	4,495,792,101.20	
Net cash payments for acquisitions of subsidiaries and other business entities		
Other cash payments relating to investing activities		
Sub-total of cash outflows from investing activities	4,496,098,235.70	2,206,642.91
Net Cash Flow from Investing Activities	-4,191,288,169.25	257,472,557.09
III. Cash Flows from Financing Activities:		
Cash receipts from investments by others	4,496,792,425.07	
Cash receipts from borrowings		
Other cash receipts relating to financing activities		
Sub-total of cash inflows from financing activities	4,496,792,425.07	
Cash repayments of borrowings		
Cash payments for distribution of dividends or profits or settlement of interest expenses	231,449,076.43	178,037,751.10
Other cash payments relating to financing activities	2,641,478.36	
Sub-total of cash outflows from financing activities	234,090,554.79	178,037,751.10
Net cash flow from financing activities	4,262,701,870.28	-178,037,751.10
IV. Effect of foreign exchange rate changes on cash and cash equivalents		



V. Net increase in cash and cash equivalents	187,470,239.38	45,881,298.03
Add: opening balance of cash and cash equivalents	405,729,095.82	359,847,797.79
VI. Closing balance of cash and cash equivalents	593,199,335.20	405,729,095.82

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

Amount in the current period

In RMB

Item	2021													Minority interests	Total owners' equity
	Equity attributable to owners of the parent company														
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Others	Sub-total		
		Preference shares	Perpetual bonds	Others											
I. Closing balance of the preceding year	1,780,377,511.00			4,838,937,706.35		-2,759,373		87,139,560.14		3,881,526,167.30		10,587,978,185.42	33,243,061.28	10,621,221,246.70	
Add: Changes in accounting policies															
Corrections of prior period errors															
Business combination involving enterprises under common control															
Others															
II. Opening balance of the current year	1,780,377,511.00			4,838,937,706.35		-2,759,373		87,139,560.14		3,881,526,167.30		10,587,978,185.42	33,243,061.28	10,621,221,246.70	
III. Changes for the year (decrease is indicated by "-")	90,343,304.00			4,405,448,797.20		-11,023,813		17,885,823.15		1,864,755,272.27		6,378,422,172.81	-2,479,175.44	6,375,942,997.37	
(I) Total comprehensive income						-11,023,813				2,114,090,171.85		2,114,079,148.04	389,543.23	2,114,468,691.27	
(II) Owners' contributions and	90,343,304.00			4,405,448,797.20								4,495,792.10	-2,868,775.44	4,492,923,382.53	

reduction in capital	04.00				7.20							1.20	18.67	
1. Ordinary shares contributed by owners	90,343,304.00				4,405,448,797.20							4,495,792,101.20	-2,868,718.67	4,492,923,382.53
2. Capital contribution from holders of other equity instruments														
3. Share-based payment recognized in owners' equity														
4. Others														
(III) Profit distribution								17,885,823.15		-249,334,899.58		-231,449,076.43		-231,449,076.43
1. Transfer to surplus reserve								17,885,823.15		-17,885,823.15				
2. Transfer to general risk reserve														
3. Distributions to owners (shareholders)										-231,449,076.43		-231,449,076.43		-231,449,076.43
4. Others														
(IV) Transfers within owners' equity														
1. Capitalization of capital reserve														
2. Capitalization of surplus reserve														
3. Loss offset by surplus reserve														
4. Retained earnings carried forward from changes in defined benefit plans														
5. Retained earnings carried forward from other comprehensive income														

6. Others															
(V) Special reserve															
1. Transfer to special reserve in the period															
2. Amount utilized in the period															
(VI) Others															
IV. Closing balance of the current period	1,870,720,815.00				9,244,386,503.55		-13,783.18		105,025,383.29		5,746,281,439.57		16,966,400,358.23	30,763,885.84	16,997,164,244.07

Amount in prior period

In RMB

Item	2020														Minority interests	Total owners' equity
	Equity attributable to owners of the parent company												Sub-total			
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Others				
		Preference shares	Perpetual bonds	Others												
I. Closing balance of the preceding year	1,780,377,511.00				4,838,937,706.35				84,782,321.71		2,079,761,680.01		8,783,859,219.07	36,098,165.00	8,819,957,384.07	
Add: Changes in accounting policies																
Corrections of prior period errors																
Business combination involving enterprises under common control																
Others																
II. Opening balance of the current year	1,780,377,511.00				4,838,937,706.35				84,782,321.71		2,079,761,680.01		8,783,859,219.07	36,098,165.00	8,819,957,384.07	
III. Changes for the year (decrease is indicated by "-")									-2,759,373.18		2,357,238.43		1,801,118,966.35	-2,855,103.72	1,801,263,862.63	

(I) Total comprehensive income											1,982,159,476.82		1,982,156,717.45	-2,822,927.49	1,979,333,789.96
(II) Owners' contributions and reduction in capital														-32,176.23	-32,176.23
1. Ordinary shares contributed by owners															
2. Capital contribution from holders of other equity instruments															
3. Share-based payment recognized in owners' equity															
4. Others														-32,176.23	-32,176.23
(III) Profit distribution								2,357,238.43			-180,394,989.53		-178,037,751.10		-178,037,751.10
1. Transfer to surplus reserve								2,357,238.43			-2,357,238.43				
2. Transfer to general risk reserve															
3. Distributions to owners (shareholders)											-178,037,751.10		-178,037,751.10		-178,037,751.10
4. Others															
(IV) Transfers within owners' equity															
1. Capitalization of capital reserve															
2. Capitalization of surplus reserve															
3. Loss offset by surplus reserve															
4. Retained earnings carried forward															

from changes in defined benefit plans															
5. Retained earnings carried forward from other comprehensive income															
6. Others															
(V) Special reserve															
1. Transfer to special reserve in the period															
2. Amount utilized in the period															
(VI) Others															
IV. Closing balance of the current period	1,780,377,511.00				4,838,937,706.35		-2,759,373		87,139,560.14		3,881,526,167.30		10,587,978,185.42	33,243,061.28	10,621,221,246.70

### 8. Statement of changes in owners' equity of the parent company

Amount in the current period

In RMB

Item	2021											Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Others	
		Preference shares	Perpetual bonds	Others								
I. Closing balance of the preceding year	1,780,377,511.00				6,179,334,010.36				87,139,560.14	370,756,098.26		8,417,607,179.76
Add: Changes in accounting policies												
Corrections of prior period errors												
Others												
II. Opening balance of the current year	1,780,377,511.00				6,179,334,010.36				87,139,560.14	370,756,098.26		8,417,607,179.76

III. Changes for the year (decrease is indicated by “-”)	90,343,304.00				4,405,448,797.20				17,885,823.15	-70,476,668.12		4,443,201,256.23
(I) Total comprehensive income										178,858,231.46		178,858,231.46
(II) Owners' contributions and reduction in capital	90,343,304.00				4,405,448,797.20							4,495,792,101.20
1. Ordinary shares contributed by owners	90,343,304.00				4,405,448,797.20							4,495,792,101.20
2. Capital contribution from holders of other equity instruments												
3. Share-based payment recognized in owners' equity												
4. Others												
(III) Profit distribution									17,885,823.15	-249,334,899.58		-231,449,076.43
1. Transfer to surplus reserve									17,885,823.15	-17,885,823.15		
3. Distributions to owners (shareholders)										-231,449,076.43		-231,449,076.43
3.Others												
(IV) Transfers within owners' equity												
1. Capitalization of capital reserve												
2. Capitalization of surplus reserve												
3. Loss offset by surplus reserve												
4.Retained earnings carried forward from changes in defined benefit plans												

5. Retained earnings carried forward from other comprehensive income												
6. Others												
(V) Special reserve												
1. Transfer to special reserve in the period												
2. Amount utilized in the period												
(VI) Others												
IV. Closing balance of the current period	1,870,720,815.00				10,584,782,807.56				105,025,383.29	300,279,430.14		12,860,808,435.99

Amount in prior period

In RMB

Item	2020											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Others	Total owners' equity
		Preference shares	Perpetual bonds	Others								
I. Closing balance of the preceding year	1,780,377,511.00				6,179,334,010.36				84,782,321.71	527,578,703.45		8,572,072,546.52
Add: Changes in accounting policies												
Corrections of prior period errors												
Others												
II. Opening balance of the current year	1,780,377,511.00				6,179,334,010.36				84,782,321.71	527,578,703.45		8,572,072,546.52
III. Changes for the year (decrease is indicated by "-")									2,357,238.43	-156,822,605.19		-154,465,366.76
(I) Total comprehensive income										23,572,384.34		23,572,384.34

(II) Owners' contributions and reduction in capital												
1. Ordinary shares contributed by owners												
2. Capital contribution from holders of other equity instruments												
3. Share-based payment recognized in owners' equity												
4. Others												
(III) Profit distribution								2,357,238.43	-180,394,989.53			-178,037,751.10
1. Transfer to surplus reserve								2,357,238.43	-2,357,238.43			
3. Distributions to owners (shareholders)									-178,037,751.10			-178,037,751.10
3. Others												
(IV) Transfers within owners' equity												
1. Capitalization of capital reserve												
2. Capitalization of surplus reserve												
3. Loss offset by surplus reserve												
4. Retained earnings carried forward from changes in defined benefit plans												
5. Retained earnings carried forward from other comprehensive												



income												
6.Others												
(V) Special reserve												
1. Transfer to special reserve in the period												
2. Amount utilized in the period												
(VI) Others												
IV. Closing balance of the current period	1,780,377,511.00				6,179,334,010.36				87,139,560.14	370,756,098.26		8,417,607,179.76

### III. Basic Information

Mango Excellent Media Co., Ltd. (hereinafter referred to as the “Company”), formerly known as Happigo Inc., was established on the basis of the overall change of Happigo Co., Ltd. It completed the registration with the Administration for Industry and Commerce of Changsha City, Hunan Province on December 28, 2005, with the headquarter located in Changsha City, Hunan Province. In July 2018, the Company changed its name from “Happigo Inc.” to “Mango Excellent Media Co., Ltd”. Currently, the Company holds a business license with unified social credit code numbered 91430100782875193K, with registered capital amounting to RMB1,870,720,815.00 and a total of 1,870,720,815 shares (with the par value of RMB 1 per share) comprising restricted outstanding A-share of 939,364,200 shares and unrestricted A-share of 931,356,700 shares as of December 31, 2021. The Company’s shares were listed for trading on the Shenzhen Stock Exchange on January 21, 2015.

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

These financial statements were approved by the 8th meeting of the fourth board of directors of the Company on April 21, 2022 for issuance.

Twenty-seven companies including Hunantv.com Interactive Entertainment Media Co., Ltd. (hereinafter referred to as “Huntv.com”), Shanghai EE-Media Co., Ltd. (hereinafter referred to as “EE-Media”), and Happigo Co., Ltd. were included in the scope of the consolidated financial statements for the current period. For details, please see Note VIII and Note IX to the Financial Statements.

### IV. Basis of Preparation of Financial Statements

#### 1. Basis of preparation

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

#### 2. Going-concerning

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

## V. Significant Accounting Policies and Accounting Estimates

Reminders on specific accounting policies and accounting estimates:

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

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

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

### 2. Accounting period

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

### 3. Operating cycle

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

### 4. Functional currency

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

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

#### 1. Accounting treatment of business combination involving enterprises under common control

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

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

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

## 6. Method of preparation of financial statements

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

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

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

## 8. Recognition of cash and cash equivalents

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

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

### 1. Translation of foreign currency transactions

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

### 2. Translation of foreign currency financial statements

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

## 10. Financial instruments

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

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

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

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

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

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

### (2) Subsequent measurement of financial assets

#### 1) Financial assets at amortized cost

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

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

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

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

Investments in equity instruments at fair value through other comprehensive income are subsequently measured at fair value. Dividends received (other than those received as recovery of investment cost) are recognized in profit or loss for the current period, and other gains or losses are recognized in other comprehensive income. On derecognition, the cumulative gain or loss previously included in other comprehensive income is removed out from other comprehensive income and included in retained earnings.

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

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

### (3) Subsequent measurement of financial liabilities

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

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

included in other comprehensive income is removed out from other comprehensive income and included in retained earnings.

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

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

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

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

4) Financial liabilities at amortized cost

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

(4) Derecognition of financial assets and financial liabilities

1) Financial assets are derecognized when:

① the contractual right to receive cash flows from the financial assets has expired; or  
 ② the financial assets have been transferred and such transfer meets the criteria for derecognition of financial assets as set forth in the *Accounting Standards for Business Enterprises No. 23 -- Transfer of Financial Assets*.

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

3. Determination and measurement of financial assets transferred

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

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

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

The Company adopts the valuation techniques applicable to the current situations and with sufficient data available and support of

other information to determine the fair value of financial assets and financial liabilities. The Company classifies the inputs used by the valuation techniques in the following levels and uses them in turn:

- (1) Level 1 inputs: quoted market price (unadjusted) in an active market for an identical asset or liability available at the date of measurement;
- (2) Level 2 inputs: inputs other than inputs included within Level 1 that are observable directly or indirectly. This category includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, observable inputs other than quoted prices (such as interest rate and yield curves observable during regular intervals of quotation), and inputs validated by the market;
- (3) Level 3 inputs: inputs that are unobservable. This category includes interest rate or stock volatility that cannot be directly observed or validated by observable market data, future cash flows from retirement obligation incurred in business combinations, and financial forecasts made using own data.

#### 5. Impairment of financial instruments

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

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

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

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

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

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

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

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

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

to their common risk characteristics.

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

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

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

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

1) Specific grouping and method for measuring expected credit losses

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

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

Aging	Accounts receivable Rate of expected credit loss (%)
Group I: Mango TV Internet Video Business (Hunantv.com)	
Within 1 year (inclusive, same below)	5.00
More than 1 year but not exceeding 2 years	10.00
More than 2 years but not exceeding 3 years	30.00
More than 3 years but not exceeding 4 years	50.00
More than 4 years but not exceeding 5 years	100.00
Over 5 years	100.00
Group II: New media interactive entertainment production and operation, , content e-business and others (companies other than Hunantv.com)	
Within 1 year (inclusive, same below)	1.00
More than 1 year but not exceeding 2 years	5.00
More than 2 years but not exceeding 3 years	10.00
More than 3 years but not exceeding 4 years	30.00
More than 4 years but not exceeding 5 years	50.00
Over 5 years	100.00

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

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

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

## 11. Inventories

The Company shall comply with the disclosure requirements for “Internet Video Business” set forth in the *Guide on Self-regulatory Supervision for Companies Listed on the Shenzhen Stock Exchange No. 4 – Disclosure of Industry Information by the Companies Listed on the ChiNext Board*.

### 1. Classification of inventories

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

### 2. Pricing methods of inventories transferred out

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

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

At the balance sheet date, inventories are measured at the lower of cost and net realizable value, and the provision for decline in value of inventories is determined on an item-by-item basis. For inventories available for sales, in the ordinary production and operation process, their net realizable value is determined at the estimated selling price of these inventories less the estimated costs necessary to make the sale and relevant taxes; for the inventories that need to be processed, in the ordinary production and operation process, their net realizable value is determined at the estimated selling price of finished products less the estimated costs of



completion and the estimated costs necessary to make the sale and relevant taxes. At the balance sheet date, where a part of an inventory is subject to the contract price agreement and other parts of the same inventory has no such agreement, their net realizable value is determined separately, and by comparing them with their corresponding cost, the amount made for or reversal of the provision for decline in value of inventories is determined separately.

#### 4. Inventory systems for inventories

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

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

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

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

##### (2) Packing materials

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

## 12. Contract assets

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

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

## 13. Contract costs

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

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

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

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

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

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

## 14. Long-term equity investments

### 1. Judgment criteria of joint control and significant influence

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

### 2. Determination of investment cost

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

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

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

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

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

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

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

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

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

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

##### (1) Separate financial statements

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

##### (2) Consolidated financial statements

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

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

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

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

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

## 15. Fixed assets

### (1) Criteria for recognition

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

**(2) Depreciation**

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

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

**(3) Recognition, valuation and depreciation of fixed assets leased in under finance leases****16. Construction in progress**

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

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

**17. Borrowing costs**

## 1. Recognition of capitalization of borrowing costs

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

## 2. Period of capitalization of borrowing costs

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

(2) Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, when the interruption is for a continuous period of more than 3 months. The borrowing costs incurred during these periods are recognized as an expense for the current period until the acquisition, construction or production activity is resumed.

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

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

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

## 18. Right of use assets

A right of use asset is the right of the Company as the lessee to use the leased asset within the lease term. The Company recognizes the right of use asset for leases at the commencement date of the lease term. A right of use asset is recognized if the economic benefits relating to it are very likely to flow to the Company and its cost can be reliably measured.

The right of use asset is initially measured at cost, which includes: 1) the initially measured amount of the lease liability; 2) the lease payments made on or before the commencement date of the lease term less the amount related to lease incentives (if any); 3) the initial direct costs incurred by the lessee; 4) the costs that the lessee expects to incur in order to dismantle and remove the leased asset, restore the site where the leased asset locates, or restore the leased asset to the condition agreed upon in the lease terms.

The Company depreciates the right of use asset on a straight-line basis. If it reasonably ensures that ownership of the leased assets will be obtained at the expiry of the lease term, the Company will depreciate the leased assets over their remaining useful lives. If not, the Company will depreciate the leased asset over the shorter of the lease term or the remaining useful life of the leased asset.

## 19. Intangible assets

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

The Company shall comply with the disclosure requirements for “Internet Video Business” set forth in the *Guide on Self-regulatory Supervision for Companies Listed on the Shenzhen Stock Exchange No. 4 – Disclosure of Industry Information by the Companies Listed on the ChiNext Board*.

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

2. Service life and amortization method

(1) Amortization and carryforwards of film and television copyrights

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

When the film and television copyright is used for distribution, the right to use and income right, etc. shared jointly or enjoyed respectively by the Company and its counterparty after distribution should be transferred as the book cost of the intangible assets at

the lower of the income amount and the amortized book value of intangible assets from the date on which they satisfy the recognition criteria of revenue. If the amortized value after transfer is still greater than zero, they continue to be amortized using the original amortization method during the remaining amortization period.

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

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

Item	Amortization period (years)
Land use rights	49
Software	3-10
Trademarks and domain names	Trademarks and domain names
Authorized use period	10
Patent license fee	3
Game copyright	Period granted by the contract

## (2) Accounting policy on in-house research and development expenditures

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

## 20. Impairment of long-term assets

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

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

## 21. Long-term prepaid expenses

Long-term prepaid expenses are expenses that have already been incurred but should be amortized over a period of more than one year (exclusive). Long-term prepaid expenses are stated as incurred and are amortized evenly by stages within the benefit period or specified period. If an item of long-term prepaid expenses will not benefit the subsequent periods, the amortized value of the item

that has not yet been amortized is wholly transferred to profit or loss for the current period.

## **22. Contract liabilities**

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

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

## **23. Employee benefits**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **24. Lease liabilities**

At the commence date of the lease term, the Company recognizes the present value of the outstanding lease payments as a lease liability. When calculating the present value of lease payments, the interest rate in the lease is determined as the discount rate. If the interest rate in the lease is unavailable, the Company's incremental borrowing rate is determined as the discount rate. The difference between the lease payments and their present value is recognized as an unrecognized financing expense, with interest expenses recognized at the discount rate used to recognize the present value of the lease payments and charged to profit or loss for the current period over the term of the relevant lease. The variable lease payments not measured as the lease liability are recognized in profit or loss when they are actually incurred.

After the commencement date of the lease term, when there is a change in the substantive fixed payments, the expected amount of payable for the guaranteed residual value, the index or rate used to determine the lease payments, or the evaluation result or actual exercise of the purchase option, renewal option or termination option, the Company will remeasure the lease liability at the present value of the changed lease payments and adjusts the carrying amount of the right of use asset accordingly. If the carrying amount of the right of use asset has been reduced to nil but the lease liability still needs to be further reduced, the remaining amount will be recognized in profit or loss for the current period.

### **25. Provisions**

1. An obligation arising from any external guarantee, litigation, product quality warranty, onerous contract or other contingencies is recognized as a provision if it is a present obligation assumed by the Company, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably measured.
2. Provisions are initially measured according to the best estimates of the expenditures required to settle the related present obligations. The carrying amount of provisions is reviewed at the balance sheet date.

### **26. Revenue**

The accounting policies adopted for the recognition and measurement of revenue

#### **1. Revenue recognition**

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

When meeting one of the following criteria, it belongs to the obligation performed over time, otherwise it constitutes the obligation performed at a point in time: (1) the customer obtains and consumes the economic benefits generated by the Company's performance when the Company performs the contract; (2) the customer can control the products under construction in the process of the Company's performance; (3) the products produced in the process of the Company's performance have irreplaceable uses, and the



Company has the right to collect payment for the cumulative performance that has been completed up to date throughout the term of the contract.

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

## 2. Revenue measurement

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

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

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

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

## 3. Specific methods for revenue recognition

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

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

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

The Company provides membership, artiste, operator and financial services, etc. As the customer obtains and consumes the economic benefits generated by the Company's performance when the Company performs the contract, the customer can control the goods or services under construction in the process of the Company's performance, the services or goods provided in the process of

the Company's performance have irreplaceable uses, and the Company has the right to collect payment for the cumulative performance that has been completed up to date throughout the term of the contract, the Company regards it as a performance obligation over time and recognizes revenue according to the performance progress, unless the performance progress cannot be reasonably determined. The Company determines the progress of performance obligation using the output method/input method. When the performance progress cannot be reasonably determined, and the costs incurred by the Company are expected to be recoverable, revenue is recognized to the extent of costs incurred until the performance progress can be reasonably determined.

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

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

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

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

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

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

(2) Revenue from advertising service

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

(3) Revenue from member service

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

(4) Royalty revenue

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

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

2) Revenue from joint copyright investment

① Investment in film and television series and other programs in which the Company does not hold copyright

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

② Investment in film and television series and other programs in which the Company holds joint copyright

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

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

Such revenue is recognized in two different ways:

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

### 3) Specific methods for cost recognition

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

#### (5) Revenue from operator service

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

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

#### (6) Revenue from sale of hardware

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

#### (7) Recognition of revenue from artiste agent service

##### 1) Artiste performance service

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

##### 2) Artiste shooting service

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

### 3) Artiste endorsement service

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

### (8) Derivative revenue from films, TV plays and programs

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

### (9) Revenue from games

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

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

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

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

### (10) Revenue from H5 interaction

Revenue from H5 interaction mainly comes from H5 interactive advertisements placed by clients in the television programs of Hunan

TV, and is recognized after the showing of the relevant programs on Hunan TV.

#### (11) Revenue from wireless value-added service

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

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

None

## 27. Government grants

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

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

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

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

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

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

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

(1) If the Ministry of Finance appropriates the interest subsidies to the lending bank, and then the lending bank offers a loan to the Company at the policy-based preferential interest rate, the Company recognizes the loan amount actually received as the recorded amount of the loan, and calculates the borrowing costs according to the loan principal and such policy-based preferential interest rate.

(2) If the Ministry of Finance directly appropriates the interest subsidies to the Company, the Company offsets the corresponding

interest subsidy against the related borrowing costs.

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

1. The difference between the tax base of an asset or liability and its carrying amount (or in case of an item not recognized as asset or liability whose tax base can be determined according to the applicable tax law, the difference between its tax base and carrying amount), is recognized as a deferred tax asset or deferred tax liability according to the tax rate applicable to the period in which the asset or liability is expected to be recovered or settled.
2. Deferred income tax assets are recognized to the extent of the amount of income tax payable that will be available in future periods against which deductible temporary differences are deductible. At the balance sheet date, deferred tax assets not recognized in prior periods are recognized if there's conclusive evidence that it is probable that sufficient taxable income will be available in future periods against which the deductible temporary differences are deductible.
3. At the balance sheet date, the carrying amount of a deferred tax asset is reviewed. The Company reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable income will be available in future periods to allow the benefit of the deferred tax asset to be utilized. Any such reduction in amount is reversed to the extent that it becomes probable that sufficient taxable income will be available.
4. Current and deferred tax of the Company is recognized as income or an expense and included in profit or loss for the current period, except to the extent that the tax arises from: (1) business combination; or (2) a transaction or event which is recognized directly in owner's equity.

## **29. Lease**

### **(1) Accounting treatment for operating lease**

#### 1. The Company as a lessee

At the commencement date of the lease term, the Company recognizes a lease with a lease term not more than 12 months that include no purchase option as short-term lease; and a lease at lower value when the individually leased asset is brand-new as low-value asset lease. If the Company subleases or expects to sublease the leased assets, the original lease is not recognized as a low-value asset lease.

For all short-term lease and low-value asset lease, the Company recognizes the lease payments in the cost of relevant assets or profit or loss for the current period on a straight-line basis over the term of the relevant lease.

#### 2. The Company as a lessor

At the commencement date of the lease term, the Company classifies a lease as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, and all other leases as operating leases.

The Company recognizes lease receipts as rental income on a straight-line basis over the term of the relevant lease, with initial direct costs incurred capitalized and apportioned on the same basis of recognizing rental income to include in profit or loss for the current period separately. Variable lease payments obtained by the Company relevant to operating leases that are not included in the lease receipts are recognized in profit or loss when they are actually incurred.

### **(2) Accounting treatment for finance lease**

#### 1. The Company as a lessee

At the commencement date of the lease term, the Company recognizes right of use asset and lease liability for a lease, with details referring to Right of use assets and Lease liabilities described above.

#### 2. The Company as a lessor

At the commencement date of the lease term, the Company recognizes the finance lease receivable at the net value of lease investment (the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the commencement date of the lease term that are discounted at the interest rate in the lease) and derecognizes the finance lease asset. Over the term of the relevant lease, the Company calculates and recognizes interest income based on the interest rate in the lease.

Variable lease payments obtained by the Company that are not included in the net value of lease investment are recognized in profit or loss when they are actually incurred.

### 30. Other significant accounting policies and accounting estimates

#### Customer credit policy

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

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

#### (1) Changes in significant accounting policies

√ Applicable □ N/A

Changes in accounting policies and associated reasons	Approval procedure	Remark
Changes in accounting policies caused by changes in Accounting Standards for Business Enterprises	Approved by the Company at the 36th meeting of the 3rd board of directors held on April 22, 2021.	New Lease Standard

1. The Company implemented the revised *Accounting Standards for Business Enterprises No. 21—Lease* (the “New Lease Standard”) from January 1, 2021 (the “First Implementation Date”).

(1) For contracts existing before the First Implementation Date, the Company chooses not to reassess whether they are leases or include leases.

(2) For lease contracts in which the Company is a lessee, the Company retrospectively adjusts the amount of retained earnings and other related items in the financial statements at the beginning of the reporting period in accordance with the cumulative effects arising from the implementation of the New Lease Standard comparing with the previous standard on the First Implementation Date, with the information for the comparable period not adjusted. The details are shown as follows:

For operating leases prior to the First Implementation Date, the Company, on the First Implementation Date, measures the lease liability based on the present value of the remaining lease payments discounted at the Company’s incremental borrowing rate on the First Implementation Date, and the right of use asset at an amount equal to the lease liability with necessary adjustments for prepaid rentals.

On the First Implementation Date, the Company makes impairment tests and relevant accounting treatments for right of use assets in accordance with Note V (20) to the Financial Statements.

1) The main impacts of the New Lease Standard on the Company’s financial statements on January 1, 2021 are presented as follows:

Item	Balance Sheet		
	December 31, 2020	Adjustment impacts of New Lease Standard	January 1, 2021

Prepayment	1,398,350,153.72	-409,160.33	1,397,940,993.39
Right of use assets		217,783,996.12	217,783,996.12
Non-current liabilities due within one year		48,596,782.45	48,596,782.45
Lease liabilities		168,778,053.34	168,778,053.34

2) The lease liabilities included in the balance sheet on the First Implementation Date adopts 3.85% as the weighted average of the Company's incremental borrowing rate.

3) Simplified treatment applied to operating leases prior to the First Implementation Date

A. For lease contracts completed within 12 months after the First Implementation Date, the Company applies simplified method and does not recognize right of use assets and lease liabilities.

B. The Company adopts the same discount rate for lease contracts with similar characteristics like similar lease terms in measuring lease liabilities.

C. The measurement of right of use assets does not involve initial direct costs.

D. The Company determines the lease term based on the actual exercise of the option to renew or to terminate the lease and other latest information prior to the First Implementation Date.

E. As an alternative of the impairment test for right of use asset, the Company assesses whether the contract including a lease is an onerous contract prior to the First Implementation Date in accordance with *the Accounting Standards for Business Enterprises No. 13 - Contingencies* and adjusts the right of use asset by the amount of loss provision recorded at the balance sheet date prior to the First Implementation Date.

F. If a lease changes prior to the First Implementation Date, the Company will make accounting treatment in accordance with the final arrangement of the lease change.

The above simplified treatment has brought no significant impact on the Company's financial statements.

(3) For operating lease contracts related to low-value assets that have existed before the First Implementation Date, the Company adopts simplified treatments of not recognizing right of use assets and lease liabilities, and accounting for them in accordance with the New Lease Standard from the First Implementation Date.

(4) For lease contracts in which the Company is a lessor, the Company will account for the lease contracts in accordance with the New Lease Standard from the First Implementation Date.

2. The Company implements the *Interpretation No. 14 of the Accounting Standards for Business Enterprises* issued by the Ministry of Finance in 2021 from January 26, 2021, and changes in the accounting policy bring no impact on the Company's financial statements.

3. The Company implements the "Presentation of Centralized Management of Funds" in *Interpretation No. 15 of the Accounting Standards for Business Enterprises* issued by the Ministry of Finance from December 31, 2021, and changes in the accounting policy bring no impact on the Company's financial statements.

## (2) Changes in significant accounting estimates

Applicable  N/A

## (3) Description of adjustments in opening balances of line items in financial statements of the year due to first implementation of New Lease Standard since 2021

Applicable  N/A

Did the opening balances of line items in the balance sheet require adjustment?



√ Yes □ No

## Consolidated balance sheet

In RMB

Item	December 31, 2020	January 1, 2021	Adjusted amount
Current Assets:			
Cash and bank balances	5,336,319,786.70	5,336,319,786.70	
Balances with clearing agencies			
Placements with banks and other financial institutions			
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable	2,976,696,672.95	2,976,696,672.95	
Receivable financing	164,410,000.00	164,410,000.00	
Prepayments	1,398,350,153.72	1,397,940,993.39	-409,160.33
Premium receivable			
Amounts receivable under reinsurance contracts			
Reinsurer's share of insurance contract reserves			
Other receivables	51,168,090.47	51,168,090.47	
Including: dividends receivable			
Dividends receivable			
Financial assets purchased under resale agreements			
Inventories	1,660,324,608.09	1,660,324,608.09	
Contract assets	817,451,396.56	817,451,396.56	
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	520,087,664.20	520,087,664.20	
Total current assets	12,924,808,372.69	12,924,399,212.36	-409,160.33
Non-current assets:			

Loans and advances to customers			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	22,882,969.51	22,882,969.51	
Other investments in equity instruments			
Other non-current financial assets			
Investment properties			
Fixed assets	186,924,296.25	186,924,296.25	
Construction in progress			
Bearer biological assets			
Oil and gas assets			
Right of use assets		217,783,996.12	217,783,996.12
Intangible assets	5,894,454,399.68	5,894,454,399.68	
Development expenditure	157,264,231.85	157,264,231.85	
Goodwill			
Long-term prepaid expenses	77,342,051.99	77,342,051.99	
Deferred income tax assets			
Other non-current assets	2,023,481.01	2,023,481.01	
Total non-current assets	6,340,891,430.29	6,558,675,426.41	217,783,996.12
Total assets	19,265,699,802.98	19,483,074,638.77	217,374,835.79
Current liabilities:			
Short term borrowings	39,789,110.68	39,789,110.68	
Loans from the central bank			
Taking from banks and other financial institutions			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	712,292,035.75	712,292,035.75	
Accounts payable	5,217,087,330.62	5,217,087,330.62	
Receipts in advance			

Contract liabilities	1,330,475,023.10	1,330,475,023.10	
Financial assets sold under repurchase agreements			
Customer deposits and deposits from banks and other financial institutions			
Funds from securities trading agency			
Funds from underwriting securities agency			
Employee benefits payable	856,712,827.84	856,712,827.84	
Taxes payable	131,527,885.95	131,527,885.95	
Other payables	160,651,194.91	160,651,194.91	
Including: interest payable			
Dividends payable			
Fees and commissions payable			
Amounts payable under reinsurance contracts			
Held-for-sale liabilities			
Non-current liabilities due within one year		48,596,782.45	48,596,782.45
Other current liabilities	138,698,825.59	138,698,825.59	
Total current liabilities	8,587,234,234.44	8,635,831,016.89	48,596,782.45
Non-current liabilities:			
Insurance contract reserves			
Long-term borrowings			
Bonds payable			
Including: preferred shares			
Perpetual bonds			
Lease liabilities		168,778,053.34	168,778,053.34
Long-term payables			
Long-term employee benefits payable			
Provisions	8,305,486.15	8,305,486.15	
Deferred income	48,938,835.69	48,938,835.69	

Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities	57,244,321.84	226,022,375.18	168,778,053.34
Total liabilities	8,644,478,556.28	8,861,853,392.07	217,374,835.79
Owner's equity:			
Share capital	1,780,377,511.00	1,780,377,511.00	
Other equity instruments			
Including: preferred shares			
Perpetual bonds			
Capital reserve	4,838,937,706.35	4,838,937,706.35	
Less: treasury shares			
Other comprehensive income	-2,759.37	-2,759.37	
Special reserve			
Surplus reserve	87,139,560.14	87,139,560.14	
General risk reserve			
Undistributed profit	3,881,526,167.30	3,881,526,167.30	
Total owners' equity attributable to equity holders of the parent company	10,587,978,185.42	10,587,978,185.42	
Minority interests	33,243,061.28	33,243,061.28	
Total owners' equity	10,621,221,246.70	10,621,221,246.70	
Total liabilities and owners' equity	19,265,699,802.98	19,483,074,638.77	217,374,835.79

#### Descriptions of adjustments

On January 1, 2021, the Company began to implement the *Notice on Revision and Issuance of the Accounting Standards for Business Enterprises No. 21 - Leases* (Cai Kuai [2018] No. 35) (the "New Lease Standard"), according to which the prepaid rent recognized in prepayments was transferred to right of use assets, and leases other than short-term and low-value leases were recognized as right of use assets and lease liabilities.

#### Balance sheet of the parent company

In RMB

Item	December 31, 2020	January 1, 2021	Adjusted amount
Current Assets:			
Cash and bank balances	405,729,095.82	405,729,095.82	
Held-for-trading financial assets			

Derivative financial assets			
Notes receivable			
Accounts receivable			
Receivable financing			
Prepayments	270,000.00	270,000.00	
Other receivables	260,068,347.20	260,068,347.20	
Including: dividends receivable			
Dividends receivable			
Inventories			
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	3,194,254.68	3,194,254.68	
Total current assets	669,261,697.70	669,261,697.70	
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	7,780,583,738.35	7,780,583,738.35	
Other investments in equity instruments			
Other non-current financial assets			
Investment properties			
Fixed assets	1,305,884.91	1,305,884.91	
Construction in progress			
Bearer biological assets			
Oil and gas assets			
Right of use assets		10,702,835.07	10,702,835.07
Intangible assets	803,907.00	803,907.00	
Development expenditure			
Goodwill			

Long-term prepaid expenses	5,579,058.77	5,579,058.77	
Deferred income tax assets			
Other non-current assets			
Total non-current assets	7,788,272,589.03	7,798,975,424.10	
Total assets	8,457,534,286.73	8,468,237,121.80	10,702,835.07
Current liabilities:			
Short term borrowings			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable			
Receipts in advance			
Contract liabilities			
Employee benefits payable	31,708,478.30	31,708,478.30	
Taxes payable	545,679.40	545,679.40	
Other payables	7,672,949.27	7,672,949.27	
Including: interest payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one year		1,699,498.72	1,699,498.72
Other current liabilities			
Total current liabilities	39,927,106.97	41,626,605.69	1,699,498.72
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: preferred shares			
Perpetual bonds			
Lease liabilities		9,003,336.35	9,003,336.35
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			

Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		9,003,336.35	9,003,336.35
Total liabilities	39,927,106.97	50,629,942.04	10,702,835.07
Owner's equity:			
Share capital	1,780,377,511.00	1,780,377,511.00	
Other equity instruments			
Including: preferred shares			
Perpetual bonds			
Capital reserve	6,179,334,010.36	6,179,334,010.36	
Less: treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve	87,139,560.14	87,139,560.14	
Undistributed profit	370,756,098.26	370,756,098.26	
Total owners' equity	8,417,607,179.76	8,417,607,179.76	
Total liabilities and owners' equity	8,457,534,286.73	8,468,237,121.80	10,702,835.07

#### Descriptions of adjustments

On January 1, 2021, the Company began to implement the *Notice on Revision and Issuance of the Accounting Standards for Business Enterprises No. 21 - Leases* (Cai Kuai [2018] No. 35) (the "New Lease Standard"), according to which the prepaid rent recognized in prepayments was transferred to right of use assets, and leases other than short-term and low-value leases were recognized as right of use assets and lease liabilities.

#### (4) Description of retrospective adjustments in comparative data in prior periods due to the first implementation of New Lease Standard from 2021

Applicable  N/A

### 32. Others

## VI. Taxes

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

Tax type	Taxation basis	Tax rate
VAT	VAT payable is the output tax based on the sales of goods and taxable labor income	13%, 9%, 5%, 6%, 3%

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

Disclosure of taxpayers with different rates of enterprise income tax:

Taxpayer	Rate of enterprise income tax
Happigo Co., Ltd.	Tax exemption
Happy Sunshine	Tax exemption
Horgos Happy Sunshine Media Co., Ltd.	Tax exemption
Mango Studios Co., Ltd.	Tax exemption
Mango Entertainment Co., Ltd.	Tax exemption
Hunan Happy Mango Fun Technology Co., Ltd.	Tax exemption
Hunan E.E. Media Film and Television Production Co. Ltd.	Tax exemption
Mango Fun Technology	12.5%
Hainan E.E. Media Co., Ltd.	15%
Happy Sunshine Xingmang Interactive Entertainment Media Co., Ltd.	15%
Dameiren Global Trading Co., Limited	8.25%, 16.5%
Happy Sunshine (Hong Kong) Media Company Limited	8.25%, 16.5%
Other taxpayers excluding above ones	25%

## 2. Tax incentives

1. Happy Sunshine, Happigo Co., Ltd., Mango Studios, Mango Entertainment, Hunan Happy Mango Fun Technology Co., Ltd., and Hunan E.E. Media Film and Television Production Co. Ltd. are enterprises transformed from cultural public institutions with for-profit operations approved by the Ministry of Finance and the State Administration of Taxation. In accordance with the *Notice of*



*Continuing Implementing Several Tax Policies for the Transformation of Cultural Public Institutions with For-Profit Operations into Enterprises During the Cultural System Reform* jointly issued by the Ministry of Finance, the State Administration of Taxation, and the Publicity Department of the CPC Central Committee (Cai Shui (2019) No. 16) in February 2019, cultural enterprises transformed are qualified to be exempt from enterprise income tax within five years from January 1, 2019. This period is the third year of exempting from enterprise income tax.

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

3. Mango Fun has been evaluated as a software enterprise in accordance with the requirements in *Several Policies on Further Encouraging the Development of the Software and Integrated Circuit Industries* (Guo Fa (2011) No. 4) and the *Evaluation Standard for Software Enterprises*. In accordance with the *Notice of the Ministry of Finance, the State Administration of Taxation on Enterprise Income Tax Policies for Further Encouraging the Development of Software and Integrated Circuit Industries* (Cai Shui [2012] No. 27), Mango Fun's tax incentive period should commence from 2017, the first year of earning profits, which means Mango Fun can be exempted from enterprise income tax from the first year to the second year, and is eligible for a halved tax rate (i.e. 25%) from the third year to the fifth year until the tax incentive period expires. This period is the third year of being eligible for a halved tax rate.

4. Happy Sunshine Xingmang Interactive Entertainment Media Co., Ltd., Hainan E.E. Media Co., Ltd. is qualified as an encouraged enterprise registered and substantially operating in Hainan Free Trade Port in accordance with the *Notice of Income Tax Incentive Policies for Enterprises in Hainan Free Trade Port* (Cai Shui [2020] No. 31) by the Ministry of Finance and the State Taxation Administration, thus its enterprise income tax is levied at a reduced rate of 15%.

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

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

7. In accordance with the *Announcement on Taxation Support Policies for Film and Other Industries* (Announce No. 25 issued by the Ministry of Finance and the State Administration of Taxation in 2020), the Company is exempted from cultural undertaking construction fees from January 1, 2020 to December 31, 2020. In accordance with the *Announcement of the Ministry of Finance and the State Administration of Taxation on Continuing the Implementation of Certain Tax Preferential Policies Responding to the COVID-19 Outbreak* (Announce No. 21 issued by the Ministry of Finance and the State Administration of Taxation in 2021), the Company is exempted from cultural undertaking construction fees until December 31, 2021.

### 3. Others

## VII. Notes to Items in the Consolidated Financial Statements

### 1. Cash and bank balances

In RMB

Item	Closing balance	Opening balance
Cash on hand	42,803.61	86,976.40
Bank deposits	6,952,751,972.39	5,317,984,735.78
Other monetary funds	21,670,375.81	18,248,074.52
Total	6,974,465,151.81	5,336,319,786.70
Total amount of funds restricted in use due to mortgage, pledge or freezing, etc.	63,087,237.63	21,856,302.69

Other descriptions

In the closing balance of bank balances, the amount of RMB5,000.00 using as POS deposits and the amount of RMB61,862,026.15 frozen due to litigation are restricted to use.

In the closing balance of other monetary funds, the amount of RMB1,220,211.48 using as third-party deposits are restricted to use.

### 2. Held-for-trading financial assets

In RMB

Item	Closing balance	Opening balance
Financial assets measured at fair value with any changes accrued to the current profits and losses	3,410,000,000.00	
Including:		
Bank finance	3,410,000,000.00	
Including:		
Total	3,410,000,000.00	

Other descriptions:

### 3. Notes receivable

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

In RMB

Item	Closing balance	Opening balance
Bank acceptances	673,742,339.23	

Total	673,742,339.23
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In RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Carrying amount	Book balance		Bad debt provision		Carrying amount
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Including:										
Notes receivable for which the provision for bad debts are made by group	673,742,339.23	100.00%			673,742,339.23					
Including:										
Group of bank acceptances	673,742,339.23	100.00%			673,742,339.23					
Total	673,742,339.23	100.00%			673,742,339.23					

Provisions for bad debts made individually:

In RMB

Name	Closing balance			
	Book balance	Bad debt provision	Proportion	Reason for provisions

Provisions for bad debts made by group:

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion

Description of basis for determining the group:

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

Applicable  N/A

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

Provisions for bad debts made for the current period

In RMB

Category	Opening balance	Changes for the current period				Closing balance
		Provision	Recovery or reversal	Write-off	Others	

Significant recovery or reversal of bad debt provision for the current period:

Applicable  N/A

**(3) Notes receivable of the Company pledged at the end of the Reporting Period**

In RMB

Item	Pledged amount at the end of the period
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**(4) Notes receivable of the Company that have been endorsed or discounted and are not yet due as of the balance sheet date at the end of the Reporting Period**

In RMB

Item	Balance derecognized at the end of the period	Balance not derecognized at the end of the period
Bank acceptances		210,748,000.00
Total		210,748,000.00

**(5) Notes receivable of the Company that have been transferred to accounts receivable due to the drawers' failure of performance at the end of the Reporting Period**

In RMB

Item	Amount transferred to accounts receivable at the end of the Reporting Period
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Other descriptions

As it is unlikely for large state-owned commercial banks and listed joint-stock commercial banks to be unable to pay the matured acceptance bills, the Company derecognizes the above bank acceptances that have been endorsed or discounted. However, if these bank acceptances are not paid on maturity, the Company will still be jointly and severally liable to the holder in accordance with the provisions of the *Law on Negotiable Instruments*. Except those accepted by large state-owned commercial banks and listed joint-stock commercial banks, the Company derecognizes no other bank acceptances that have been endorsed or discounted.

**(6) Notes receivable actually written off for the current period**

In RMB

Item	Write-off amount
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Information of significant notes receivable that are written off:

In RMB

Entity	Nature of notes receivable	Write-off amount	Reason for write-off	Write-off procedures performed	Whether the amount arises from related-party transactions
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Description of write-off of notes receivable:

## 4. Accounts receivable

## (1) Disclosure of accounts receivable by category

In RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Carrying amount	Book balance		Bad debt provision		Carrying amount
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Accounts receivable for which the provision for bad debts are made individually	96,251,520.25	2.92%	57,616,847.28	59.86%	38,634,672.97	70,540,338.97	2.26%	49,824,633.16	70.63%	20,715,705.81
Including:										
Accounts receivable for which the provision for bad debts are made by group	3,198,630,401.64	97.08%	123,522,159.73	3.86%	3,075,108,241.91	3,053,563,568.97	97.74%	97,582,601.83	3.20%	2,955,980,967.14
Including:										
<b>Total</b>	<b>3,294,881,921.89</b>	<b>100.00%</b>	<b>181,139,007.01</b>	<b>5.50%</b>	<b>3,113,742,914.88</b>	<b>3,124,103,907.94</b>	<b>100.00%</b>	<b>147,407,234.99</b>	<b>4.72%</b>	<b>2,976,696,672.95</b>

Provisions for bad debts made individually:

In RMB

Name	Closing balance			
	Book balance	Bad debt provision	Proportion	Reason for provisions
The first	43,718,371.28	16,777,045.63	38.38%	Likely to be non-recoverable
The second	13,605,050.00	4,081,515.00	30.00%	Likely to be non-recoverable
The third	10,786,000.00	10,786,000.00	100.00%	Expected to be non-recoverable
The fourth	9,701,037.77	9,701,037.77	100.00%	Expected to be non-recoverable
The fifth	5,832,200.00	5,832,200.00	100.00%	Expected to be non-recoverable
The sixth	3,880,651.10	3,880,651.10	100.00%	Expected to be non-recoverable
The seventh	3,000,000.00	830,187.68	27.67%	Likely to be non-recoverable
The eighth	2,185,000.00	2,185,000.00	100.00%	Expected to be

				non-recoverable
Others	3,543,210.10	3,543,210.10	100.00%	Expected to be non-recoverable
Total	96,251,520.25	57,616,847.28	--	--

Provisions for bad debts made individually:

In RMB

Name	Closing balance			
	Book balance	Bad debt provision	Proportion	Reason for provisions

Provisions for bad debts made by group:

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion
Aging group	1,769,746,844.21	123,522,159.73	6.98%
Group of receivables from related parties controlled by the same actual controller	1,428,883,557.43		
Total	3,198,630,401.64	123,522,159.73	--

Description of basis for determining the group:

Provisions for bad debts made by group: aging group

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion
Within 1 year	1,230,532,020.41	53,572,481.28	4.35%
1-2 years	239,014,294.97	17,516,681.30	7.33%
2-3 years	266,864,072.98	39,026,384.35	14.62%
3-4 years	28,617,506.47	9,143,715.00	31.95%
4-5 years	1,494,849.98	1,038,798.40	69.49%
Over 5 years	3,224,099.40	3,224,099.40	100.00%
Total	1,769,746,844.21	123,522,159.73	--

Description of basis for determining the group:

Provisions for bad debts made by group:

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion

Description of basis for determining the group:

If a provision for bad debts is made for accounts receivable in accordance with the general model of expected credit losses, please

disclose relevant information on provisions for bad debts with reference to the disclosure method of other receivables.

Applicable  N/A

Disclosure by aging

In RMB

Aging	Book balance
Within 1 year (including)	2,610,801,538.75
1-2 years	353,131,856.11
2-3 years	272,414,533.08
Over 3 years	58,533,993.95
3-4 years	42,224,609.67
4-5 years	2,251,453.78
Over 5 years	14,057,930.50
Total	3,294,881,921.89

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

Provisions for bad debts made for the current period

In RMB

Category	Opening balance	Changes for the current period				Closing balance
		Provision	Recovery or reversal	Write-off	Others	
Provisions for bad debts made individually:	49,824,633.16	19,780,592.81	4,843,660.00	7,108,378.68	-36,340.01	57,616,847.28
Provisions for bad debts made by group:	97,582,601.83	25,970,093.72			-30,535.82	123,522,159.73
Total	147,407,234.99	45,750,686.53	4,843,660.00	7,108,378.68	-66,875.83	181,139,007.01

Significant recovery or reversal of bad debt provision for the current period:

In RMB

Entity	Amount of recovery or reversal	Method of recovery

## (3) Accounts receivable actually written off for the current period

In RMB

Item	Write-off amount
Accounts receivable	7,108,378.68

Information of significant accounts receivable that are written off:

In RMB

Entity	Nature of accounts receivable	Write-off amount	Reason for write-off	Write-off procedures performed	Whether the amount arises from related-party transactions
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Description of write-off of accounts receivable:

**(4) Top five closing balances of accounts receivable categorized by debtor**

In RMB

Entity	Closing balance of accounts receivable	Proportion of total closing balance of accounts receivable	Closing balance of provisions for bad debts
The first	1,039,093,242.60	31.54%	
The second	345,350,543.25	10.48%	
The third	229,332,314.07	6.96%	11,444,236.34
The fourth	80,962,500.00	2.46%	8,096,250.00
The fifth	64,132,446.09	1.95%	3,330,298.62
Total	1,758,871,046.01	53.39%	

**(5) Accounts receivable derecognized due to transfer of financial assets****(6) Amount of assets and liabilities arising from transfer of accounts receivable under continuing involvement**

Other descriptions:

**5. Receivable financing**

In RMB

Item	Closing balance	Opening balance
Bank acceptances	137,800,000.00	164,410,000.00
Total	137,800,000.00	164,410,000.00

Increase or decrease of receivable financing for the current period and changes in its fair value

 Applicable  N/A

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

 Applicable  N/A

Other descriptions:

At the end of the period, bank acceptances of the Company that have been endorsed or discounted but not yet due as of the balance sheet date amount to RMB161,846,150.00.



## 6. Prepayments

### (1) Presentation of prepayments by aging

In RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	1,420,518,067.67	77.44%	1,056,202,175.77	75.55%
1-2 years	174,255,538.14	9.50%	141,828,262.96	10.15%
2-3 years	103,322,639.16	5.63%	95,580,817.91	6.84%
Over 3 years	136,253,768.23	7.43%	104,329,736.75	7.46%
Total	1,834,350,013.20	--	1,397,940,993.39	--

Reasons for overdue settlement of prepayments with significant amounts and aged more than 1 year:

Entity	Closing balance	Reasons for unsettlement
The first	226,428,301.80	Prepayments for copyrights, pending broadcasting
The second	57,816,250.00	Undelivered goods
The third	49,999,516.00	Undelivered goods
The fourth	45,283,019.04	Prepayments for copyrights, pending broadcasting
The fifth	42,915,750.00	Undelivered goods
The sixth	31,733,651.04	Prepayments for copyrights, pending broadcasting
Sub-total	454,176,487.88	

### (2) Top five closing balances of prepayments categorized by receivers

Entity	Book balance	Proportion to total prepayments (%)
The first	226,428,301.80	11.53
The second	142,614,624.00	7.27
The third	90,085,653.58	4.59
The fourth	83,767,619.64	4.27
The fifth	71,094,383.44	3.62
Sub-total	613,990,582.46	31.28

Other descriptions: refer to Note VII (31) of this Financial Statement for the difference between beginning number and ending number of previous year (December 31, 2020).

## 7. Other receivables

In RMB

Item	Closing balance	Opening balance
Other receivables	40,568,403.37	51,168,090.47
Total	40,568,403.37	51,168,090.47

**(1) Interest receivable****1) Category of interest receivable**

In RMB

Item	Closing balance	Opening balance
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**2) Significant overdue interest**

In RMB

Borrower	Closing balance	Overdue period	Reason for overdue	If impaired and the judgement basis
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Other descriptions:

**3) Provisions for bad debts** Applicable  N/A**(2) Dividends receivable****1) Category of dividends receivable**

In RMB

Item (or investee)	Closing balance	Opening balance
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**2) Significant dividends receivable aging over one year**

In RMB

Item (or investee)	Closing balance	Aging	Reason for no recovery	If impaired and the judgement basis
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**3) Provisions for bad debts** Applicable  N/A

Other descriptions:

**(3) Other receivables****1) Category of other receivables by nature**

In RMB

Nature of receivables	Book balance at the end of the period	Book balance at the beginning of the period
Security deposit	20,865,460.51	17,122,521.77
Amount due to or from related parties	6,905,347.81	3,928,869.69
Suspense payments receivable	4,517,799.42	3,787,622.67
Petty cash	6,334,132.71	8,384,709.56
Receivables and payables	7,369,135.72	22,452,844.09
Total	45,991,876.17	55,676,567.78

**2) Provisions for bad debts**

In RMB

Bad debt provision	Stage I	Stage II	Stage III	Total
	Future 12-month ECL	Lifetime ECL (without credit impairment)	Lifetime ECL (with credit impairment)	
Balance as at January 1, 2021	831,767.93	146,161.29	3,530,548.09	4,508,477.31
Balance as at January 1, 2020 transferred to	—	—	—	—
-- Stage II	-36,005.87	36,005.87		
-- Stage III		-68,767.63	68,767.63	
Current provision	-226,560.61	-23,389.33	1,240,066.71	990,116.77
Current write-off			58,099.48	58,099.48
Other change	-17,021.80			-17,021.80
Balance as at December 31, 2021	552,179.65	90,010.20	4,781,282.95	5,423,472.80

Changes in book balance whose loss allowance changed significantly in the current period

 Applicable  N/A

Disclosure by aging

In RMB

Aging	Book balance
Within 1 year (including)	22,643,068.31
1-2 years	10,623,515.77

2-3 years	4,424,096.03
Over 3 years	8,301,196.06
3-4 years	1,711,684.08
4-5 years	322,093.82
Over 5 years	6,267,418.16
Total	45,991,876.17

### 3) Provisions, recovery or reversal of bad debts for the period

Provisions for bad debts made for the current period

In RMB

Category	Opening balance	Changes for the current period				Closing balance
		Provision	Recovery or reversal	Write-off	Others	
Provisions for bad debts made individually:	1,761,342.83	106,200.00			-6,812.94	1,860,729.89
Provisions for bad debts made by group:	2,747,134.48	1,228,298.72	344,381.95	58,099.48	-10,208.86	3,562,742.91
Total	4,508,477.31	1,334,498.72	344,381.95	58,099.48	-17,021.80	5,423,472.80

Significant recovery or reversal of provisions for bad debts for the current period:

In RMB

Entity	Amount of reversal or recovery	Method of recovery

### 4) Other receivables actually written off for the current period

In RMB

Item	Write-off amount
Other receivables	58,099.48

Information of significant other receivables that are written off:

In RMB

Entity	Nature of other receivables	Write-off amount	Reason for write-off	Write-off procedures performed	Whether the amount arises from related-party transactions

Description of the write-off of other receivables

**5) Top five closing balances of other receivables categorized by debtor**

In RMB

Entity	Nature of other receivables	Closing balance	Aging	Proportion of total closing balance of other receivables	Closing balance of provisions for bad debts
The first	Amount due to or from related parties	2,629,764.69	Over 5 years	5.72%	2,629,764.69
The second	Security deposit	2,000,000.00	2-3 years	4.35%	
The third	Security deposit	1,763,441.30	Within 1 year	3.83%	
The fourth	Security deposit	1,412,441.00	Within 1 year, 1-2 years, 2-3 years, and more than 5 years	3.07%	
The fifth	Security deposit	1,114,955.04	1-2 years	2.42%	
Total	--	8,920,602.03	--	19.39%	2,629,764.69

**6) Other receivables relevant to government grants**

In RMB

Entity	Name of government grants	Closing balance	Aging by the end of the Reporting Period	Estimated date and amount to be received and relevant basis

**7) Other receivable derecognized due to transfer of financial assets****8) Amount of assets and liabilities arising from transfer of other receivables under continuing involvement**

Other descriptions:

**8. Inventories**

Did the Company need to comply with the disclosure requirements on the real estate industry?

No

**(1) Categories of inventories**

In RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for decline in value of inventories or	Carrying amount	Book balance	Provision for decline in value of inventories or	Carrying amount

		for impairment of contract performance costs			for impairment of contract performance costs	
Raw materials	153,715,792.31		153,715,792.31	110,321,511.87		110,321,511.87
Work in process	739,561,476.10	7,075,138.47	732,486,337.63	1,048,703,826.21	76,390,171.65	972,313,654.56
Goods on hand	911,365,394.93	128,552,836.04	782,812,558.89	571,736,351.42	754,367.83	570,981,983.59
Turnover materials	756,248.01		756,248.01	796,365.36		796,365.36
Goods upon delivery	19,775,763.95		19,775,763.95	5,911,092.71		5,911,092.71
Total	1,825,174,675.30	135,627,974.51	1,689,546,700.79	1,737,469,147.57	77,144,539.48	1,660,324,608.09

## (2) Provision for decline in value of inventories and for impairment of contract performance costs

In RMB

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Provision	Others	Reversal or write-off	Others	
Work in process	76,390,171.65	3,394,528.30		72,709,561.48		7,075,138.47
Goods on hand	754,367.83	128,668,778.66		870,310.45		128,552,836.04
Total	77,144,539.48	132,063,306.96		73,579,871.93		135,627,974.51

As to the Company's products directly used for sale, the net realizable value was recognized by: the estimated selling price of the inventory minus the estimated selling expenses and relevant taxes. External sales have been realized with respect to the current write-off of provision for decline in value of inventories.

The Company's provision for decline in value of work-in-progress was reversed mainly because *the Herstory*, a television series that was released from broadcasting limitation and played in Mango TV on January 1, 2022, eliminating the factors affecting original provision for decline in value.

## (3) Description of the closing balance of inventories containing the capitalized borrowing costs

## (4) Description of the current amortization amount of contract performance costs

## 9. Contract assets

In RMB

Item	Closing balance			Opening balance		
	Book balance	provision for impairment	Carrying amount	Book balance	provision for impairment	Carrying amount
Operator business	954,735,808.95	51,682,065.34	903,053,743.61	860,346,222.69	42,894,826.13	817,451,396.56

Total	954,735,808.95	51,682,065.34	903,053,743.61	860,346,222.69	42,894,826.13	817,451,396.56
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Significant changes in the carrying amount of contract assets for the current period and reasons therefor:

In RMB

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

Applicable  N/A

Information of the provisions for impairment made for contract assets for the period

In RMB

Item	Provision	Reversal	Write-off/elimination for the period	Reason
Operator business	8,787,239.21			Made by group
Total	8,787,239.21			--

Other descriptions:

## 10. Other current assets

In RMB

Item	Closing balance	Opening balance
Prepayments for internet access cooperation	8,462,851.39	19,816,194.13
Input VAT to be deducted	101,052,683.66	87,304,605.69
Prepaid taxes and levies	6,281,520.53	2,425,615.08
Issued loans-credit loans [note]		6,034,159.32
Issued loans-mortgage loans [note]		399,965,532.81
Others	7,742,163.67	4,541,557.17
Total	123,539,219.25	520,087,664.20

Other descriptions:

[Note] The decrease for the current period is caused by disposal of a subsidiary, Hunan Happy Money Microfinance Co., Ltd.

## 11. Long-term equity investments

In RMB

Investee	Opening balance (carrying amount)	Increase or decrease for the period								Closing balance (carrying amount)	Closing balance of provision for diminution in value
		Additional investment	Decreased investment	Investment profit or loss under	Adjustment in other comprehensi	Other equity changes	Declared cash dividends	Provisions for impairment	Others		

				equity method	ve income		or profits				
I. Joint ventures											
II. Associates											
Shanghai Mamma Mia Interactive Entertainment Technology Co., Ltd.	22,882,969.51			999,547.86						23,882,517.37	
Sub-total	22,882,969.51			999,547.86						23,882,517.37	
Total	22,882,969.51			999,547.86						23,882,517.37	

Other descriptions

**12. Investment properties****(1) Investment properties measured at cost** Applicable  N/A**(2) Investment properties measured at fair value** Applicable  N/A**(3) Investment properties for which the title certificates are not completed**

In RMB

Item	Carrying amount	Reason for incompleteness of title certificate
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Other descriptions

**13. Fixed assets**

In RMB

Item	Closing balance	Opening balance
Fixed assets	184,450,336.98	186,924,296.25
Total	184,450,336.98	186,924,296.25

**(1) Fixed assets**

In RMB

Item	Buildings	Machines and	Electronic	Transportation	Others	Total
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		equipment	equipment, devices and furniture	equipment		
I. Original carrying amount:						
1. Opening balance	58,268,091.66	289,379,293.11	263,862,259.85	18,342,633.35	11,000,000.00	640,852,277.97
2. Increase in the current period		6,851,007.50	35,209,853.33	405,462.57		42,466,323.40
(1) Purchase		6,851,007.50	35,209,853.33	405,462.57		42,466,323.40
(2) Transfer from construction in progress						
(3) Increase due to business combination						
3. Decrease in the current period		1,373,509.42	10,011,461.70	3,082,900.85		14,467,871.97
(1) Disposal or retirement		1,373,509.42	8,749,621.58	3,082,900.85		13,206,031.85
Disposal of subsidiaries			1,261,840.12			1,261,840.12
4. Closing balance	58,268,091.66	294,856,791.19	289,060,651.48	15,665,195.07	11,000,000.00	668,850,729.40
II. Accumulated depreciation						
1. Opening balance	10,689,869.24	241,076,753.84	189,960,862.55	11,802,395.27		453,529,880.90
2. Increase in the current period	1,908,705.36	14,611,705.27	25,376,899.51	1,325,798.19		43,223,108.33
(1) Provision	1,908,705.36	14,611,705.27	25,376,899.51	1,325,798.19		43,223,108.33
3. Decrease in the current period		1,306,619.60	8,618,955.67	2,822,136.03		12,747,711.30
(1) Disposal or retirement		1,306,619.60	8,215,966.70	2,822,136.03		12,344,722.33
Disposal of subsidiaries			402,988.97			402,988.97
4. Closing balance	12,598,574.60	254,381,839.51	206,718,806.39	10,306,057.43		484,005,277.93
III. Provision for impairment						
1. Opening balance		391,088.27	7,012.55			398,100.82
2. Increase in the						

current period						
(1) Provision						
3. Decrease in the current period			2,986.33			2,986.33
(1) Disposal or retirement			2,986.33			2,986.33
4. Closing balance		391,088.27	4,026.22			395,114.49
VI. Book value						
1. Closing balance	45,669,517.06	40,083,863.41	82,337,818.87	5,359,137.64	11,000,000.00	184,450,336.98
2. Opening balance	47,578,222.42	47,911,451.00	73,894,384.75	6,540,238.08	11,000,000.00	186,924,296.25

**(2) Fixed assets temporarily idle**

In RMB

Item	Cost	Accumulated depreciation	Provision for impairment	Carrying amount	Remark

**(3) Fixed assets leased out under operating lease**

In RMB

Item	Closing balance
Buildings	23,382,792.73
Machines and equipment	10,447,576.02
Transportation equipment	239,667.44
Sub-total	34,070,036.19

**(4) Fixed assets for which the title certificates are not completed**

In RMB

Item	Carrying amount	Reason for incompleteness of title certificate

Other descriptions

**(5) Disposal of fixed assets**

In RMB

Item	Closing balance	Opening balance

Other descriptions

**14. Right of use assets**

In RMB

Item	Buildings	Total
<b>I. Original carrying amount:</b>		
1. Opening balance	217,783,996.12	217,783,996.12
2. Increase in the current period	46,617,118.66	46,617,118.66
1) Lease in	46,617,118.66	46,617,118.66
3. Decrease in the current period	2,318,188.53	2,318,188.53
	2,318,188.53	2,318,188.53
4. Closing balance	262,082,926.25	262,082,926.25
<b>II. Accumulated depreciation</b>		
1. Opening balance		
2. Increase in the current period	52,187,591.16	52,187,591.16
(1) Provision	52,187,591.16	52,187,591.16
3. Decrease in the current period	409,160.33	409,160.33
(1) Disposal	409,160.33	409,160.33
4. Closing balance	51,778,430.83	51,778,430.83
<b>III. Provision for impairment</b>		
1. Opening balance		
2. Increase in the current period		
(1) Provision		
3. Decrease in the current period		
(1) Disposal		
4. Closing balance		
<b>VI. Book value</b>		
1. Closing balance	210,304,495.42	210,304,495.42
2. Opening balance	217,783,996.12	217,783,996.12

Other descriptions:

[Note] The differences between the opening balance of this year and the closing balance of the previous year (December 31, 2020) are detailed in Note V (31) to the financial statements.

## 15. Intangible assets

## (1) Intangible assets

In RMB

Item	Land use rights	Patent	Non-patent technology	Film and television series copyright	Software	Trademarks and domain names	Patent licensing fees and program adaptation rights	Game copyright	Total
I. Original carrying amount									
1. Opening balance	33,157,507.40			16,948,218,630.49	201,934,240.24	3,168,013.16	40,660,377.35	7,189,504.61	17,234,328,273.25
2. Increase in the current period				5,319,320,806.62	16,118,608.63	47,169.81		19,133,746.86	5,354,620,331.92
(1) Purchase				5,319,320,806.62	80,872.78	47,169.81		17,697,395.82	5,337,146,245.03
(2) In-house research and development					16,037,735.85				16,037,735.85
(3) Increase due to business combinations								1,436,351.04	1,436,351.04
3. Decrease in the current period				770,291,232.08	24,738,370.94	119,123.94		471,698.10	795,620,425.06
(1) Disposal				770,291,232.08	879,702.28	119,123.94		471,698.10	771,761,756.40
(2) Disposal of subsidiaries					23,858,668.66				23,858,668.66
4. Closing balance	33,157,507.40			21,497,248,205.03	193,314,477.93	3,096,059.03	40,660,377.35	25,851,553.37	21,793,328,180.11
II. Accumulated amortization									
1. Opening balance	6,484,886.60			11,216,976,515.56	87,298,842.63	2,972,173.90	19,596,604.25	6,544,850.63	11,339,873,873.57
2. Increase in the current period	676,683.82			4,753,940,750.04	19,748,018.58	126,461.63	5,680,399.20	11,015,414.55	4,791,187,727.82
(1) Provision	676,683.82			4,753,940,750.04	19,748,018.58	126,461.63	5,680,399.20	10,926,866.00	4,791,099,179.27

2) Increase due to business combinations								88,548.55	88,548.55
3. Decrease in the current period			770,291,232.08	10,821,267.54	112,639.40			183,438.21	781,408,577.23
(1) Disposal			770,291,232.08	810,717.52	112,639.40			183,438.21	771,398,027.21
2) Disposal of subsidiaries				10,010,550.02					10,010,550.02
4. Closing balance	7,161,570.42		15,200,626,033.52	96,225,593.67	2,985,996.13	25,277,003.45	17,376,826.97		15,349,653,024.16
III. Provision for impairment									
1. Opening balance									
2. Increase in the current period									
(1) Provision									
3. Decrease in the current period									
(1) Disposal									
4. Closing balance									
VI. Book value									
1. Closing balance	25,995,936.98		6,296,622,171.51	97,088,884.26	110,062.90	15,383,373.90	8,474,726.40		6,443,675,155.95
2. Opening balance	26,672,620.80		5,731,242,114.93	114,635,397.61	195,839.26	21,063,773.10	644,653.98		5,894,454,399.68

Proportion of intangible assets generated from the Company's in-house research and development to the balance of intangible assets at the end of the period: 0.18%.

## (2) Land use right for which the title certificate is not completed

In RMB

Item	Carrying amount	Reason for incompleteness of title certificate
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Other descriptions:

**16. Development expenditure**

In RMB

Item	Opening balance	Increase in the current period			Decrease in the current period			Closing balance
		In-house development expenditure	Others		Recognized intangible assets	Transfer to current profit or loss	Disposal of subsidiaries	
Cloud platform construction project	151,189,987.35	97,370,501.74			16,037,735.85			232,522,753.24
Smart credit system	6,074,244.50						6,074,244.50	
Total	157,264,231.85	97,370,501.74			16,037,735.85		6,074,244.50	232,522,753.24

## Other descriptions

Mongo TV Cloud Storage and Multi-Screen Broadcast Platform Construction Project (“Cloud Platform Construction Project”) is a supporting project funded by Happy Sunshine financing funds. This project, which is intended to provide enhanced platform technology support for enterprise content production and dissemination to improve users’ experience and satisfaction, reduce platform operating costs and enhance platform data security and reliability, is an inevitable choice for the strategic development of enterprises in the fierce competition.

The Cloud Platform Construction Project was planned in 2017 and implemented upon approval of the board meeting of Hunantv.com on July 30, 2019. From September 1, 2019, the expenses related to the project that are eligible for capitalization are included in the development expenses, and the expenses incurred in the previous research phase are directly recognized in the current profit or loss.

**17. Long-term prepaid expenses**

In RMB

Item	Opening balance	Increase in the current period	Amortization	Other decrease	Closing balance
Projects of rebuilding and decoration for rented buildings	77,342,051.99	56,801,478.08	19,340,593.74	955,455.12	113,847,481.21
Total	77,342,051.99	56,801,478.08	19,340,593.74	955,455.12	113,847,481.21

## Other descriptions

**18. Deferred tax assets/deferred tax liabilities****(1) Details of deferred tax assets not offset**

In RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets

**(2) Details of deferred tax liabilities not offset**

In RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities

**(3) Deferred tax assets or liabilities presented on a net basis**

In RMB

Item	Closing offset amount between deferred tax assets and deferred tax liabilities	Closing balance of deferred tax assets or liabilities after offset	Opening offset amount between deferred tax assets and deferred tax liabilities	Opening balance of deferred tax assets or liabilities after offset

**(4) Details of unrecognized deferred tax assets**

In RMB

Item	Closing balance	Opening balance
Deductible temporary differences	37,086,125.59	19,411,205.95
Deductible losses	453,456,947.42	106,310,201.58
Total	490,543,073.01	125,721,407.53

**(5) Deductible losses, for which no deferred tax assets are recognized, will expire in the following year**

In RMB

Year	Closing balance	Opening balance	Remark
2021		390,483.62	
2022	16,360,098.46	18,240,181.33	
2023	34,007,431.00	34,021,526.74	
2024	383,268.85	3,629,802.99	

2025	40,704,936.96	50,028,206.90	
2026	362,001,212.15		
Total	453,456,947.42	106,310,201.58	--

Other descriptions:

## 19. Other non-current assets:

In RMB

Item	Closing balance			Opening balance		
	Book balance	provision for impairment	Carrying amount	Book balance	provision for impairment	Carrying amount
Prepayments for equipment	1,260,178.59		1,260,178.59	2,023,481.01		2,023,481.01
Total	1,260,178.59		1,260,178.59	2,023,481.01		2,023,481.01

Other descriptions:

## 20. Short-term borrowings

### (1) Category of short-term borrowings

In RMB

Item	Closing balance	Opening balance
Credit borrowings - principal	39,731,500.00	39,731,500.00
Credit borrowings - interest	55,403.37	57,610.68
Total	39,786,903.37	39,789,110.68

Descriptions of categorization of short-term borrowings:

### (2) Short-term borrowings overdue but not repaid

The short-term borrowings overdue but not repaid amount to RMB \_\_\_\_ at the end of the Reporting Period. Details of significant short-term borrowings overdue but not repaid are as follows:

In RMB

Borrower	Closing balance	Interest rate	Overdue period	Interest rate overdue

Other descriptions:

## 21. Notes payable

In RMB

Category	Closing balance	Opening balance
Commercial acceptances	349,649,263.65	221,862,982.11



Bank acceptances	571,855,441.26	490,429,053.64
Total	921,504,704.91	712,292,035.75

The total of notes payable due but not yet paid for the period is RMB0.00.

## 22. Accounts payable

### (1) Accounts payable

In RMB

Item	Closing balance	Opening balance
Payments for purchase of engineering equipment and goods	4,960,935,241.83	5,217,087,330.62
Total	4,960,935,241.83	5,217,087,330.62

### (2) Significant accounts payable aged over one year

In RMB

Item	Closing balance	Reason for failure to be repaid or carried forward
The first	93,447,650.88	Not yet due for settlement
The second	71,520,170.79	Not yet due for settlement
The third	50,943,396.23	Not yet due for settlement
The fourth	50,395,471.69	Not yet due for settlement
The fifth	49,111,077.45	Not yet due for settlement
The sixth	37,735,848.35	Not yet due for settlement
Total	353,153,615.39	--

Other descriptions:

## 23. Contract liabilities

In RMB

Item	Closing balance	Opening balance
Goods payments	551,341,131.10	663,307,479.05
Investments in film and television series co-production	103,960,965.03	146,186,845.74
Membership service	671,991,967.72	520,980,698.31
Total	1,327,294,063.85	1,330,475,023.10

Significant changes in the carrying amount during the Reporting Period and reasons therefor:

In RMB

Item	Changes	Reason for changes
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## 24. Employee benefits payable

### (1) Employee benefits payable

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
I. Short-term remuneration	856,456,598.89	1,780,202,983.13	1,657,443,964.04	979,215,617.98
II. Post-employment benefits-defined benefit plan	65,780.84	42,702,391.48	42,209,123.21	559,049.11
III. Termination benefits	190,448.11	9,655,632.30	9,226,633.30	619,447.11
Total	856,712,827.84	1,832,561,006.91	1,708,879,720.55	980,394,114.20

### (2) Short-term remuneration

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Wages or salaries, bonuses, allowances and subsidies	855,078,368.08	1,687,238,449.99	1,564,375,094.76	977,941,723.31
2. Employee welfare expenses		34,106,373.31	34,100,093.31	6,280.00
3. Social security contributions	319,371.91	26,362,981.40	26,402,482.13	279,871.18
Including: Medical insurance	310,028.34	20,825,143.55	20,875,943.19	259,228.70
Work-related injuries insurance	2,291.19	1,402,236.11	1,391,456.58	13,070.72
Maternity insurance	7,052.38	308,719.57	308,200.19	7,571.76
Other commercial insurance		3,826,882.17	3,826,882.17	
4. Housing funds	324,675.23	28,408,412.49	28,547,196.72	185,891.00
5. Union running costs and employee education	734,183.67	4,086,765.94	4,019,097.12	801,852.49

cost				
Total	856,456,598.89	1,780,202,983.13	1,657,443,964.04	979,215,617.98

**(3) Defined benefit plan**

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pensions	63,004.63	41,086,416.57	40,608,074.57	541,346.63
2. Unemployment insurance	2,776.21	1,615,974.91	1,601,048.64	17,702.48
Total	65,780.84	42,702,391.48	42,209,123.21	559,049.11

Other descriptions:

**25. Taxes payable**

In RMB

Item	Closing balance	Opening balance
VAT	18,212,095.97	17,317,973.41
Enterprise income tax	58,276.74	4,183,186.13
Personal Income Tax	12,409,994.97	17,925,339.96
City maintenance and construction tax	1,082,825.71	422,228.46
Stamp duty	2,101,365.54	2,395,805.75
Education surcharges	773,440.32	315,577.50
Development fee for cultural undertakings	88,789,083.88	88,789,083.88
Other taxes	47,506.59	178,690.86
Total	123,474,589.72	131,527,885.95

Other descriptions:

**26. Other payables**

In RMB

Item	Closing balance	Opening balance
Other payables	149,086,160.61	160,651,194.91
Total	149,086,160.61	160,651,194.91

**(1) Interest payable**

In RMB

Item	Closing balance	Opening balance
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Significant interest overdue but not paid

In RMB

Borrower	Overdue amount	Reason for overdue
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Other descriptions:

## (2) Dividends payable

In RMB

Item	Closing balance	Opening balance
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Other descriptions, including the disclosure of the reasons for failure of payment for significant dividends payable unpaid over one year.

## (3) Other payables

### 1) Other payables by nature

In RMB

Item	Closing balance	Opening balance
Receivables and payables	125,133,366.15	131,046,966.11
Security deposit	23,952,794.46	29,604,228.80
Total	149,086,160.61	160,651,194.91

### 2) Other significant payables aged over one year

In RMB

Item	Closing balance	Reason for failure to be repaid or carried forward
The first	3,795,949.15	Not yet due for settlement
Total	3,795,949.15	--

Other descriptions

## 27. Non-current liabilities due within one years

In RMB

Item	Closing balance	Opening balance
Lease liabilities due within 1 year	43,098,562.04	48,596,782.45
Total	43,098,562.04	48,596,782.45

Other descriptions:

[Note] The differences between the opening balance of this year and the closing balance of the previous year (December 31, 2020) are detailed in Note V (31) to the financial statements.

## 28. Other current liabilities

In RMB

Item	Closing balance	Opening balance
Logistics and distribution expenses	2,219,436.05	1,909,886.62
Output tax to be transferred	106,144,514.31	106,261,801.24
Expenses for internet access cooperation	12,861,922.09	24,923,744.58
Notes endorsed but not derecognized [note]	210,748,000.00	
Others	7,061,685.54	5,603,393.15
<b>Total</b>	<b>339,035,557.99</b>	<b>138,698,825.59</b>

Changes in short-term bonds payable:

In RMB

Name of bond	Par value	Issue date	Term of bond	Issue amount	Opening balance	Issue for the period	Interest accrued based on par value	Amortization of premiums or discounts	Repayment for the period		Closing balance
<b>Total</b>	--	--	--								

Other descriptions:

[Note] Notes endorsed but not derecognized are bank acceptances of small-sized commercial banks that have been endorsed but not derecognize at the end of the Reporting Period.

## 29. Lease liabilities

In RMB

Item	Closing balance	Opening balance
Leased houses and buildings	169,643,622.50	168,778,053.34
<b>Total</b>	<b>169,643,622.50</b>	<b>168,778,053.34</b>

Other descriptions

[Note] The differences between the opening balance of this year and the closing balance of the previous year (December 31, 2020) are detailed in Note V (31) to the financial statements.

## 30. Estimated liabilities

In RMB

Item	Closing balance	Opening balance	Reason

Pending litigation	13,815,868.00	8,305,486.15	Estimated compensation for pending litigation
Total	13,815,868.00	8,305,486.15	--

Other descriptions, including important assumptions and estimation explanations related to significant estimated liabilities:

### 31. Deferred income

In RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Governmental grants	48,938,835.69	15,550,000.00	18,971,063.88	45,517,771.81	Government grants related to assets and income
Total	48,938,835.69	15,550,000.00	18,971,063.88	45,517,771.81	--

Projects involving government grants

In RMB

Liabilities	Opening balance	Additional government grants	Amount recognized in non-operating income	Amount recognized in other income	Amount offset against costs and expenses	Other changes	Closing balance	Related to assets/income
Special funds for culture industry development	18,493,278.47	5,000,000.00		3,549,291.66			19,943,986.81	Related to assets
Subsidy for Youth Mango Night Project	7,333,333.33	3,000,000.00		1,600,000.00			8,733,333.33	Related to assets
Mango Offline Immersion Experience Project		3,000,000.00					3,000,000.00	Related to assets
Happigo Supply Chain Urban Co-Distribution System Project	2,483,002.83			100,000.00			2,383,002.83	Related to assets
“Project Investment Support” for Malanshan Investment Invitation and Industry Development		2,400,000.00		107,998.94			2,292,001.06	Related to assets
Special Funds for Construction of Innovative Province		2,000,000.00					2,000,000.00	Related to assets
Special Funds for Development of Mobile	2,616,038.96			1,646,039.06			969,999.90	Related to assets

Internet Industry								
Special Funds for Development of Modern Logistics	975,558.74			40,229.22			935,329.52	Related to assets
Others	960,918.81	150,000.00		276,933.97			833,984.84	Related to assets
Funds for Guiding Development of Provincial Culture Undertakings	733,333.48			399,999.96			333,333.52	Related to assets
Network Audiovisual Program Quality Creation and Dissemination Project	186,000.00			72,000.00			114,000.00	Related to assets
Special Funds for Development of Modern Services	120,000.00			60,000.00			60,000.00	Related to assets
Second Special Funds for Development of Modern Services-Mango TV App	80,000.00			60,000.00			20,000.00	Related to assets
Silk Road Film and Television Bridge Project of State Administration of Radio, Film, and Television	566,037.74			566,037.74				Related to assets
Mango TV International Media Integration and Communication Project	4,000,000.00			1,940,200.00			2,059,800.00	Related to proceeds
Subsidy for Guiding Development of Hunan Culture Undertakings	1,241,333.33			284,000.00			957,333.33	Related to proceeds
Mango TV Smart Home Page Push Project	1,000,000.00			233,333.33			766,666.67	Related to proceeds
Mango TV High-tech Interactive Video Creation Platform Project	150,000.00			35,000.00			115,000.00	Related to proceeds
Second Special Funds for Development of Modern Services of Hunan Province	8,000,000.00			8,000,000.00				Related to proceeds

Sub-total	48,938,835.69	15,550,000.00		18,971,063.88			45,517,771.81	
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Other descriptions:

### 32. Share capital

In RMB

	Opening balance	Increase or decrease (+,-)					Closing balance
		New shares	Bonus shares	Capitalization of capital reserve	Others	Sub-total	
Total shares	1,780,377,511.00	90,343,304.00				90,343,304.00	1,870,720,815.00

Other descriptions:

In accordance with resolutions of the 32nd meeting and the 34th meeting of the third session of the Board of Directors, the resolution of the 1st Extraordinary General Meeting of 2020, and CSRC's *Official Reply on Approving the Registration of Share Offering to Special Objects by Mango Excellent Media* (Zheng Jian Xu Ke [2021] No. 2105), the Company is approved to issue shares to specific persons for raising funds not exceeding RMB4.5 billion. The actual total amount of funds raised by the Company is RMB4,499,999,972.24, with a net amount of RMB4,485,792,101.20 after deducting underwriting fees, attorney's fees, capital verification and other expenses (excluding tax) totaled RMB14,207,871.04, in which RMB90,343,304.00 is recognized in paid-in capital and RMB4,395,448,797.20 is recognized in capital reserve (equity premium). Pan-China Certified Public Accountants LLP has made an audit for verification of this additional capital contribution and issued a Capital Verification Report (Tian Jian Yan [2021] No. 2-29) on August 10, 2021.

### 33. Capital reserve

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium (Share capital premium)	4,832,673,268.51	4,405,448,797.20		9,238,122,065.71
Other capital reserve	6,264,437.84			6,264,437.84
Total	4,838,937,706.35	4,405,448,797.20		9,244,386,503.55

Other descriptions, including changes and reasons therefor:

1) The increase in capital premium (share capital premium) is due to the capital premium of RMB4,395,448,797.20 resulting from the issuance of shares by the Company to specific persons detailed in Note VII (I) 32 to the financial statements.

2) In 2021, the Company received a state-owned capital of RMB10,000,000.00 from cultural enterprises under provincial administration.

### 34. Other comprehensive income

In RMB

Item	Opening balance	Amount for the current period						Closing balance
		Amount before income	Less: Amount included in	Less: Amount included in	Less: Income	Attributable to the parent	Attributable to minority	



		tax for the current period	other comprehensive income for the prior periods and transferred to the profit or loss for the current period	other comprehensive income for the prior periods and transferred to the retained earnings for the current period	tax expenses	company after tax	interests after tax	
II. Other comprehensive income that will be reclassified to profit or loss	-2,759.37	-11,023.81				-11,023.81		-13,783.18
Translation differences of financial statements denominated in foreign currencies	-2,759.37	-11,023.81				-11,023.81		-13,783.18
Total of other comprehensive income	-2,759.37	-11,023.81				-11,023.81		-13,783.18

Other descriptions, including adjustment of the effective part of the cash flow hedge gains and losses transferred to initially recognized amount of hedged items:

### 35. Surplus reserve

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory capital reserves	87,139,560.14	17,885,823.15		105,025,383.29
Total	87,139,560.14	17,885,823.15		105,025,383.29

Descriptions of surplus reserve, including changes for the current period and reasons therefor: current increase of statutory capital reserves is accrued based on 10% of net profits of parent company.

### 36. Undistributed profit

In RMB

Item	Amount for the current period	Amount for the prior period
Undistributed profits at the end of prior period before adjustment	3,881,526,167.30	2,079,761,680.01
Undistributed profits at the beginning of the period after adjustment	3,881,526,167.30	2,079,761,680.01
Add: Net profit attributable to owners of the parent company for the period	2,114,090,171.85	1,982,159,476.82

Less: Appropriation to statutory surplus reserve	17,885,823.15	2,357,238.43
Dividends payable for ordinary shares	231,449,076.43	178,037,751.10
Undistributed profits at the end of the period	5,746,281,439.57	3,881,526,167.30

Details of adjustments to undistributed profits at the beginning of the period:

- 1) Undistributed profits at the beginning of the period were affected by RMB due to the retrospective adjustment under the Accounting Standards for Business Enterprises and related new regulations.
- 2) Undistributed profits at the beginning of the period were affected by RMB due to changes in accounting policies.
- 3) Undistributed profits at the beginning of the period were affected by RMB due to the correction of significant accounting errors.
- 4) Undistributed profits at the beginning of the period were affected by RMB due to changes in the scope of consolidation resulting from business combination involving enterprises under common control.
- 5) Undistributed profits at the beginning of the period were affected by RMB in total due to other adjustments.

### 37. Operating income and operating costs

In RMB

Item	Amount for the current period		Amount for the prior period	
	Revenue	Cost	Revenue	Cost
Principal operating activities	15,335,407,048.03	9,896,297,197.78	13,991,615,817.08	9,224,019,161.88
Other operating activities	20,456,434.04	9,165,573.04	13,919,138.28	6,269,482.56
Total	15,355,863,482.07	9,905,462,770.82	14,005,534,955.36	9,230,288,644.44

Whether the lower of the net profit after non-recurring gain or loss is negative

Yes  No

Information on Revenue:

In RMB

Category of Contract	Segment 1	Segment 2		Total
Commodity type				
Including:				
Internet video business of Mango TV	11,261,249,957.21			11,261,249,957.21
New media interactive entertainment content production and operation	1,877,457,854.82			1,877,457,854.82
Content E-business	2,157,213,530.01			2,157,213,530.01
Others	40,799,013.60			40,799,013.60
By operating regions	15,336,720,355.64			15,336,720,355.64
Including:				
Within Hunan province	4,205,633,567.18			4,205,633,567.18
Outside Hunan province	11,131,086,788.46			11,131,086,788.46
Type of market or customer	15,336,720,355.64			15,336,720,355.64

Including:				
Type of contract				
Including:				
By the time of commodity transfer				
Including:				
Revenue recognized at a certain time point	9,206,687,860.72			9,206,687,860.72
Revenue recognized over a certain period of time	6,130,032,494.92			6,130,032,494.92
By the contract term	15,336,720,355.64			15,336,720,355.64
Including:				
By the selling channel				
Including:				
Total				

Information regarding performance obligations:

Incomes generated from contracts with customers are RMB 15,336,720,355.64.

Information regarding the transaction price allocated to the remaining performance obligations:

The revenue corresponding to the performance obligations for which the contract has been signed but has not yet been performed or fully performed at the end of this Reporting Period is RMB1,223,333,098.82, among which RMB is expected to be recognized as the revenue in, RMB is expected to be recognized as the revenue in, and RMB is expected to be recognized as the revenue in.

Other descriptions

### 38. Taxes and levies

In RMB

Item	Amount for the current period	Amount for the prior period
Consumption tax	178,896.89	280,585.49
City maintenance and construction tax	12,005,462.97	10,756,920.01
Education surcharges	8,610,998.23	7,721,309.79
Property tax	662,834.77	648,464.10
Land use rights	294,816.00	294,816.00
Vehicle and vessel tax	34,420.00	30,730.00
Stamp duty	5,092,020.91	2,190,238.78

Others	13,040.75	54,686.31
<b>Total</b>	<b>26,892,490.52</b>	<b>21,977,750.48</b>

Other descriptions:

### 39. Selling expenses

In RMB

Item	Amount for the current period	Amount for the prior period
Employee's benefits and labor costs	732,215,078.75	649,713,450.73
Depreciation and amortization	12,874,964.32	11,258,434.02
Advertising costs	1,385,934,490.67	1,275,774,161.48
Expenses for internet access cooperation	50,041,434.51	104,333,924.97
Settlement costs of logistics and service charges for payment collection	4,916,911.14	6,646,826.33
Business travel expenses	27,363,866.16	24,555,943.68
Program production costs	22,105,723.12	4,706,447.54
Channel sales and operations development expenses	195,904,288.97	49,839,615.85
Others	37,971,455.00	37,586,465.27
<b>Total</b>	<b>2,469,328,212.64</b>	<b>2,164,415,269.87</b>

Other descriptions:

### 40. General and administrative expenses

In RMB

Item	Amount for the current period	Amount for the prior period
Employee's benefits and labor costs	467,964,670.43	428,389,317.79
Depreciation and amortization	63,382,058.67	45,517,534.33
Legal costs	11,964,048.12	12,643,454.90
Office and administrative service	104,503,482.74	90,263,227.76
Agency fees	13,626,103.94	8,368,627.11
Business entertainment expenses	2,749,458.11	2,567,649.76
Others	31,744,789.77	41,450,911.08
<b>Total</b>	<b>695,934,611.78</b>	<b>629,200,722.73</b>

Other descriptions:

**41. Research and development expenses**

In RMB

Item	Amount for the current period	Amount for the prior period
Employee's benefits and labor costs	121,946,092.84	78,237,277.89
Depreciation and amortization	15,098,549.93	12,030,086.93
Technical service fees	129,004,804.77	88,241,580.19
Others	5,941,955.86	5,876,003.71
<b>Total</b>	<b>271,991,403.40</b>	<b>184,384,948.72</b>

Other descriptions:

**42. Financial expenses**

In RMB

Item	Amount for the current period	Amount for the prior period
Interest expenses	2,630,663.17	13,770,536.66
Less: interest income	125,145,189.95	116,608,027.78
Finance discount		238,406.56
Service charge	16,108,222.86	16,999,003.73
Interest expenses from lease liabilities	5,819,271.54	
Foreign exchange gains and losses	-623,304.79	-542,960.12
<b>Total</b>	<b>-101,210,337.17</b>	<b>-86,619,854.07</b>

Other descriptions:

**43. Other income**

In RMB

Source of other income	Amount for the current period	Amount for the prior period
Government grants related to assets	8,478,530.55	20,304,477.81
Government grants related to income	27,521,238.14	29,158,039.45
Refund of service fees of withholding personal income tax	3,750,717.93	6,044,849.19
Additional VAT deduction	83,583,732.93	97,244,205.84
<b>Total</b>	<b>123,334,219.55</b>	<b>152,751,572.29</b>

**44. Investment income**

In RMB

Item	Amount for the current period	Amount for the prior period
Income from long-term equity investments under equity method	999,547.86	1,742,610.53
Income from disposal of long-term equity investments	771,197.65	70,437,276.18
Income from investments in film and television series without copyrights	1,193,136.19	4,706,280.41
Income from wealth management products	34,265,617.23	3,906,349.28
Total	37,229,498.93	80,792,516.40

Other descriptions:

#### 45. Impairment losses of credit

In RMB

Item	Amount for the current period	Amount for the prior period
Bad debt losses of other receivables	-990,116.77	-1,273,395.96
Bad debt losses of accounts receivable	-40,907,026.53	-49,083,327.37
Other current assets-losses of impairment on issued loans	-2,024,723.79	-2,230,274.05
Total	-43,921,867.09	-52,586,997.38

Other descriptions:

#### 46. Impairment losses of assets

In RMB

Item	Amount for the current period	Amount for the prior period
I. Bad debt losses		-21,417,042.28
II. Losses from decline in value of inventories and impairment of contract performance costs	-59,299,155.29	-2,171,659.78
XII. Impairment losses of contractual assets	-8,787,239.21	-13,213,182.37
Total	-68,086,394.50	-36,801,884.43

Other descriptions:

#### 47. Income from disposal of assets

In RMB

Source of income from disposal of assets	Amount for the current period	Amount for the prior period
Income from disposal of long-term assets	-85,941.70	354,684.48
Total	-85,941.70	354,684.48

**48. Non-operating income**

In RMB

Item	Amount for the current period	Amount for the prior period	Amount included in the non-recurring profit or loss for the current period
Payment unable to be made	1,994,903.35	3,249,641.40	1,994,903.35
Income from safeguarding legal rights	18,826,660.47	21,772,303.69	18,826,660.47
Others	1,028,932.95	1,864,339.26	1,028,932.95
<b>Total</b>	<b>21,850,496.77</b>	<b>26,886,284.35</b>	<b>21,850,496.77</b>

Government grants included in profit and loss for the current period

In RMB

Project	Issuer	Reason	Nature	If the grants affect earnings or losses for the current year	If special grants	Amount for the current period	Amount for the prior period	Related to assets/income

Other descriptions:

**49. Non-operating expenses**

In RMB

Item	Amount for the current period	Amount for the prior period	Amount included in the non-recurring profit or loss for the current period
Outbound donations	2,046,319.26	2,576,237.35	2,046,319.26
Losses from damage and retirement of non-current assets	183,897.04	736,201.04	183,897.04
Compensation expenditures	20,277,175.00	26,032,164.94	20,277,175.00
COVID-19-related expenses	19,931,072.18	15,627,676.21	19,931,072.18
Others	861,806.48	1,563,601.45	861,806.48
<b>Total</b>	<b>43,300,269.96</b>	<b>46,535,880.99</b>	<b>43,300,269.96</b>

Other descriptions:

**50. Income tax expenses****(1) Table of income tax expenses**

In RMB

Item	Amount for the current period	Amount for the prior period

Current income tax expenses	4,357.00	7,411,218.58
Total	4,357.00	7,411,218.58

**(2) Reconciliation of income tax expenses to the accounting profit**

In RMB

Item	Amount for the current period
Total profit	2,114,484,072.08
Income tax expense calculated based on statutory/applicable tax rate	528,621,018.02
Effect of different tax rates of subsidiaries operating in other jurisdictions	-571,930,564.57
Effect of adjustment on income tax for the period	4,357.00
Effect of non-taxable income	-249,886.97
Effect of non-deductible cost, expense and loss	281,227.53
Effect of utilizing deductible loss not recognized for deferred tax assets for prior period	-1,179,586.42
Effect of deductible temporary difference or deductible loss not recognized for deferred tax assets for the current period	44,457,792.41
Income tax expense	4,357.00

Other descriptions

**51. Other comprehensive income**

Refer to note for details.

**52. Items in the cash flow statement****(1) Other cash receipts relating to operating activities**

In RMB

Item	Amount for the current period	Amount for the prior period
Governmental grants	32,578,704.81	72,405,901.23
Interest income	125,145,189.95	116,608,027.78
Income from safeguarding legal rights	18,826,660.47	21,772,303.69
Receivables and payables and others	18,587,427.72	42,882,989.51
Total	195,137,982.95	253,669,222.21

Descriptions of other cash receipts relating to operating activities:

**(2) Other cash payments relating to operating activities**

In RMB



Item	Amount for the current period	Amount for the prior period
Payments of various expenses	1,920,961,411.48	1,721,402,373.87
Band service charges	16,108,222.86	16,999,003.73
Others	58,023,952.39	48,836,058.38
<b>Total</b>	<b>1,995,093,586.73</b>	<b>1,787,237,435.98</b>

Descriptions of other cash payments relating to operating activities:

### (3) Other cash receipts relating to investing activities

In RMB

Item	Amount for the current period	Amount for the prior period
Recovery of bank wealth management products	5,326,000,000.00	622,500,000.00
Income from wealth management products	34,265,617.23	3,906,349.28
Income from investments in copyrights where the investor has no copyrights	1,193,136.18	
Amount due to/from Happy Money	130,000,000.00	
<b>Total</b>	<b>5,491,458,753.41</b>	<b>626,406,349.28</b>

Descriptions of other cash receipts relating to investing activities:

### (4) Other cash payments relating to investing activities

In RMB

Item	Amount for the current period	Amount for the prior period
Purchase of wealth management products	8,736,000,000.00	622,500,000.00
<b>Total</b>	<b>8,736,000,000.00</b>	<b>622,500,000.00</b>

Descriptions of other cash payments relating to investing activities:

### (5) Other cash receipts relating to financing activities

In RMB

Item	Amount incurred in the current period	Amount incurred in the prior period

Descriptions of other cash receipts relating to financing activities:

### (6) Other cash payments relating to financing activities

In RMB

Item	Amount for the current period	Amount for the prior period

Lease payment	64,826,084.84	
Payment of intermediary financing fees	1,000,323.87	
Total	65,826,408.71	

Descriptions of other cash payments relating to financing activities:

### 53. Supplementary information to the cash flow statement

#### (1) Supplementary information to the cash flow statement

In RMB

Supplementary information	Amount in the current period	Amount in prior period
1. Reconciliation of net profit to cash flow from operating activities:	--	--
Net profit	2,114,479,715.08	1,979,336,549.33
Add: Provision for impairment losses of assets	112,008,261.59	89,388,881.81
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of bearer biological assets	43,223,108.33	44,829,216.08
Depreciation of right of use assets	52,187,591.16	
Amortization of intangible assets	4,791,099,179.27	4,365,366,952.18
Amortization of long-term prepaid expenses	19,340,593.74	25,691,871.99
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by “—”)	85,941.70	-354,684.48
Losses on retirement of fixed assets (gains are indicated by “—”)	183,897.04	736,201.04
Income from changes in fair value (gains are indicated by “-”)		
Financial expenses (gains are indicated by “—”)	7,826,629.92	13,227,576.54
Investment losses (gains are indicated by “—”)	-37,229,498.93	-80,792,516.40
Decrease in deferred tax assets (increase is indicated by “—”)		
Increase in deferred tax liabilities (decrease is indicated by “—”)		
Decrease in inventories (increase is indicated by “—”)	-88,521,247.99	253,879,071.02
Decrease in receivables from operating activities (increase is indicated by “—”)	-1,337,314,454.99	-1,256,428,867.09
]Increase in payables from operating activities (decrease is indicated by “—”)	203,751,973.07	500,793,311.24
Others	-5,319,320,806.62	-5,354,703,210.18
Net cash flows from operating activities	561,800,882.37	580,970,353.08
2. Significant investing and financing activities that do not involve cash receipts and payments:	--	--

Conversion of debt into capital		
Convertible corporate bonds due within 1 year		
Fixed assets under financing lease		
3. Net changes in cash and cash equivalents:	--	--
Closing balance of cash	6,911,377,914.18	5,314,463,484.01
Less: opening balance of cash	5,314,463,484.01	5,041,075,499.16
Add: Closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net increase in cash and cash equivalents	1,596,914,430.17	273,387,984.85

**(2) Net cash payments for acquisition of subsidiaries in the current period**

In RMB

	Amount
Cash or cash equivalents paid for business combination incurred in the current period	1,500,000.00
Including:	--
Shenzhen Zhonghe Boao Technology Development Co., Ltd.	1,500,000.00
Less: cash and cash equivalents held by subsidiaries at the acquisition date	13,019.91
Including:	--
Shenzhen Zhonghe Boao Technology Development Co., Ltd.	13,019.91
Including:	--
Net cash payment for acquisition of subsidiaries	1,486,980.09

Other descriptions:

**(3) Net cash receipts for disposal of subsidiaries in the current period**

In RMB

	Amount
Cash or cash equivalents received from disposal of subsidiaries in the current period	304,249,700.00
Including:	--
Hunan Happy Money Microfinance Co., Ltd.	304,249,700.00
Less: cash and cash equivalents held by subsidiaries at the date of losing control	58,689,802.33
Including:	--
Hunan Happy Money Microfinance Co., Ltd.	58,689,802.33
Including:	--
Net cash receipts from disposal of subsidiaries	245,559,897.67

Other descriptions:

#### (4) Composition of cash and cash equivalents

In RMB

Item	Closing balance	Opening balance
I. Cash	6,911,377,914.18	5,314,463,484.01
Including: cash on hand	42,803.61	86,976.40
Bank deposit that can be paid at any time	6,890,884,946.24	5,296,358,510.78
Other monetary funds that can be paid at any time	20,450,164.33	18,017,996.83
III. Closing balance of cash and cash equivalents	6,911,377,914.18	5,314,463,484.01

Other descriptions:

#### 54. Notes to items in the statement of changes in owners' equity

Description of the name of "other" item whose closing balance of the prior year has been adjusted and the amount adjusted:

#### 55. Assets with restrictions in ownership or use right

In RMB

Item	Closing balance	Reason for restriction
Cash and bank balances	63,087,237.63	Frozen amounts due to litigation, POS deposits and third-party platform account deposits
Notes receivable	210,748,000.00	Commercial notes endorsed but not matured yet
Total	273,835,237.63	--

Other descriptions:

#### 56. Foreign currency item

##### (1) Foreign currency item

In RMB

Item	Closing balance of foreign currency	Exchange rate	Translated balance in RMB at the end of the period
Cash and bank balances	--	--	3,716,365.26

Including: USD	582,527.63	6.376	3,714,196.17
EUR	2,651.70	0.818	2,169.09
HKD			
Accounts receivable	--	--	9,178,252.00
Including: USD	1,439,500.00	6.376	9,178,252.00
EUR			
HKD			
Long-term borrowings	--	--	
Including: USD			
EUR			
HKD			
Accounts payable			62,493,973.73
Including: USD	9,801,438.79	6.376	62,493,973.73

Other descriptions:

**(2) Descriptions of overseas operating entities, including disclosure of the main overseas business locations, functional currency and the basis for selection of important overseas operating entities, and the reasons for changes in functional currency (if any)**

Applicable  N/A

**57. Government grants**

**(1) Basic information of government grants**

In RMB

Category	Amount	Line item	Amount included in profit or loss for the current period
Special funds for the development of the cultural industry	3,549,291.66	Other income	3,549,291.66
Youth Mango Night project subsidy	1,600,000.00	Other income	1,600,000.00
Happigo Supply Chain Urban Co-Distribution System Project	100,000.00	Other income	100,000.00
“Project Investment Support” for Malanshan investment attraction and industrial development	107,998.94	Other income	107,998.94

Mobile internet industry development special fund	1,646,039.06	Other income	1,646,039.06
Special funds for the development of the modern logistics	40,229.22	Other income	40,229.22
Other	276,933.97	Other income	276,933.97
Guidance funds for provincial-level cultural industry development	399,999.96	Other income	399,999.96
Network audio-visual program quality creation and distribution project	72,000.00	Other income	72,000.00
Special funds for the development of modern services	60,000.00	Other income	60,000.00
The second batch of special funds for modern services development - Mango TV mobile client	60,000.00	Other income	60,000.00
Silk Road Film and Television Bridge Project of the State Administration of Radio, Film and Television	566,037.74	Other income	566,037.74
Mango TV international convergence media communication project	1,940,200.00	Other income	1,940,200.00
Guidance fund subsidies for cultural business of Hunan Province	284,000.00	Other income	284,000.00
Mango TV smart home page push project	233,333.33	Other income	233,333.33
Mango TV high-tech interactive video creation platform project	35,000.00	Other income	35,000.00
The second batch of special funds for the development of modern services in Hunan Province	8,000,000.00	Other income	8,000,000.00
Awards for enterprises in Malanshan Cultural and Creative Industrial Park	3,984,000.00	Other income	3,984,000.00
Cultural service export awards from central special funds for cultural industry development in 2021	1,750,000.00	Other income	1,750,000.00
Subsidy fund for training in work	1,163,500.00	Other income	1,163,500.00
Bonus for original creative innovation works	1,060,000.00	Other income	1,060,000.00
Project subsidy and reward fund	1,459,811.27	Other income	1,459,811.27
Financial support funds	877,679.25	Other income	877,679.25
Awards for economic development of Kaifu District	856,000.00	Other income	856,000.00
Special fund for development of e-commerce industry	820,000.00	Other income	820,000.00
Special awards from Changsha Municipal Government	690,000.00	Other income	690,000.00
“Project Investment Support” for Malanshan investment attraction and industrial development	600,000.00	Other income	600,000.00
Job stabilization subsidy	595,328.61	Other income	595,328.61
Special fund for service outsourcing industry	560,000.00	Other income	560,000.00
Innovation reward	550,000.00	Carrying	550,000.00

		forward to the current period	
The sixth network original audio visual program competition award	405,660.38	Line item	405,660.38
Subsidies for electricity related to outbreak	400,886.89	Other income	400,886.89
Guiding funds for high-quality development of business economy in Chaoyang District	300,000.00	Other income	300,000.00
2020 economic development incentives	250,000.00	Other income	250,000.00
Financing innovation evaluation funds	250,000.00	Other income	250,000.00
Economic development incentives	211,000.00	Other income	211,000.00
Other	244,838.41	Other income	244,838.41

## (2) Return of government grants

Applicable N/A

Other descriptions:

## 58. Others

## VIII. Changes in Scope of Consolidation

### 1. Business combination involving enterprises not under common control

#### (1) Business combinations involving enterprises not under common control

In RMB

Name of the acquiree	Timepoint of acquiring equity	Cost of equity acquisition	Ratio of equity acquired	Method of acquiring equity	Acquisition date	Basis of determining the acquisition date	Income of the acquiree from the acquisition date to the end of the period	Net profit of the acquiree from the acquisition date to the end of the period
Shenzhen Zhonghe Boao Technology Development Co., Ltd.	May 18, 2021	1,500,000.00	100.00%	Acquisition	May 31, 2021	The industrial and commercial change procedures have been completed and the payment for	186,325.12	137,300.68

						equity has been made		
--	--	--	--	--	--	-------------------------	--	--

Other descriptions:

## (2) Combination cost and goodwill

In RMB

Combination cost	
--Cash	1,500,000.00
--Fair value of assets other than cash	
--Fair value of debts issued or assumed	
--Fair value of equity securities issued	
--Fair value of contingent consideration	
--Fair value of equities held before the acquisition date on the acquisition date	
--Others	
Total combination costs	1,500,000.00
Less: Fair value of identifiable net assets acquired	1,439,370.54
Goodwill/difference between the lower combination costs and the fair value of identifiable net assets	

Descriptions of the method for determining the fair value of combination cost, contingent consideration and changes therein:

Note: The difference of RMB60,629.46 between the combination costs and the fair value of identifiable net assets acquired represents the amortization amount of the assets from the evaluation base date to the acquisition date, which has been included in the current profit or loss on the date of combination.

Main reasons for the formation of substantial goodwill:

Other descriptions:

## (3) Identifiable assets and liabilities of the acquiree on the acquisition date

In RMB

	Fair value on the acquisition date	Carrying amount on the acquisition date
Assets:	1,449,370.95	13,019.91
Cash and bank balances	13,019.91	13,019.91
Accounts receivable		
Inventories		
Fixed assets		
Intangible assets	1,436,351.04	



Liabilities:	10,000.41	10,000.41
Borrowings		
Accounts payable	10,000.41	10,000.41
Deferred tax liabilities		
Net assets	1,439,370.54	3,019.50
Less: Minority interests		
Net assets acquired	1,439,370.54	3,019.50

Method for determining the fair value of identifiable assets and liabilities:

All shareholders' equity in Shenzhen Zhonghe Boao Technology Development Co., Ltd. acquired by the Company has been evaluated by Carea Asset Appraisal Co., Ltd. who has issued an appraisal report Kai Yuan Ping Bao Zi 2020 (No. 035) therefor.

Contingent liabilities of the acquiree undertaken in business combination:

Other descriptions:

#### (4) Gains or losses arising from re-measurement of equity held before the acquisition date at fair value

Whether there is a business combination realized through multiple transactions by steps with control obtained during the reporting period

Yes  No

#### (5) Descriptions of inability to reasonably determine the combination consideration or the fair value of identifiable assets and liabilities of the acquiree on the acquisition date or at the end of the corresponding period

#### (6) Other descriptions

### 2. Business combination involving enterprises under common control

#### (1) Business combination involving enterprises under common control in the current period

In RMB

Name of the combined party	Proportion of equity acquired in business combination	Basis of constituting business combination involving enterprises under common control	Combination date	Basis of determining the combination date	Income of the combined party from the beginning of the period in which the combination falls to the date of	Net profit of the combined party from the beginning of the period in which the combination falls to the date of	Income of the combined party during the comparison period	Net profit of the merged party during the comparison period

					combination	combination		
--	--	--	--	--	-------------	-------------	--	--

Other descriptions:

### 3. Reverse purchase

Basic information of the transaction, basis for the transaction to constitute a reverse purchase, whether assets and liabilities retained by the listed company constitute businesses and the basis therefor, determination of consolidation costs, amount of adjustments to equity in case of equity transactions and the calculation thereof:

### 4. Disposal of subsidiaries

Whether there was any circumstance under which a single disposal of the investment in subsidiaries led to control loss

Yes  No

In RMB

Name of subsidiary	Proceeds from disposal	Disposal proportion (%)	Method of disposal	Time of losing control	Basis for establishing the time of losing control	Difference between the disposal price and the shares of net assets of the subsidiary corresponding to disposal of investments in the consolidated financial statements	Proportion of remaining equity on the date of losing control (%)	Carrying amount of remaining equity on the date of losing control	Fair value of remaining equity on the date of losing control	Gains or losses arising from re-measurement of remaining equity at the fair value	Methods of determining fair value of remaining equity on the date of losing control and main assumptions	Amount transferred from other comprehensive income related to initial equity investment in the subsidiary to investment income or loss
Hunan Happy Money Microfinance Co., Ltd.	304,249,700.00	100.00%	Sale	May 31, 2021	Receipt of the transfer fund	770,697.17	0.00%	0.00	0.00	0.00	N/A	0.00

Other descriptions:

Whether there is a disposal of investment in a subsidiary through multiple transactions by steps with loss of control over the subsidiary in the current period

Yes  No

### 5. Changes in the scope of combination for other reasons

Descriptions of changes in the scope of combination for other reasons (such as establishment of a new subsidiary and liquidation of a subsidiary, etc.) and the relevant information:

#### 1. Increase in the scope of combination

Company name	Method of	Timepoint of acquiring	Capital contribution	Proportion of
--------------	-----------	------------------------	----------------------	---------------

	acquiring equity	equity		contribution
Hainan E.E. Media Co., Ltd.	Establishment	June 30, 2021	30,000,000.00	100.00%
Shanghai Mango Universe Culture and Entertainment Co., Ltd.	Establishment	December 13, 2021	10,000,000.00	100.00%

## 2. Decrease in the scope of combination

Company name	Method of disposing equity	Timepoint of disposing equity
Happigo (Beijing) New Media Technology Co., Ltd.	Deregistration	April 12, 2021
Hangzhou Hemei Interactive Entertainment Technology Co., Ltd.	Deregistration	July 19, 2021

## 6. Others

## IX. Interests in Other Entities

## 1. Interests in subsidiaries

## (1) Composition of enterprise group

Name of subsidiary	Main business place	Registered address	Business nature	Shareholding ratio		Method of acquisition
				Direct	Indirect	
Shanghai Happigo Enterprise Development Co., Ltd.	Shanghai	Shanghai	Commerce		100.00%	Establishment
Shanghai Happivision Advertising Communication Co., Ltd.	Shanghai	Shanghai	Commerce		100.00%	Establishment
Doug Cloud Business (Hunan) Trade Limited Liability Company	Changsha	Changsha	Commerce		100.00%	Establishment
Mango Life (Hunan) E-commerce Limited Liability Company	Changsha	Changsha	Commerce		100.00%	Establishment
Happigo (Hunan)	Changsha	Changsha	Storage		100.00%	Business

Supply Chain Management Co., Ltd.						combination involving enterprises not under common control
Shanghai Meimi Trade Co., Ltd.	Shanghai	Shanghai	Commerce		100.00%	Establishment
Dameiren Global Trading Co., Limited	Shanghai	Hong Kong	Commerce		100.00%	Establishment
Hunan Mango Auto Automobile Sales Co., Ltd.	Changsha	Changsha	Commerce		51.00%	Establishment
Happigo Co., Ltd.	Changsha	Changsha	Commerce	100.00%		Establishment
Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd.	Changsha	Changsha	Video	100.00%		Business combination involving enterprises under common control
Mango Entertainment Co., Ltd	Changsha	Changsha	Film & Television		100.00%	Business combination involving enterprises under common control
Mango Studios Co., Ltd.	Changsha	Changsha	Film & Television		100.00%	Business combination involving enterprises under common control
Shanghai Mangofun Technology Co., Ltd.	Shanghai	Shanghai	Game		100.00%	Business combination involving enterprises under common control
Shanghai EE-Media Co., Ltd.	Shanghai	Shanghai	Film & Television	100.00%		Business combination involving enterprises under common control
Zhejiang Dongyang Tianyu	Zhejiang	Zhejiang	Film & Television		100.00%	Business combination

Film and Television Culture Co. Ltd.						involving enterprises under common control
Hunan Tianyu Film and Television Production Co. Ltd.	Changsha	Changsha	Film & Television		100.00%	Business combination involving enterprises under common control
Beijing Super Vocal Culture Co. Ltd.	Beijing	Beijing	Music		100.00%	Business combination involving enterprises under common control
Hainan E.E. Media Co., Ltd.	Hainan	Hainan	Culture media		100.00%	Establishment
Beijing Happy Mango Culture Media Co., Ltd.	Beijing	Beijing	Culture media		100.00%	Business combination involving enterprises under common control
Horgos Happy Sunshine Media Co., Ltd.	Horgos	Horgos	Culture media		100.00%	Business combination involving enterprises under common control
Hunan Happy Mangofun Technology Co., Ltd.	Changsha	Changsha	Game		100.00%	Business combination involving enterprises under common control
Shanghai Mango Universe Culture and Entertainment Co., Ltd.	Shanghai	Shanghai	Game		100.00%	Establishment
Happy Sunshine Xingmang Interactive Entertainment Media Co., Ltd.	Haikou	Haikou	Commerce		100.00%	Establishment
Happy Sunshine Hongmang	Changsha	Changsha	Commerce		100.00%	Establishment

Education Technology Co., Ltd.						
Xiaomang Electronic Commerce Co., Ltd.	Changsha	Changsha	Commerce		100.00%	Establishment
Mgtv.com (Hong Kong) Media Company Limited	Hong Kong	Hong Kong	Commerce		100.00%	Establishment
Shenzhen Zhonghe Boao Technology Development Co., Ltd.	Changsha	Shenzhen	Game		100.00%	Business combination involving enterprises not under common control

Descriptions of the difference between the shareholding ratio and the proportion of voting rights in a subsidiary:

Basis for holding half of the voting rights or below but still controlling the investee, and holding over half of the voting right but having no control over the investee:

Basis for controls over significant structured entities included in consolidation scope:

Basis for determining the Company as the agent or the principal:

Other descriptions:

## (2) Significant non-wholly owned subsidiaries

In RMB

Name of subsidiary	Shareholding ratio by minority shareholders	Profit or loss attributable to minority interests for the current period	Dividends declared for distribution to minority shareholders for the current period	Closing balance of minority interests
Hunan Mango Auto Automobile Sales Co., Ltd.	49.00%	448,680.70		30,763,885.84

Descriptions of the difference between the shareholding ratio of minority shareholders and their proportion of voting rights in a subsidiary:

Other descriptions:

## (3) Key financial information of significant non-wholly owned subsidiaries

In RMB

Name of subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Hunan Mango Auto Automobile Sales Co., Ltd.	278,910,162.12	20,051,233.70	298,961,395.82	230,291,484.49	5,886,470.82	236,177,955.31	95,213,439.53	13,358,862.09	108,572,301.62	46,704,536.01		46,704,536.01

In RMB

Name of subsidiary	Amount for the current period				Amount for the prior period			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Hunan Mango Auto Automobile Sales Co., Ltd.	1,008,991,707.33	915,674.90	915,674.90	-50,575,124.22	735,524,869.05	1,022,763.58	1,022,763.58	-39,939,680.60

Other descriptions:

**(4) Significant restrictions on the use of enterprise group assets and settlement of enterprise group debts****(5) Financial supports or other supports offered for the structured entities included in the scope of consolidated financial statements**

Other descriptions:

**2. Transactions through which the share of the owner's equity in the subsidiary has changed and the control on the subsidiary is still maintained****(1) Descriptions of changes in the share of owner's equity in the subsidiary****3. Interests in joint ventures or associates****(1) Summary of financial information of insignificant joint ventures and associates**

In RMB

	Closing balance/Amount for the current period	Opening balance/Amount for the prior period

Joint ventures	--	--
Total of the following items calculated based on the shareholding ratio	--	--
Associates:	--	--
Total carrying amount of investment	23,882,517.37	22,882,969.51
Total of the following items calculated based on the shareholding ratio	--	--
--Net profit	999,547.86	1,742,610.53
--Total comprehensive income	999,547.86	1,742,610.53

Other descriptions

**(2) Descriptions of significant restrictions on the ability of joint ventures or associates to transfer funds to the Company**

**(3) Unrecognized commitments related to investments in joint ventures**

**(4) Contingent liabilities related to investments in joint ventures or associates**

**4. Significant joint operations**

Name of joint operation	Principal operation place	Registration place	Business nature	Shareholding ratio/share	
				Direct	Indirect

Description of difference between shareholding ratio or share and voting right ratio in joint operation:

The basis for classifying a separate entity as a joint operation, if applicable:

Other descriptions

**5. Interests in structured entities not included in the scope of consolidated financial statements**

Descriptions of structured entities not included in the scope of consolidated financial statements:

**6. Others**

**X. Risks Related to Financial Instruments**

The Company's risk management objectives are to achieve a proper balance between risks and yield, minimize the adverse impacts of risks on the Company's operation performance, and maximize the benefits of the shareholders and other stakeholders. Based on these risk management objectives, the Company's basic risk management strategy is to identify and analyze its exposure to various risks, establish an appropriate maximum tolerance to risk, implement risk management, and monitor regularly and effectively these exposures to ensure the risks are monitored at a certain level.

The Company is exposed to various risks associated with financial instruments in its daily routines, primarily including credit risk, liquidity risk and market risk. The management has reviewed and approved policies to manage these risks, summarized as below.



**(I) Credit risk**

Credit risk refers to the risk that a party of the financial instrument will default on its obligations resulting in financial loss to the counterparty.

**1. Management of credit risk****(1) Evaluation of credit**

The Company assesses at each balance sheet date whether the credit risk of the underlying financial instruments has increased significantly since initial recognition. In determining whether the credit risk has increased significantly since initial recognition, the Company considers reasonable and supportable information that is available without undue cost or effort, including quantitative and qualitative analysis based on historical data, ranking of external credit risks and forward-looking information. The Company compares the risk of a default occurring on a financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition based on individual financial instrument or a group of financial instruments with similar credit risk characteristic, to determine the change of the risk of a default occurring on a financial instrument over the expected life.

The Company considers the credit risk of financial instruments has increased significantly when one or more of the following quantitative and qualitative criteria are met:

1) The quantitative criterion primarily refers to a certain percentage of increase in the probability of default over the remaining life of the financial instruments as of the balance sheet date when comparing with that at initial recognition of the financial instruments;

2) The qualitative criteria includes, inter alia, adverse material changes in business or financial conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations, and an actual or expected significant adverse change in the technological, market, economic, or legal environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations;

**(2) Definition of defaulted or credit-impaired assets**

A financial asset is defined as defaulted when the financial instrument meets one or more conditions stated as below, and the criteria of defining defaulted asset is consistent with the that of defining credit-impaired asset:

1) significant financial difficulty of the debtor;

2) a breach of contract terms with binding force by the debtor;

3) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;

4) the creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, has granted to the debtor a concession(s) that the creditor would not otherwise consider.

**2. Measurement of expected credit loss ("ECL")**

Key parameters to measure ECL include the probability of default, loss given default and the exposure at default. The Company established models of the probability of default, loss given default and the exposure at default on the basis of qualitative analysis on historical statistical data (such as counterparty ranking, guarantee methods, collateral category, and repayment way) and forward-looking information.

3. Details of reconciliation of the opening balance and the closing balance of provision for impairment of financial instruments can be referred to in Note VII (I) 4, 7 and 9 to the financial statements hereof.

**4. Credit risk exposure and credit risk concentration**

The Company's credit risk is primarily from cash and bank balances and receivables. In order to control the risks associated with aforementioned items, the Company has taken the following measures.

**(1) Cash and bank balances**

The credit risk of the Company is limited because the Company has deposited bank deposits and other monetary funds in banks with high credit ratings.

**(2) Receivables**

The Company continually evaluates the creditworthiness of its customers with deals on credit, and selects to deal with approved and creditworthy customers subject to the results of the credit assessment with monitoring the balance of its receivables, so as to ensure that the Company is not exposed to significant risk of bad debt.

No collateral is required since the Company only deals with third parties that are approved and creditworthy. The concentrated credit risks are managed by customers. As of December 31, 2021, the Company is exposed to certain concentration of credit risks, as the Company's accounts receivable from top 5 customers have accounted for 53.39% of the total balance of accounts receivable (December 31, 2020: 34.43%). The Company held no collateral or other credit ranking measures for the balance of accounts receivable.

The maximum exposure to the Company is the carrying amount of each financial asset in the balance sheet.

#### (II) Liquidity risk

Liquidity risk refer to the risk that the Company is in shortage of funds in performing obligations that are settled by delivering cash or another financial asset.

In order to control this risk, the Company balances the continuity and flexibility of financing by using various financing measures such as notes settlement and bank loans comprehensively and adopting both long-term and short-term financing methods to optimize the financing structure. The Company has received credit facilities from a number of commercial banks to satisfy its working capital requirements and capital expenditures.

#### Financial liabilities classified by remaining maturity

Item	Closing balance				
	Carrying amount	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Bank borrowings	39,786,903.37	41,628,749.86	41,628,749.86		
Notes payable	921,504,704.91	921,504,704.91	921,504,704.91		
Accounts payable	4,960,935,241.83	4,960,935,241.83	4,960,935,241.83		
Other payables	149,086,160.61	149,086,160.61	149,086,160.61		
Other current liabilities	210,748,000.00	210,748,000.00	210,748,000.00		
Lease liabilities (including those due within one year)	212,742,184.54	237,923,303.74	44,757,856.68	113,422,811.81	79,742,635.25
Sub-total	6,494,803,195.26	6,521,826,160.95	6,328,660,713.89	113,422,811.81	79,742,635.25

(Continued to above table)

Item	Balance at the end of last year				
	Carrying amount	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Bank borrowings	39,789,110.68	41,159,399.06	41,159,399.06		
Notes payable	712,292,035.75	712,292,035.75	712,292,035.75		
Accounts payable	5,217,087,330.62	5,217,087,330.62	5,217,087,330.62		
Other payables	160,651,194.91	160,651,194.91	160,651,194.91		
Sub-total	6,129,819,671.96	6,131,189,960.34	6,131,189,960.34		

#### (III) Market risk

Market risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in

market prices. Market risk mainly includes interest rate risk and currency risk.

#### 1. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Company's borrowings are at fixed interest rates, fluctuations in interest rates of borrowings will not have a material impact on the Company's total profits or shareholders' equity.

#### 2. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Since the Company mainly operates in Mainland China with its principal activities denominated in RMB, its exposure to the currency risk due to changes in market is not material.

The closing balance of the Company's monetary assets and liabilities dominated in foreign currencies can be referred to in Note VII. 56 to the financial statements hereof.

## XI. Disclosure of Fair Value

### 1. Closing balance of the fair value of assets and liabilities measured at fair value

In RMB

Item	Closing balance of fair value			
	Level 1	Level 2	Level 3	Total
I. Continuous fair value measurement	--	--	--	--
(I) Held-for-trading financial assets		3,410,000,000.00		3,410,000,000.00
1. Financial assets at fair value through profit or loss		3,410,000,000.00		3,410,000,000.00
(3) Derivative financial assets		3,410,000,000.00		3,410,000,000.00
(II) Receivables financing			137,800,000.00	137,800,000.00
Total liabilities continuously measured at fair value		3,410,000,000.00	137,800,000.00	3,547,800,000.00
II. Non-continuous fair value measurement	--	--	--	--

## 2. Basis for determining the market price of continuous and non-continuous level 1 fair value measurement items

## 3. Valuation techniques and qualitative and quantitative information of key parameters adopted for continuous and non-continuous level 2 fair value measurement items

With respect to held-for-trading financial assets with similar products quotation in an active market, the fair value of them shall be determined by the quotation of such similar products in the active market.

## 4. Valuation techniques and qualitative and quantitative information of key parameters adopted for continuous and non-continuous level 3 fair value measurement items

The Company's receivables financing refers to the bank acceptances accepted by commercial banks with higher credit rating, without quotation in the active market. The cost thereof represents the best estimate of fair value.

## 5. Reconciliation between opening and closing carrying amounts and sensitivity analysis of unobservable parameters for continuous level 3 fair value measurement items

## 6. In case of transfers among levels for the current period, explain the transfer reasons and policies for determining transfer time point for continuous fair value measurement items

## 7. Changes in valuation techniques for the current period and reasons for changes

## 8. Fair value of financial assets and liabilities not measured at fair value

## 9. Others

## XII. Related Parties and Related Party Transactions

### 1. Parent company of the Company

Name of the parent company	Registered address	Business nature	Registered capital	Proportion of the Company's ownership interest held by the parent company (%)	Proportion of the Company's voting right held by the parent company(%)
Mango Media Co., Ltd.	PRC	Planning, production and operation of radio and television programs; asset management and investment subject to laws and regulations; advertising planning,	2,050,000,000.00	56.09%	56.09%

		production and operation;			
--	--	---------------------------	--	--	--

#### Descriptions of the Company's parent company

Mango Media Co., Ltd., which holds 56.09% of the shares in the Company, was established on July 10, 2007 with a registered capital of RMB2,050,000,000 and registered address and principal place of business in Golden Eagle Studio Culture City in Kaifu District, Changsha City. Hunan Broadcasting System holds 100% shares in Mango Media Co., Ltd. Mango Media Co., Ltd. is mainly engaged in planning, production and operation of radio and television programs; investment in culture, sports, entertainment, media, science and technology, internet and other industries with self-owned funds (not allowed to engage in activities under national financial supervision and financial credit businesses such as deposit absorption, fund raising and collection, entrusted loan, bill issuance, loan issuance, etc.); advertising planning, production and operation; and multimedia technology development and management.

The ultimate controlling party of the Company is Hunan Broadcasting System.

Other descriptions:

## 2. Subsidiaries of the Company

For details of the subsidiaries of the Company, see the descriptions in the accompanying Note IX.

## 3. Associates and joint ventures of the Company

For details of the significant joint ventures or associates of the Company, see the descriptions in the accompanying Note IX.

The details of other joint ventures or associates having related party transactions and balances with the Company in the current period or prior periods are presented as follows:

Name of joint venture or associate	Relationship with the Company
Shanghai Mama Mia Mutual Entertainment Network Technology Co., Ltd.	Associates
Tianjin Sunshine Meichuang Technology Co., Ltd.	Associates

Other descriptions

## 4. Other related parties of the Company

Name of other related party	Relationship between other related party and the Company
Hunan Radio and Television Advertising Corporation	Controlled by the same actual controller
Hunan Broadcasting System Satellite TV Channel	Controlled by the same actual controller
Subsidiaries of Hunan TV Business Operation Development Co., Ltd. [Note 1]	
Yunhong Communication Technology (Guangzhou) Co., Ltd. [Note 2]	Controlled by the same actual controller
Hunan Broadcasting and Film Group Co., Ltd.	Controlled by the same actual controller
Subsidiaries of Hunan Broadcasting System [Note 3]	Controlled by the same actual controller

Subsidiaries of Hunan TV & Broadcast Intermediary Co., Ltd. [Note 4]	Controlled by the same actual controller
Subsidiaries of Mango Media Co., Ltd. [Note 5]	Controlled by the same actual controller
Xiao Xiang Film Group Co., Ltd.	Controlled by the same actual controller
MIGU Culture Technology Co., Ltd. [Note 6]	Company materially affected by the key officers

#### Other descriptions

[Note 1] Hunan TV Business Operation Development Co., Ltd. comprises Hunan EE Advertising Co., Ltd. and Hunan EE Advertising Co., Ltd. Mango Idol Branch

[Note 2] Yunhong Communication Technology (Guangzhou) Co., Ltd. comprises Beijing Yunhong Wanhao Advertising Co., Ltd. and Shanghai Yunhong Advertising Co., Ltd..

[Note 3] The subsidiaries of Hunan Broadcasting System comprise Beijing Happywoods Culture Communication Co., Ltd., Hunan Innovation Entertainment Media Co., Ltd., Hunan TV Drama Media Co., Ltd., Hunan Broadcasting and Television Logistics Management Service Co., Ltd., Hunan Broadcasting System Channel (excluding Satellite TV Channel), Hunan Broadcasting System Broadcast Media Center, Hunan Broadcasting System Logistics Support Center, Hunan Broadcasting System International Media Co., Ltd., Hunan International Convention and Exhibition Center Co., Ltd., Hunan Happy Avant Garde Media Co., Ltd. and Letian Entertainment (Hunan) Co., Ltd..

[Note 4] The subsidiaries of Hunan TV & Broadcast Intermediary Co., Ltd. comprise TIK Films, Hunan Jinyingcheng Real Estate Co., Ltd., Hunan CATV Network Group Co., Ltd., Hunan Saint Tropez Investment Co., Ltd., Shenzhen 9zhitx Technology Co., Ltd. and Changsha Colorful World Co., Ltd..

[Note 5] Mango Media Co., Ltd. and its subsidiaries comprise] Mango Media Co., Ltd., Beijing Jinshiyatang Film & Television Culture Communication Co., Ltd. and Hunan Mango Vision Technology Co., Ltd. and Hunan Happy Money Microfinance Co., Ltd. and Golden Eagle Broadcasting System Co., Ltd.

[Note 6] MIGU Culture Technology Co., Ltd. comprises MIGU Video Technology Co., Ltd., MIGU Cartoon Co., Ltd., MIGU Digital Media Co., Ltd., MIGU Music Co., Ltd. and MIGU Interactive Entertainment Co., Ltd..

## 5. Related party transactions

### (1) Sales and purchase of goods, and rendering and receipt of services

Statement of purchase of goods/ receipt of services

In RMB

Related parties	Details of related party transactions	Amount for the current period	Transaction quota approved	Whether exceeding the approved transaction amount	Amount for the prior period
Yunhong Communication Technology (Guangzhou) Co., Ltd	Advertising agency	209,219,140.92	204,000,000.00	Yes	210,676,667.48
Hunan Radio and Television	Advertising, publicity and				40,592,476.33

Advertising Corporation	promotion				
Hunan Broadcasting System	Value added share of operators, brand license and program usage fee	3,805,031.40		Yes	11,407,659.58
Subsidiaries of Hunan Broadcasting System	Publicity and promotion, artist agency, program production, venue exhibition and supporting services, purchase of goods, and advertising agency	67,038,290.39	55,340,000.00	Yes	33,420,832.91
Hunan Broadcasting System Satellite TV Channel	Publicity and promotion, artist agency, accepting services and copyrights	1,724,905.65	2,060,000.00	No	36,848,537.20
Shanghai Mama Mia Mutual Entertainment Network Technology Co., Ltd.	Purchase of goods	1,360,895.71	1,000,000.00	Yes	949,171.49
MIGU Culture Technology Co., Ltd.	Bandwidth, copyright purchase, advertising fee and goods purchase	36,872,709.67	48,800,000.00	No	62,298,481.29
Hunan Broadcasting and Film Group Co., Ltd.	Purchase of copyrights, operator sharing, publicity and promotion, and advertising agency	732,959,163.69	700,310,000.00	Yes	662,114,253.82
Subsidiaries of Hunan TV & Broadcast Intermediary Co., Ltd.	Operator sharing, board and lodging expenses, purchase of goods and site expenses	12,498,312.87	12,500,000.00	No	20,277,039.13

Mango Media Co., Ltd. and subsidiaries	Artist agency and technical cost	24,809,356.57	8,100,000.00	Yes	10,830,707.04
Hunan TV Business Operation Development Co., Ltd.	Advertising agency, internet access cooperation fees	77,336,094.65	153,910,000.00	No	183,877,073.47
Hunan Broadcasting System Broadcast Media Center	Artist agency, publicity and promotion	1,704,764.54		Yes	
Xiao Xiang Film Group Co., Ltd.	Purchase of copyrights	1,769,911.50		Yes	

## Statement of sales of goods/rendering of services

In RMB

Related parties	Details of related party transactions	Amount for the current period	Amount for the prior period
Yunhong Communication Technology (Guangzhou) Co., Ltd	Advertising	765,968,272.87	771,483,736.91
Hunan Broadcasting and Film Group Co., Ltd.	Advertising, release income, publicity and promotion	1,684,145,199.13	801,900,648.11
Hunan Broadcasting System	Advertising, release income, and sales of goods	619,469.03	354,592.45
Hunan Broadcasting System Satellite TV Channel	Release income and rendering of services	3,069,701.06	418,531,355.04
Subsidiaries of Hunan Broadcasting System	Advertising, artist income, derivatives business and sales of goods	5,925,945.90	40,437,722.81
Mango Media Co., Ltd. and subsidiaries	Artist income, sales of goods and release income	156,799,987.36	446,518,867.72
Shanghai Mama Mia Mutual Entertainment Network Technology Co., Ltd.	Sales of goods and supplier charge	146,432.71	308,159.28
Subsidiaries of Hunan TV & Broadcast Intermediary Co., Ltd.	Operator income		2,514,681.44
MIGU Culture Technology Co., Ltd.	Operator income, advertising, member benefits, and sales of derivatives and goods	1,650,532,231.02	826,176,362.97



Hunan Broadcasting System Broadcast Media Center	Sales of goods	35,253.98	
Hunan TV Business Operation Development Co., Ltd.	Advertising and sales of goods	673,438,735.02	556,465,901.91
Xiao Xiang Film Group Co., Ltd.	Copyright transfer	185,238.06	

Descriptions of related party transactions with respect to the sales and purchase of goods, as well as rendering and receipt of services

## (2) Related entrusted management/contracting and entrusting management/outsourcing

Statement of the entrusted management/contracting of the Company:

In RMB

Name of entrusting party/contractee	Name of entrusted party/contractor	Category of assets being entrusted with management or contracting assets	Entrusted/contracting start date	Entrusted/contracting end date	Basis for pricing of trusteeship income/contracting income	Trusteeship income/contracting income recognized in the current period

Descriptions of related trusteeship/outsourcing

Statement of the entrusting management/outsourcing of the Company:

In RMB

Name of entrusting party/contractee	Name of entrusted party/contractor	Category of assets being entrusted with management or contracted assets	Entrusting/outsourcing start date	Entrusting/outsourcing end date	Basis for pricing of trusteeship fee/outsourcing fee	Trusteeship fee/contracting fee recognized in the current period

Descriptions of related management/outsourcing

## (3) Related leases

The Company as the lessor:

In RMB

Name of lessee	Category of leased assets	Lease income recognized in the current period	Lease income recognized in the prior period
Mango Media Co., Ltd. and subsidiaries	Leasing and property management	561,203.27	2,005,015.86
Subsidiaries of Hunan Broadcasting System	Leasing and property management	4,052,832.85	5,229,537.88

The Company as the lessee:

In RMB

Name of lessor	Category of leased assets	Lease fees recognized in the current period	Lease fees recognized in the prior period
Subsidiaries of Hunan Broadcasting System	Leasing and property management	34,890,852.22	23,335,476.32
Subsidiaries of Hunan TV & Broadcast Intermediary Co., Ltd.	Leasing and property management	13,683,059.96	13,260,280.74
Subsidiaries of Mango Media Co., Ltd.	Automobile rental		188,586.82

Descriptions of leases with related parties

#### (4) Related guarantees

The Company as the guarantor:

In RMB

Guaranteed	Guarantee amount	Start date of guarantee	Maturity date of guarantee	Whether the guarantee obligation has been discharged

The Company as the guaranteed:

In RMB

Guarantor	Guarantee amount	Start date of guarantee	Maturity date of guarantee	Whether the guarantee obligation has been discharged

Descriptions of guarantees with related parties

#### (5) Lending funds of related parties

In RMB

Related parties	Amount	Start date	Maturity date	Note
Borrowing				
Lending				

#### (6) Asset transfer and debt restructuring between related parties

In RMB

Related party	Details of related party transactions	Amount for the current period	Amount for the prior period

**(7) Compensation for key management**

In RMB

Item	Amount for the current period	Amount for the prior period
Compensation for key management personnel	28,980,000.00	37,175,900.00

**(8) Other related party transactions**

The 100% equity of Hunan Happy Money Microfinance Co., Ltd held by the Company was transferred to Mango Media Co., Ltd. in consideration of RMB304,249,700, the industrial and commercial change registration procedures for which were completed on June 16, 2021.

**6. Receivables from and payables to related parties****(1) Accounts receivable**

In RMB

Item	Related parties	Closing balance		Opening balance	
		Gross carrying amount	Provisions for bad debts	Gross carrying amount	Provisions for bad debts
Receivable financing	Hunan Broadcasting System Satellite TV Channel			57,000,000.00	
Receivable financing	MIGU Culture Technology Co., Ltd.			107,410,000.00	
Receivable financing	Hunan TV Business Operation Development Co., Ltd.	12,000,000.00			
Receivable financing	Hunan Broadcasting and Film Group Co., Ltd.	43,200,000.00			
Sub-total		55,200,000.00		164,410,000.00	
Notes receivable	Hunan Broadcasting and Film Group Co., Ltd.	12,000,000.00			
Notes receivable	MIGU Culture Technology Co., Ltd.	661,742,339.23			
Sub-total		673,742,339.23			

Accounts receivable	Hunan Broadcasting System			244,000.00	
Accounts receivable	Hunan Broadcasting System Satellite TV Channel			214,923,447.92	
Accounts receivable	Hunan Broadcasting and Film Group Co., Ltd.	1,039,093,242.60		164,336,587.00	
Accounts receivable	Mango Media Co., Ltd. and subsidiaries	348,640.12		122,610,000.00	
Accounts receivable	Tianjin Sunshine Meichuang Technology Co., Ltd.	766,557.10	766,557.10	766,557.10	766,557.10
Accounts receivable	Yunhong Communication Technology (Guangzhou) Co., Ltd	33,794,156.81		72,753,709.93	
Accounts receivable	MIGU Culture Technology Co., Ltd.	283,182,835.10	14,159,141.76	61,576,467.21	3,078,823.36
Accounts receivable	Subsidiaries of Hunan TV & Broadcast Intermediary Co., Ltd.	4,503.00		2,876,840.38	
Accounts receivable	Subsidiaries of Hunan Broadcasting System	7,618,619.30		3,490,039.09	
Accounts receivable	Hunan TV Business Operation Development Co., Ltd. and its subsidiaries	347,838,043.25		290,175,195.53	
Accounts receivable	Shanghai Mama Mia Mutual Entertainment Network Technology Co., Ltd.	8,310.60	415.53		
Accounts receivable	Xiao Xiang Film Group Co., Ltd.	186,352.35			

Sub-total		1,712,841,260.23	14,926,114.39	933,752,844.16	3,845,380.46
Contract asset	Subsidiaries of Hunan TV & Broadcast Intermediary Co., Ltd.			2,449,700.00	
Contract asset	MIGU Culture Technology Co., Ltd.	520,037,950.51	26,001,897.53	462,914,088.43	23,145,704.42
Sub-total		520,037,950.51	26,001,897.53	465,363,788.43	23,145,704.42
Prepayments	Subsidiaries of Hunan TV & Broadcast Intermediary Co., Ltd.	160,628.95		64,443.96	
Prepayments	Subsidiaries of Hunan Broadcasting System	2,515,982.48		397,107.70	
Prepayments	Tianjin Sunshine Meichuang Technology Co., Ltd.	6,014,723.96	6,014,723.96	6,014,723.96	6,014,723.96
Prepayments	Hunan Broadcasting and Film Group Co., Ltd.	2,264.15			
Prepayments	Shanghai Mama Mia Mutual Entertainment Network Technology Co., Ltd.	13,399.99			
Prepayments	Mango Media Co., Ltd. and subsidiaries	23,893.82		304,789.54	
Sub-total		8,730,893.35	6,014,723.96	6,781,065.16	6,014,723.96
Other receivables	Subsidiaries of Hunan Broadcasting System	1,761,126.00		1,000,105.00	
Other receivables	Subsidiaries of Hunan TV & Broadcast Intermediary Co., Ltd.	1,412,441.00		1,119,357.00	
Other receivables	Shanghai Mama Mia	2,629,764.69	2,629,764.69	2,629,764.69	1,564,882.35

	Mutual Entertainment Network Technology Co., Ltd.				
Other receivables	Hunan Broadcasting and Film Group Co., Ltd.	100,000.00		300,000.00	
Other receivables	Subsidiaries of Mango Media Co., Ltd.	921,193.47			
Other receivables	Hunan Broadcasting System	30,000.00			
Other receivables	Xiao Xiang Film Group Co., Ltd.	50,822.65			
Sub-total		6,905,347.81	2,629,764.69	5,049,226.69	1,564,882.35
Other current assets	Subsidiaries of Hunan TV & Broadcast Intermediary Co., Ltd.			1,531,056.96	
Other current assets	Hunan TV Business Operation Development Co., Ltd.	707,547.16			
Sub-total		707,547.16		1,531,056.96	

**(2) Accounts payable**

In RMB

Item	Related parties	Gross carrying amount at the end of the period	Gross carrying amount at the beginning of the period
Accounts payable	Yunhong Communication Technology (Guangzhou) Co., Ltd	237,264,113.11	199,545,392.54
Accounts payable	Hunan Broadcasting System	20,290,566.05	20,281,809.33
Accounts payable	Hunan Broadcasting System Satellite TV Channel		3,380,943.40
Accounts payable	Hunan Radio and Television Advertising Corporation		11,320,754.73
Accounts payable	Hunan Broadcasting and Film	97,676,655.77	37,086,109.61

	Group Co., Ltd.		
Accounts payable	Shanghai Mama Mia Mutual Entertainment Network Technology Co., Ltd.	61,546.13	134,309.23
Accounts payable	Tianjin Sunshine Meichuang Technology Co., Ltd.	24,449.42	25,350.00
Accounts payable	MIGU Culture Technology Co., Ltd.	13,758,167.93	35,517,829.89
Accounts payable	Subsidiaries of Hunan TV & Broadcast Intermediary Co., Ltd.	76,946.59	17,725,248.79
Accounts payable	Subsidiaries of Hunan Broadcasting System	9,404,343.82	1,845,211.14
Accounts payable	Subsidiaries of Mango Media Co., Ltd.	1,055,662.29	132,075.48
Accounts payable	Hunan TV Business Operation Development Co., Ltd.	169,921,580.33	176,823,442.87
Sub-total		549,534,031.44	503,818,477.01
Contract liabilities	Yunhong Communication Technology (Guangzhou) Co., Ltd		855,240.83
Contract liabilities	Hunan Broadcasting System	1,886,792.45	1,886,792.45
Contract liabilities	Hunan Broadcasting System Satellite TV Channel		117,594,339.62
Contract liabilities	MIGU Culture Technology Co., Ltd.	2,907,212.61	22,022.40
Contract liabilities	Subsidiaries of Hunan Broadcasting System		349,943.95
Contract liabilities	Subsidiaries of Hunan TV & Broadcast Intermediary Co., Ltd.	1,573,712.60	1,573,712.60
Contract liabilities	Hunan TV Business Operation Development Co., Ltd.	358,490.58	
Contract liabilities	Subsidiaries of Mango Media Co., Ltd.	31,720.00	1,725,283.01
Sub-total		6,757,928.24	124,007,334.86
Other payables	Hunan TV Business Operation Development Co., Ltd.		250,000.00
Other payables	Subsidiaries of Hunan TV &	903,112.55	1,596,991.85

	Broadcast Intermediary Co., Ltd.		
Other payables	Hunan Broadcasting System	172,249.06	
Other payables	Mango Media Co., Ltd. and its subsidiaries	3,798,949.15	3,784,547.60
Other payables	Subsidiaries of Hunan Broadcasting System	5,168,933.76	5,788,122.23
Sub-total		10,043,244.52	11,419,661.68
Other current liabilities	Subsidiaries of Hunan TV & Broadcast Intermediary Co., Ltd.	5,595,825.03	
Other current liabilities	Subsidiaries of Hunan Broadcasting System	12,506,214.32	
Other current liabilities	MIGU Culture Technology Co., Ltd.	210,754,333.88	
Sub-total		228,856,373.23	
Non-current liabilities due within one year	Subsidiaries of Hunan TV & Broadcast Intermediary Co., Ltd.	8,952,558.55	
Non-current liabilities due within one year	Subsidiaries of Hunan Broadcasting System	11,062,016.76	
Sub-total		20,014,575.31	
Lease liabilities	Subsidiaries of Hunan TV & Broadcast Intermediary Co., Ltd.	11,051,946.09	
Lease liabilities	Subsidiaries of Hunan Broadcasting System	60,992,717.01	
Sub-total		72,044,663.10	

## 7. Commitments of related parties

## 8. Others

## XIII. Share-Based Payment

### 1. Overview of shared-based payment

Applicable  N/A



**2. Equity-settled share-based payment**

□ Applicable ✓ N/A

**3. Cash-settled share-based payment**

□ Applicable ✓ N/A

**4. Modification to and termination of share-based payment****5. Others****XIV. Commitments and Contingencies****1. Significant commitment**

Significant commitments as of the balance sheet date

## 1. Commitment to payments for internet access cooperation

In RMB0'000

Payments for internet access cooperation	Closing balance	Opening balance
The 1st year subsequent to the balance sheet date	2,329.72	3,198.95
The 2nd year subsequent to the balance sheet date		4.86
The 3rd year subsequent to the balance sheet date		
Total	2,329.72	3,203.81

Payments for internet access cooperation are charges for use that should be paid by the Company in each relevant agreement period subject to agreements concluded by the Hapigo and each local TV station with cooperation.

## 2. Copyright purchase commitment

In RMB0'000

Copyright purchase agreements	Closing balance	Opening balance
The 1st year subsequent to the balance sheet date	54,571.00	54,571.00
The 2nd year subsequent to the balance sheet date	54,571.00	54,571.00
The 3rd year subsequent to the balance sheet date	54,571.00	54,571.00
Subsequent periods	54,571.00	109,142.00
Total	218,284.00	272,855.00

Copyright purchase agreements are concluded by and between Happy Sunshine and Hunan Broadcasting and Film Group Co., Ltd. for considerations that should be paid by the Company to purchase copyrights in each relevant agreement period.

**2. Contingencies****(1) Significant contingencies as of the balance sheet date**

1. In August 2019, Lead Capital Management Co., Ltd. ("Lead Capital") filed a lawsuit against Happy Sunshine with Changsha Municipal Intermediate People's Court, requesting to order Happy Sunshine to make relevant payments together with liquidated

damages in the amount of about RMB20.4611 million on behalf of Beijing Guolong Film Investment Co., Ltd. (“Guolong”) to Lead Capital, and meanwhile applying to the court for property preservation, as a result of which a sum of RMB21 million in Happy Sunshine’s account opened with the Business Department of China Zheshang Bank Changsha Branch was frozen.

As present, the second instance has been heard by Hunan Provincial Higher People’s Court who then has made a ruling ordering the case to be remanded to Changsha Municipal Intermediate People’s Court for retrial. In this connection, Happy Sunshine has lodged a separate action against Guolong for contract termination, for which Changsha Municipal Intermediate People’s Court has rendered an effective first-instance judgment confirming the license contract on “Paris Unhappy” between Happy Sunshine and Guolong is terminated, and determining the payment made by Happy Sunshine does not need to be returned to Guolong film, and Guolong shall pay a sum of RMB2.98 million as liquidated damages to Happy Sunshine, finding, however, that whether the remaining amount of the contract shall be paid shall be an issue to be addressed via a separate case. As such, whether there is still any payment obligation on the part of Happy Sunshine shall be subject to the retrial.

2. Protium Deuterium Tritium (Guangzhou) Industrial Operation Management Co., Ltd. (“Protium Deuterium Tritium”) sued Happy Sunshine in the People’s Court of Haizhu District, Guangzhou City, Guangdong Province on November 30, 2020, requesting the court to order Happy Sunshine to pay the outstanding production fees of RMB14.36 million and bear the liquidated damages of RMB3.19 million.

With respect to the case, the People’s Court of Haizhu District made the first-instance judgement ordering Happy Sunshine to pay the production fees of RMB13.16 million, while rejecting other litigation requests of Protium Deuterium Tritium. At present, the case has entered the appeal proceedings in Guangzhou Municipal Intermediate People’s Court pending the second-instance judgement. In addition, Happy Sunshine filed a lawsuit against Protium Deuterium Tritium for advertising fees owed to the former with Changsha Municipal Intermediate People’s Court who rendered the first-instance judgement which has been in force obliging Protium Deuterium Tritium to pay the advertising fees of RMB13.28295 million to Happy Sunshine, but such judgment has not yet been enforced by Protium Deuterium Tritium for the time being.

3. Shandong Yuquan Tianyuan Agricultural Comprehensive Development Co., Ltd. (“Shandong Yuquan”) filed a lawsuit against Shanghai Mangofun Technology Co., Ltd. (“Mangofun”) with the People’s Court of Lanshan District, Linyi City, Shandong Province on July 6, 2021, requesting the court to order: a cancellation of the cooperation agreement on “Happy Mango” experience park dated January 1, 2019 between both parties; a compensation from Mangofun to Shandong Yuquan for the economic losses in the amount of RMB6.8098 million. Meanwhile, Shandong Yuquan has applied to such court for property preservation, resulting in a freezing of RMB1.6 million in the account under the name of Mangofun at China Merchants Bank.

At present, the case is pending before the People’s Court of Lanshan District. Even if the contract is determined to be canceled, the Company will seek to reduce its compensation liability given it is Shandong Yuquan who breached the contract first, subject to the judgment of the court.

4. On December 4, 2017, Leshi Internet Information & Technology Corp., Beijing (hereinafter “Leshi Internet”) and Happy Sunshine concluded an Agreement on Exclusively Licensed Use of Information Network Dissemination Rights (hereinafter “Original License Agreement”); pursuant to which, Leshi Internet assigns the exclusive information network dissemination rights of teleplay *Tears In Heaven* to Happy Sunshine, and Happy Sunshine has paid the down payment of RMB 31.20 million.

On March 20, 2021, Leshi Internet, Leshi Xinshengdai (Beijing) Culture Media Co., Ltd. (hereinafter “Xinshengdai”) and Happy Sunshine concluded an agreement, pursuant to which, Leshi Internet transfers its rights and obligations under Original License Agreement to Xinshengdai; the total license fee of teleplay *Tears In Heaven* is RMB 63.75 million, and Happy Sunshine shall pay remaining license fee of RMB 32.55 million. Xinshengdai lodged a lawsuit to People’s Court of Chaoyang District, Beijing for aforesaid unpaid license fee of RMB 32.55 million in December 2021, and the bank deposit RMB 34,177,500 of Happy Sunshine was frozen. Through negotiation, Happy Sunshine and Xinshengdai concluded a new agreement, Happy Sunshine has paid the license fee of RMB 32.55 million on January 4, 2022, and Xinshengdai has dropped the lawsuit and unfrozen the bank deposit of Happy Sunshine.

**(2) Please make corresponding clarification if the Company has no significant contingency to be disclosed**

The Company has no significant contingencies to be disclosed.

**3. Others****XV. Events Subsequent to the Balance Sheet Date****1. Significant non-adjustment events**

In RMB

Item	Content	Effects on financial position and operating results	Reasons for inability to estimate the effects

**2. Profit distribution**

In RMB

Profits or dividends to be distributed	243,193,705.95
Profits or dividends declared for distribution after being approved	243,193,705.95

**3. Sales returns****4. Descriptions of other events subsequent to the balance sheet date****XVI. Other Significant Events****1. Corrections of previous accounting errors****(1) Retrospective restatement**

In RMB

Content of accounting error correction	Accounting procedure	Report items in each comparison period affected	Cumulative effects

**(2) Prospective application**

Content of accounting error correction	Approval procedure	Reasons for adopting prospective application

**2. Debt restructuring****3. Replacement of assets****(1) Exchange of non-monetary assets****(2) Replacement of other assets****4. Annuity plan****5. Discontinued operations**

In RMB

Item	Income	Cost	Total profit	Income tax expense	Net profit	Profit from discontinued operation attributable to owners of the parent company
Hunan Happy Money Microfinance Co., Ltd.	28,355,903.05	14,939,256.18	560,366.45	0.00	560,366.45	1,331,063.62

Other descriptions

**6. Segment information****(1) Determination basis and accounting policies of reporting segments**

The Company has established four reporting segments being Mango TV Internet video business, new media interactive entertainment content production, content e-business and others, which are divided based on its internal organizational structure, management requirements, and inner reporting system, among others, in light of the industry and product actuality. The reporting information on each segment is disclosed according to the accounting policies and measurement standards adopted thereby when reporting to the management, the measurement bases of which are in line with the accounting and measurement bases for the preparation of the financial statements.

**(2) Financial information of reporting segments**

In RMB

Item	Mango TV Internet Video Business	New media interactive entertainment content production and operation	Content E-business	Others	Inter-segment offset	Total
Income from	11,261,249,957.21	1,877,457,854.82	2,157,213,530.01	39,485,705.99		15,335,407,048.03

principal operating activities						
Cost of principal operating activities	6,350,577,826.34	1,556,685,395.67	1,968,834,667.67	20,199,308.10		9,896,297,197.78

**(3) If the Company has no reporting segment or is unable to disclose total assets and liabilities of each reporting segment, please give the reason therefor**

Happy Sunshine, a subsidiary of the Company, engages in business involving three segments i.e. Mango TV Internet video, new media interactive entertainment content production and operation, and content e-commerce, the total assets and liabilities of each reporting segment of whom cannot be disclosed as its assets and liabilities cannot be divided according to the reporting segments.

**(4) Other descriptions**

**7. Other significant transactions and events affecting the investors' decisions**

**8. Others**

Leases

1. The Company as the lessee

(1) For the relevant information of use right assets, see Note VII (I)14 to the financial statements hereof;

(2) Current profit or loss and cash flow related to leasing

Item	Amount in the current period (in RMB)
Interest expense on lease liabilities	5,819,271.54
Variable lease payments through profit or loss not included in the measurement of lease liabilities	
Income from subletting right to use assets	9,341,266.04
Total cash outflow related to leasing	64,826,084.84
Relevant profit or loss arising from sale-leaseback transactions	

(4) For the maturity analysis of lease liabilities and the corresponding liquidity risk management, see Note X(II) to the financial statements hereof.

2. The Company as the lessor

Operating lease

1. Lease income

Item	Amount in the current period (in RMB)
Lease income	19,143,126.43

(2) Operating lease assets

Item	Closing balance (in RMB)
Fixed assets	34,070,036.19
Use right assets	6,884,092.38
Sub-total	40,954,128.57

For details of fixed assets leased out for operation, see Note VII(I)13 to the financial statements hereof.

(3) Future undiscounted lease receipts under irrevocable leases according to the leases with the lessees

Remaining term	Closing balance (in RMB)
Within 1 year	15,399,807.10
1-2 years	13,592,258.70
2-3 years	12,598,737.80
3-4 years	10,176,167.90
4-5 years	8,561,441.20
Over 5 years	11,423,322.10
Total	71,751,734.80

## XVII. Notes to Main Items in the Financial Statements of the Parent Company

### 1. Other receivables

In RMB

Item	Closing balance	Opening balance
Dividends receivable	250,000,000.00	
Other receivables	80,099,116.90	260,068,347.20
Total	330,099,116.90	260,068,347.20

### (1) Interest receivable

#### 1) Classification of interest receivable

In RMB

Item	Closing balance	Opening balance

#### 2) Significant overdue interest

Borrower	Closing balance	Overdue time	Overdue reasons	Whether there is any impairment and the basis for judgment

Other descriptions:

#### 3) Provision for bad debts

 Applicable  N/A

**(2) Dividends receivable****1) Classification of dividends receivable**

In RMB

Project (or investee)	Closing balance	Opening balance
Shanghai EE-Media Co., Ltd.	250,000,000.00	
Total	250,000,000.00	

**2) Significant dividends receivable aged more than 1 year**

In RMB

Project (or investee)	Closing balance	Aging	Reasons for non-recovery	Whether there is any impairment and the basis for judgment

**3) Provision for bad debts**

Applicable  N/A

Other descriptions:

**(3) Other receivables****1) Classification of other receivables by nature**

In RMB

Nature	Gross carrying amount at the end of the period	Gross carrying amount at the beginning of the period
Petty cash	100,118.08	69,759.37
Amount due to or from related parties within the scope of consolidation	80,000,000.00	260,000,000.00
Total	80,100,118.08	260,069,759.37

**2) Provision for bad debts**

In RMB

Provisions for bad debts	Stage I	Stage II	Stage III	Total
	Future 12-month ECL	Lifetime ECL (without credit impairment)	Lifetime ECL (with credit impairment)	
Balance as at January 1, 2021	518.95	893.22		1,412.17

In the current period, balance as at January 1, 2021	—	—	—	—
Provision for the current period	482.23	-893.22		-410.99
Balance as at December 31, 2021	1,001.18			1,001.18

Changes in gross carrying amount whose loss allowance changed significantly in the current period

Applicable  N/A

Disclosure by aging

In RMB

Aging	Carrying amount
Within 1 year (inclusive)	100,118.08
2 to 3 years	80,000,000.00
Total	80,100,118.08

### 3) Provision, recovery or reversal of bad debts for the current period

Provision for bad debts made for the current period:

In RMB

Category	Opening balance	Changes for the current period				Closing balance
		Provision	Recovery or reversal	Write-off	Others	
Group by age	1,412.17	-410.99				1,001.18
Total	1,412.17	-410.99				1,001.18

Significant recovery or reversal of provisions for bad debts for the current period:

In RMB

Entity	Amount of recovery or reversal	Method of recovery

### 4) Other receivables actually written off for the period

In RMB

Item	Write-off amount

Descriptions of significant other receivables that are written off:

In RMB

Entity	Nature of other receivables	Write-off amount	Reasons for write-off	Write-off procedures performed	Whether the payments were generated from



					related party transactions
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Descriptions of write-off of other receivables:

### 5) Top five closing balances of other receivables categorized by debtor

In RMB

Entity	Nature	Closing balance	Aging	Proportion in total closing balance of other receivables	Closing balance of provisions for bad debts
Hunan Mango Entertainment Co., Ltd.	Amount due to or from subsidiaries	80,000,000.00	2-3 years	99.88%	
Total	--	80,000,000.00	--	99.88%	

### 6) Receivables involving government grants

In RMB

Entity	Projects supported by government grants	Closing balance	Ending aging	Expected receipt time, amount and basis

### 7) Other receivables derecognized due to the transfer of financial assets

### 8) Assets and liabilities generated by the transfer of other receivables and continuing involvement therein

Other descriptions:

## 2. Long-term equity investments

In RMB

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Investments in subsidiaries	11,976,375,839.55		11,976,375,839.55	7,780,583,738.35		7,780,583,738.35
Total	11,976,375,839.55		11,976,375,839.55	7,780,583,738.35		7,780,583,738.35

### (1) Investments in subsidiaries

In RMB

Investees	Opening balance (carrying amount)	Changes in the current period				Closing balance (carrying amount)	Closing balance of provisions for bad debts
		Additional investment	Decreased investment	Provisions for impairment	Others		
Hunan Happy Money Microfinance Co., Ltd.	300,000,000.00		300,000,000.00				
Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd.	5,658,165,333.48	5,186,884,274.14				10,845,049,607.62	
Hunan Mango Entertainment Co., Ltd.	145,185,235.62		145,185,235.62				
Mango Studios Co., Ltd.	211,030,100.57		211,030,100.57				
Shanghai Mangofun Technology Co., Ltd.	334,876,836.75		334,876,836.75				
Shanghai EE-Media Co., Ltd.	535,281,326.72					535,281,326.72	
Happigo Co., Ltd.	596,044,905.21					596,044,905.21	
<b>Total</b>	<b>7,780,583,738.35</b>	<b>5,186,884,274.14</b>	<b>991,092,172.94</b>			<b>11,976,375,839.55</b>	

**(2) Investments in associates and joint ventures**

In RMB

Investors	Opening balance (carrying amount)	Changes in the current period								Closing balance (carrying amount)	Closing balance of provisions for bad debts
		Additional investment	Decreased investment	Investment profit or loss under equity method	Adjustment in other comprehensive income	Other equity changes	Declared cash dividends or profits	Provisions for impairments	Others		
<b>I. Joint ventures</b>											

## II. Associates

**(3) Other descriptions****3. Investment income**

In RMB

Item	Amount for the current period	Amount for the prior period
Income from long-term equity investments accounted for using the cost method	250,560,366.45	
Income from long-term equity investments accounted for using the equity method		-518,632.62
Income from disposal of long-term equity investments	4,249,700.00	70,383,379.80
Total	254,810,066.45	69,864,747.18

**4. Others****XVIII. Supplementary Information****1. Statement of non-recurring profit or loss for the current period**

√ Applicable □ N/A

In RMB

Item	Amount	Note
Gains or losses from disposal of non-current assets	501,358.91	
Government grants recognized in profit or loss for the current period (excluding government grants that are closely related to the company's business operations and gained at a fixed amount or quantity according to national uniform standards)	35,999,768.69	
Gains or losses from entrusting others with investment or asset management	34,265,617.23	
Reversal of impairment provision of accounts receivable that have undergone impairment test alone	4,843,660.00	
Other non-operating incomes and expenses besides the above items	-21,265,876.15	

Effect of minority equity	12,508.07	
Total	54,332,020.61	--

Details of other profit and loss items that meet the definition of non-recurring profit and loss:

Applicable  N/A

The Company has no other items of profit and loss that meet the definition of non-recurring profit and loss.

Explanations for classifying non-recurring profit and loss items enumerated in the Explanatory Announcement No. 1 for Public Company Information Disclosures – Non-recurring Profits and Losses as recurring profit and loss items:

Applicable  N/A

## 2. Return on equity and earnings per share

Profit for the reporting period	Weighted average return on equity (%)	Earnings per share	
		Basic EPS (RMB)	Diluted EPS (RMB)
Net loss attributable to the Company's ordinary shareholders	16.25%	1.17	1.17
Net profit attributable to the parent company's shareholders after deduction of non-recurring profit or loss	15.83%	1.14	1.14

## 3. Accounting data differences arising from accounting standard of the PRC and the International Accounting Standards

### (1) Differences in net profits and net assets in the financial reports disclosed concurrently under international accounting standards and Chinese accounting standards

Applicable  N/A

### (2) Differences in net profits and net assets in the financial reports disclosed concurrently under overseas accounting standards and Chinese accounting standards

Applicable  N/A

### (3) Description of the reasons for the differences in accounting data under domestic and foreign accounting standards, and in case of the differences being adjusted for the data audited by an overseas audit institution, indication of the name of the overseas institution

## 4. Others