

Stock Code:300413

Stock abbreviation:Mango Excellent Media

Number:2020-048

# MANGO EXCELLENT MEDIA CO.,Ltd.

## Summary of the Semi-Annual Report 2020

### I. Important notes

The summary of this semi-annual report comes from the full text of the annual report. To fully understand the Company's operating results, financial situation and future development plan, investors should read the full text of the semi-annual report carefully in the media designated by the China Securities Regulatory Commission (CSRC).

This semi-annual report is available in Chinese and English. In the event of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.

Except for the following directors, all the other directors attended in person the Board meeting for the review of this Report and its summary.

Name	Office title	Reason for not attending meeting in person	Proxy

Non-standard auditor's opinion

Applicable  Not applicable

Preliminary plan for profit distribution to the common shareholders or turning the capital reserve into the share capital for the reporting period, which has been reviewed and approved at the board meeting.

Applicable  Not applicable

The Company has no plan of cash dividends carried out, bonus issued and capitalizing of common reserves either.

Preliminary plan for profit distribution to the preference shareholders for the reporting period which has been reviewed and approved at the board meeting.

Applicable  Not applicable

### II. Basic Information of the Company

#### 1. Company profile

Stock abbreviation	Mango Excellent Media	Stock Code	300413
Stock exchange for stock listing	Shenzhen Stock Exchange		
Contact and Contact information	Secretary of the Board	Securities affairs representative	
Name	WU Jun	HUANG Jianyong	
Address	Golden Eagle TV Culture City, Changsha City, Hunan Province	Golden Eagle TV Culture City, Changsha City, Hunan Province	
Telephone	(0731)82967188	(0731)82967188	
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## 2. Major accounting data and financial indicators

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

YES  NO

Unit:CNY

	Reporting period	Same period of last year	YoY+/- (%)
Operating income(RMB)	5,773,764,006.22	5,503,996,009.52	4.90%
Net profit attributable to the listed company's shareholders (RMB)	1,103,375,574.00	803,603,625.70	37.30%
Net profits attributable to listed company shareholders after deducting non-recurring profits and losses (RMB)	975,131,242.87	788,187,506.93	23.72%
Net cash flows from operating activities (RMB)	11,508,801.22	-348,882,103.98	
Basic earnings per share (RMB/share)	0.62	0.47	31.91%
Diluted earnings per share (RMB/share)	0.62	0.47	31.91%
Weighted average return on equity (%)	11.82%	12.61%	-0.79%
	As at the end of the reporting period	As at the end of last year	YoY+/- (%)
Total assets(RMB)	17,873,969,873.96	17,078,206,149.68	4.66%
Net assets attributable to shareholder of listed company(RMB)	9,709,197,041.97	8,783,859,219.07	10.53%

## 3.Shareholders and shareholding

Total Number of common shareholders at the end of the reporting period	22,057	Number of shareholders of preferred stocks of which voting rights recovered in the report period (If any)	0			
Top 10 shareholders						
Name of shareholder	Nature of shareholders	Shareholding ratio	Number of shares	Quantity of restricted shares held	Number or share pledged/frozen	
					Status	Quantity
Mango Media Co. LTD	State-owned legal person	64.20%	1,142,948,158	849,019,732		
China Mobile Capital Holdings Co. Ltd.	State-owned legal person	4.37%	77,870,025	77,870,025		
Hong Kong Securities Clearing Co. Ltd.	Foreign legal person	1.73%	30,849,125	0		
China Life Insurance Co., Ltd.- Dividends-Individual Dividends -005L-FH002 SHEN	Others	1.11%	19,721,179	19,467,506		
Citic Bank Co., LTD.- BoCOM Schroeder New Vitality Flexible allocation of hybrid securities investment fund	Others	0.77%	13,634,954	0		
China Merchants Bank Co., LTD. - Xingquan appropriate flexible allocation of hybrid securities investment funds(LOF)	Others	0.71%	12,689,258	0		
Postal Savings Bank of China Co., LTD. - Central Europe small - cap equity securities Investment Fund (LOF)	Others	0.55%	9,841,109	0		
Industrial and Commercial Bank of China LTD. - Hua 'an Media Internet Hybrid	Others	0.53%	9,355,763	0		

Securities Investment Fund						
National Social Security Fund - seven portfolios	Others	0.48%	8,549,621	0		
China Construction Bank Co., LTD. - BoCOM Schroder Core Driven Hybrid securities Investment Fund	Others	0.45%	7,978,181	0		
Related or acting-in-concert parties among the shareholders above	Mango Media Co., Ltd. as the controlling shareholder of the Company has no related-party relationship or concerted action relationship with other top ten shareholders, and it is unknown whether or not there is a related-party relationship or concerted action relationship among other top ten shareholders.					

#### 4. Change of the Controlling Shareholder or the Actual Controller in the Reporting Period

Change of holding shareholder

Applicable  Not applicable

No change of holding shareholder in the report period.

Change of substantial controller

Applicable  Not applicable

No change of actual controller in the report period.

#### 5. Table of the total number of preferred stock shareholders and the shareholding situation of the top 10 preferred stock shareholders of the Company

Applicable  Not applicable

No preferred shareholders in the Reporting Period.

#### 6. Corporate bonds

Does the Company have any corporate bonds publicly offered on the stock exchange, which were outstanding before the date of this Report's approval or were due but could not be redeemed in full?

No.

### III. Performance discussion & analysis

#### 1. Performance Review for Reporting period

In the first half of 2020, in the face of the severe test brought by COVID-19 epidemic, the increasingly complex macroeconomic environment and the changing industry competition situation, the Company's management has always adhered to the mission of the new state-owned mainstream media group in the development of media integration. Coordinate and promote various work on epidemic prevention and control and main business development, comprehensively improve content quality, optimize revenue structure, strengthen cost control, overcome multiple difficulties, and move forward against the trend. During the reporting period, the Company achieved operating income of RMB 5,773.76 million yuan, a year-on-year increase of 4.90%, and realized net profit attributable to shareholders of listed companies of RMB 1,103.38 million yuan, a year-on-year increase of 37.30%; the Company's main platform Mango TV achieved operating income of RMB 4,282.85 million yuan, a year-on-year increase of 8%, the net profit was RMB 1,000.54 million yuan, a year-on-year increase of 49.21%. The good performance of core business indicators demonstrates the Company's development resilience and operational vitality.

1. Adhere to the guidance of values and earnestly assume the mission of mainstream media

The Company always keeps in mind the mission of the party media, adheres to the guidance of values, and sticks to the mainstream position. At the beginning of 2020, COVID-19 broke out suddenly, and the Company immediately launched the first-level response to the epidemic prevention and control propaganda. The new media platform Mango

TV launched a large-scale integrated media special topic "Prevention and Control of COVID-19", with 12 columns and 7 special editions, and the production of the anti-epidemic documentary *One day you will win*, strengthened public opinion guidance, and adopted various channels and content forms, strengthen the dissemination of epidemic prevention and control and health knowledge, and gather strong positive energy to unite and overcome difficulties together. The Company coordinates the promotion of poverty alleviation and epidemic prevention and control, assists the development of the online economy, and explores a targeted poverty alleviation path that connects the entire screen and integrates the entire network. Mango TV launched the Xiaokang Channel, carried out live broadcast of poverty alleviation, and innovated the expression of "variety + charity"; Happigo Poverty Alleviation Cloud Supermarket entered 22 poverty alleviation origins and broadcast 24 live broadcasts of *The County Chief Is Coming* and 8,078 live broadcasts by farmers. During the National Two Sessions, Mango TV concentrated resources to create a special area for the Two Sessions, launched 13 special reports such as *Watch the Two Sessions Anytime*, produced and broadcast the main theme of the Two Sessions, *Shining Ordinary*, and strengthened the mainstream communication.

## 2. Adhering to the self-innovation gene, strategically discussing the company's future plans

During the reporting period, in the face of the new situation of macroeconomic development, the new situation of industry competition, and the new changes in technological development, the Company combined with the current business development status to hold a strategic seminar with the theme of "Youth Leading the Wind and Waves", content innovation, operation management, Commercialization, capital operation, new products, new technologies, new tracks and many other aspects of the Company's strategy are deeply discussed, and the development direction of the next three to five years is set. First, adhere to the fundamental principle of party media, give full play to the unique advantages of party media state-owned enterprises, lead the value orientation with high-quality content, and spread the positive energy of youth; secondly, for a long time, based on the Company's content production advantages, coordinate and continue to consolidate the Company's high-threshold long video core competitiveness; thirdly, establish a strong middle platform that can provide support for the high-threshold long video strategy, embrace technological changes, take the lead, and achieve stability; finally, the Company's reform, development and innovation must be "self-centered", dare to self-revolution and self-reconstruction.

## 3. Abide by the content is king, and work together on variety shows and drama innovation and upgrading

In terms of variety shows, innovative new variety shows and N generation variety shows continue to be released. The Mango TV variety show production team has up to 20, with "Kinship Variety Shows" as the core focus, and special vertical variety shows are synchronized with the mango characteristic self-made variety show illustrations, and the self-made ability is continuously verified. Adhering to "No innovation or death", a series of innovative variety shows are launched. *Sisters Who Make Waves* has become one of the phenomenal social topics, setting a new benchmark for domestic variety shows and helping the platform to break the circle of users; *Friends please listen well* warm life with sound, heal people's hearts, and take care of social reality, and have been widely recognized; *You from Mobile Phone*, *Little Forest*, *My Dearest Ladies*, *Before Wedding*, *Rap Star*, *Me to Us* and many other variety shows, gained popularity and praise. At the same time, *Viva La Romance (Fourth Season)*, *Great Escape (Second Season)* and *Who's the Murderer (Fifth Season)* are still popular among the N generations, and they continue to release value.



In terms of drama series, accelerate the creation of its own ecology for film and television drama series. Mango TV adheres to the two-pronged development strategy of self-built studio + external strategic studio, and launched the "Xinmang S Screenwriting and Director Program". The number of its own film and television production teams has reached 12, and the number of strategic cooperation studios has reached 15; The copyright procurement was upgraded to a new mode of cooperative production across the IP industry chain. During the reporting period, 14 dramas started shooting. The company insists on focusing on differentiation and recognition in the subdivision of the drama series. *Find Yourself* and *Under the Power* became the opening drama for this year, *Intense Love*, *Beautiful Time with You*, and *Girlfriend*, *Well-Intended Love*, *Don't Want to be Friends with You* and other high-quality dramas formed a matrix of content supply, and gained both popularity and reputation. *Rebirth of Shopping Addict* and *Wait in Beijing* controlled by Mango Studios, and *Symphony's Romance* by EE-Media were broadcast on related satellite TV or internet platform, and they all achieved good ratings. As of the announcement day, many film and television dramas such as *A Land so Rich in Beauty*, *Perfect Evidence*, *Being a Hero*, *Green Youth* and *Living toward the Sun* are progressing steadily.



#### 4. Innovative platform development, steadily improving the operational efficiency of Internet video services

Mango TV drives platform innovation and development with high-quality content, continuously improves operational efficiency, and achieves advanced levels of user stickiness, brand power, and reach. Members and advertising businesses have positive interactions, and operator businesses have realized multi-end realization. During the reporting period, the overall revenue of the Internet video business reached RMB 3.946 billion yuan, a year-on-year increase of 28.96%. Among them, membership business revenue was RMB 1.418 billion yuan, a year-on-year increase of 80.40%, and the proportion of revenue continued to increase; advertising revenue was RMB 1.784 billion yuan, a year-on-year increase of 6%, and revenue growth slowed down, mainly because the company adjusted content layout in the first quarter to respond to the impact of COVID-19. With the resumption of work and production, the advertising business revenue in the second quarter increased by 32% from the previous quarter, returning to a healthy growth trend; the operator's business revenue reached RMB 729 million yuan, a year-on-year increase of 29.02%, maintaining a steady and high growth.

In terms of membership business, Mango TV continuously promotes the conversion of ordinary users on the platform to paying membership users with high-quality and accurate content supply. *Find Yourself* contributes 50% new members during its broadcasting, refreshing the revenue record for members of the drama category; the phenomenon-level new variety show *Sisters Who Make Waves* was launched on June 12, the first episode breaks income, activation and new member records, pulls many indicators reached new high. Mango TV is actively creating a new integrated marketing model of "on-site and off-site" + "online and offline" all-round member marketing integration strategy, and continuously launched popular content *Girl Friend* and *Intense love* live interactive activities to promote high-value members Stickiness, increase the conversion rate of members; through the implementation of precise marketing strategies such as free viewing of member content during special time nodes including the Spring Festival and "6·18", the number of effective members continued to grow. At the same time, the Company uses big data and intelligent algorithms to improve the overall marketing efficiency of members, and uses intelligent automatic recall strategies to recall more than one million members. At the end of the reporting period, the number of effective members of Mango TV reached 27.66 million, an increase of 50.57% from the beginning of the year.

In terms of advertising business, in the first half of 2020, the Company relied on the supply of high-quality content, the rapidly growing membership scale, and the "integration of product and efficiency" advertising product matrix and marketing system. The overall cooperation with major customers continued to deepen, and the market for new and old customers continued to expand. Advertising business achieved growth when the whole advertising market is not increasing. During the reporting period, the number of advertisements for variety shows increased by nearly 50%, and the data of *Sisters Who Make Waves* broke a number of records. The total number of program advertisers exceeded 40. For the representative N-generation projects, such as *Viva La Romance* and *Great Escape*, the volume of advertising investment has grown steadily; the total contracted volume of advertising for film and television drama projects has increased by 300% on year-on-year basis, and *Find Yourself* has set a new high for advertising investment in dramas. At the same time, through the construction of a global advertising marketing system, customized variety shows, and the "Damang Project", we will continue to empower high-value IP and create a new live broadcast mode of "IP + celebrity + head KOL + variety show" to achieve new value in advertising revenue.

In terms of operator's large-screen business, Mango TV's Smart Large-Screen Center has completed the integration of the operator's network center and smart hardware center, strengthened the linkage between large and small screens, optimized core business billing, improved scheduling efficiency, and increased the layout of online education and local life services. The multi-screen interactive layout centered on IPTV+OTT smart large screens has achieved initial results. In terms of IPTV business, on the basis of steadily improving the Hunan province foundation and value-added service system, it continued to strengthen the strong alliance with the main content platforms of licensees and operators outside the province, and revenue and user scale continued to grow. The "Smart Recommendation 1.0" system was launched and the operation platform was integrated to effectively increase the click conversion rate of content products by nearly 30%. In terms of OTT business, promote the transformation of new models, new fields, and new operations cooperation, cooperate with more than ten hardware channels to expand new hardware categories; enrich the content matrix, introduce sports and music products, and create a full-scale home entertainment scene. At the end of the reporting period, the operator's large-screen business had covered 31 provincial-level administrative regions, with an overall user scale of nearly 150 million, and the proportion of revenue and profit from outside the Hunan province continued to increase.

#### 5.Promote ecological synergy and deeply empower the integrated development of the entire industry chain

With the operation of the Internet video platform as the core, the Company will continue to promote the ecological coordination of the entire industry chain including artist brokerage, music copyright, game and IP derivative development, media retail and consumer finance.

In terms of artist brokerage business, the company has fully opened up the Company's internal artist resources and created a differentiated training path for music and film artists. Zhang Xincheng, served as the male number one in the dramas, like *Symphony's Romance* and *Skate Into Love*, and participated in *Little Forest*, *Friends please listen well* and other variety shows; Li Sidanni relies on the strength of *Sisters Who Make Waves* to go out of the circle; Also, the company actively expand commercial performances, brand endorsements, and realize multi-channel commercial realization. In response to the impact of COVID-19 on the offline business of artist brokerage, the company adjusted its strategy in a timely manner to promote the transfer of artist performance business to online, perform in online entertainment activities, and participate in online live broadcasts. As of the end of the reporting period, the Company has a total of 112 contracted artists, including Hua Chenyu, Zhang Xincheng, Ou Hao, Yu Menglong, Li Sidanni in EE-Media, Tong Mengshi, Lu Xiaoyu, Wang Runze, Xing Fei, Qi Sijun in Mango Entertainment, and Zhao Zhaoyi, Luo Yutong, Li Shaminzi, Wanyan Luorong, Dai Yunfan in Happy Sunshine, Zheng Wei, Liu Yuhan, Su Mengdi in Mango Studios, and they form an echelon of artists with rich layers.

In terms of music copyright business, in the first half of the year, EE-Media released 42 record songs and drama songs, 23 film and television songs, and the total number of online music libraries reached 1,386. The Company's head artist Hua Chenyu's "New World" digital album sales exceeded 1.6 million, breaking the NetEase cloud music digital album sales record; the "Tianyu Song Reproduction Plan" was launched to reconstruct the copyright value of the Company's music library.

In terms of game and IP-derived development business, relying on Mango TV, the Company has already built a game platform hall and has access to a variety of joint operation products; the Company also continues to build IPTV e-sports channels in Hunan Province, and has launched 9 major channels such as Zhejiang Mobile in other provinces. in the second half of the year, the Company will continue to expand more than ten channels outside Hunan province, including Jiangsu Telecom.

In terms of media retail business, the television shopping segment actively compressed low-output markets and stabilized the basic business of the cable network; the media e-commerce segment continued to expand IPTV+OTT channels, explored the realization of smart large-screen commerce, and innovated the cloud live broadcast of mango cars business, creating new business formats for e-commerce platforms to open stores and celebrity live broadcasts to sale products; upgrade Telemarketing business, and continue to consolidate the closed-loop business of private domain IP creation, content recommendation, user retention, and sales monetization.

In terms of consumer finance, relying on the mango ecosystem to exert synergies, the company increase investment in financial technology, actively expand consumer finance and supply chain finance businesses and continue to improve risk control capabilities. Consumer finance businesses are developing towards digital and intelligent development.

#### 6. Incubate emerging businesses and accelerate the exploration of cutting-edge technology applications

Mango TV upgrades the "Mango Project 2.0", by creating a growth base for creators, incubating professional producers who are highly compatible with the platform, simultaneously developing Mango IP derivative content, forming an exclusive high-quality short content supply channel, and exploring the creation of ecosystem which is composed of PGC, PUGC, UGC and other content forms; the company also further strengthened the development of IP derivatives, launched the online store "Mango Goods", launched "Fun Channel", launched a variety of games such as blind box, Gacha and so on, and launched offline physical stores to achieve online and offline collaborative development; launched the online development of script-killing game business based on IP content; actively explored the new production and operation model of "mainstream platform + head production company" for film and television dramas; relied on new media platforms to innovate new content-based retail formats. Mango Entertainment built its own short video MCN matrix, and its head account successfully realized profitability. The total number of fans of @Jia Xing Zhi Shi, exceeded 6 million, and the self-made micro-drama account matrix exceeded 10 million.

Through the combination of product operation drive and innovation self-research drive, Mango TV optimizes resource allocation, promotes technological innovation, continuously improves the core competitiveness of product technology, and achieves cost reduction and efficiency enhancement, and also empowers platform operations. In terms of system foundation, promote container technology and cloud native; in terms of application platform, promote the development of mango SaaS service cloud platform; in terms of intelligent application, restructure the CMS system, expand the application of AI in content production, and improve content production efficiency; independent research and development of interactive dramas production platform to participate in the discussion and formulation of national standards for interactive dramas. In terms of innovation and exploration, the first "Malanshan" Cup Audio and Video International Algorithm Competition was held to increase the reserve of technical talents and enhance the core competitiveness of the algorithm field. At the same time, it actively explores new applications under 5G such as AR\VR, cloud games, and edge computing.

## 2. Matters Related to Financial Reporting

### (1) Changes to Accounting Policies, Accounting Estimates or Measurement Methods Compared to the Last Accounting Period

Applicable Not applicable

On July 5, 2017, the Ministry of Finance issued the Notice on Issuing the Revised Accounting Standards for Business Enterprises No. 14 - Revenue (Cai Kuai [2017] No. 22), requiring Enterprises that are listed both at domestic and overseas and enterprises that are listed overseas and prepare financial statements in accordance with International Financial Reporting Standards or Accounting Standards for Business Enterprises to implement these revised standards since January 1, 2018; other domestic listed enterprises shall implement the standards since January 1, 2020; unlisted enterprises that adopting the Accounting Standards for Business Enterprises shall implement the standards since January 1, 2021.

As a domestic listed company, the Company shall implement it since January 1, 2020, and adjust the original relevant accounting policies. In accordance with the bridging provisions, the Company shall disclose the accounting statements in accordance with the new income standards since January 1, 2020, and the information in the comparative period shall not be adjusted. The implementation of the standards is not expected to lead to significant changes in the Company's revenue recognition method, and will not have a significant impact on the Company's financial status and operating results.

**(2)Retrospective Restatements due to the Correction of Material Accounting Errors in the Reporting Period**

Applicable  Not applicable

No such cases.

**(3)Changes to the Scope of Consolidated Financial Statements Compared to the Last Accounting Period**

Applicable  Not applicable

On June 16, 2020, Hunan Happy Sunshine Interactive Entertainment Media Co., Ltd. established a wholly-owned subsidiary, Happy Sunshine Hongmang Education Technology Co., Ltd. which included in the scope of consolidation for current period.