



**Wuhu 37 Interactive Entertainment Network  
Technology Group Co., Ltd.  
2020 Interim Report**

**August 2020**

Should there be any discrepancy between the English version and the Chinese version of this Report, the Chinese version shall prevail.

## **Part I Important Notes, Table of Contents and Definitions**

The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of Wuhu 37 Interactive Entertainment Network Technology Group Co., Ltd. (hereinafter referred to as the “Company”) hereby guarantee the truthfulness, accuracy and completeness of the contents of this Report, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions therein.

Li Weiwei, the Company’s legal representative, and Ye Wei, the Company’s Chief Financial Officer & Board Secretary, hereby guarantee that the financial statements carried in this Report are truthful, accurate and complete.

All the Company’s directors have attended the Board meeting for the review of this Report.

Possible risks facing the Company and countermeasures have been detailed in “X Risks Facing the Company and Countermeasures” under “Part IV Operating Performance Discussion and Analysis” herein, which investors are kindly reminded to pay attention to.

The Company is subject to the disclosure requirements for listed companies engaged in software and IT services.

The Board has approved an interim dividend plan as follows: based on 2,112,251,697 shares, a cash dividend of RMB 3 (tax inclusive) per 10 shares is planned to be distributed to all the shareholders of the Company, with no bonus issue from either profit or capital reserves.

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## Definitions

Term	Definition
CSRC	China Securities Regulatory Commission
SZSE/the Stock Exchange	Shenzhen Stock Exchange
Company/ the Company/ the Listed Company/ 37 Interactive Entertainment	Wuhu Shunrong Auto Parts Co., Ltd./Wuhu Shunrong Sanqi Interactive Entertainment Network Technology Co., Ltd./ Wuhu 37 Interactive Entertainment Network Technology Group Co., Ltd.
37 Interactive Entertainment (Shanghai)	37 Interactive Entertainment (Shanghai) Technology Co., Ltd.
Company Law	Company Law of the People's Republic of China
Securities Law	Securities Law of the People's Republic of China
Articles of Association	Articles of Association of Wuhu Shunrong Auto Parts Co., Ltd./Articles of Association of Wuhu Shunrong Sanqi Interactive Entertainment Network Technology Co., Ltd./Articles of Association of Wuhu 37 Interactive Entertainment Network Technology Group Co., Ltd.
RMB, RMB' 0,000	Expressed in the Chinese currency of Renminbi, expressed in tens of thousands of Renminbi
Reporting Period/the Reporting Period	The period from 1 January 2020 to 30 June 2020
Period-end/end of the Reporting Period	30 June 2020
Browser games	Clientless or browser kernel-based micro-client games that are based on web development technologies and utilize standard protocols as basic transmission modes. Game users can play browser games directly through an Internet browser
Mobile games	Games that are downloaded via mobile network and run on mobile phones or other mobile terminals
RPG	Role playing game
ARPG	Action role playing game
SLG	Strategy game
STG	Shooting game
MMO	Massive Multiplayer Online
MOBA	Multiplayer Online Battle Arena
Chengdu Pengwan Technology Co., Ltd.	Chengdu Pengwan Technology Co., Ltd. and its subsidiaries
Wangzhong Investment	ZhangshuWangzhong Investment Management Center (Limited Partnership)
Zengame Technology	Zengame Technology Holding Limited and its business entities
X.D.Network	XD Inc. and its business entities
Jiangsu Aurora/Aurora Network/Jiangsu Aurora Network	Jiangsu Aurora Network Technology Co., Ltd.
Guangzhou 37	Guangzhou 37 Network Technology Co., Ltd.

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## Part II Corporate Information and Key Financial Information

### I Corporate Information

Stock name	37 Interactive Entertainment	Stock code	002555
Place of listing	Shenzhen Stock Exchange		
Company name in Chinese	芜湖三七互娱网络科技集团股份有限公司		
Abbr. (if any)	三七互娱		
Company name in English (if any)	WUHU 37 INTERACTIVE ENTERTAINMENT NETWORK TECHNOLOGY GROUP CO.,LTD.		
Legal representative	Li Weiwei		

### II Contact Information

	Board Secretary	Securities Affairs Representative
Name	Ye Wei	Wang Sijie
Office address	11/F, Creative Advertising Complex, Wuhu Advertising Industrial Park, Middle Beijing Road, Jiujiang District, Wuhu City, Anhui Province	11/F, Creative Advertising Complex, Wuhu Advertising Industrial Park, Middle Beijing Road, Jiujiang District, Wuhu City, Anhui Province
Tel.	0553-7653737	0553-7653737
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Email address	ir@37.com	ir@37.com

### III Other Information

#### 1. Contact Information of the Company

Indicate by tick mark whether any change occurred to the registered address, office address and their zip codes, website address and email address of the Company in the Reporting Period.

Applicable  Not applicable

No change occurred to the said information in the Reporting Period, which can be found in the 2019 Annual Report.

#### 2. Media for Information Disclosure and Place where this Report is Lodged

Indicate by tick mark whether any change occurred to the information disclosure media and the place for lodging the Company's periodic reports in the Reporting Period.

Applicable  Not applicable

The newspapers designated by the Company for information disclosure, the website designated by the CSRC for disclosing the

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Company's periodic reports and the place for lodging such reports did not change in the Reporting Period. The said information can be found in the 2019 Annual Report.

### 3. Other Information

Indicate by tick mark whether any change occurred to other information in the Reporting Period.

Applicable  Not applicable

The Proposal on Amendments to the Articles of Association was approved at the 12th Meeting of the Fifth Board of Directors on 29 April 2020 and later at the First Extraordinary General Meeting of Shareholders of 2020 on 15 May 2020. As such, the business term of the Company has been changed to "permanent" and its name in English to "WUHU 37 INTERACTIVE ENTERTAINMENT NETWORK TECHNOLOGY GROUP CO.,LTD.". For the relevant announcement, please visit <http://www.cninfo.com.cn>.

### IV Key Financial Information

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

Yes  No

	H1 2020	H1 2019	Change (%)
Operating revenue (RMB)	7,988,675,195.57	6,070,957,503.06	31.59%
Net profit attributable to the Listed Company's shareholders (RMB)	1,699,736,123.46	1,033,074,405.38	64.53%
Net profit attributable to the Listed Company's shareholders after deducting non-recurring profits and losses (RMB)	1,464,942,321.24	949,369,446.08	54.31%
Net cash flows from operating activities (RMB)	2,450,226,546.90	616,354,936.37	297.53%
Basic earnings per share (RMB/share)	0.80	0.49	63.27%
Diluted earnings per share (RMB/share)	0.80	0.49	63.27%
Weighted average return on equity (%)	22.05%	16.31%	5.74%
	30 June 2020	31 December 2019	Change (%)
Total assets (RMB)	12,470,434,893.08	10,145,259,855.73	22.92%
Equity attributable to the Listed Company's shareholders (RMB)	8,189,534,514.66	7,029,307,859.08	16.51%

### V Accounting Data Differences under China's Accounting Standards for Business Enterprises (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

#### 1. Net Profit and Equity under CAS and IFRS

Applicable  Not applicable

No difference for the Reporting Period.

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## 2. Net Profit and Equity under CAS and Foreign Accounting Standards

Applicable  Not applicable

No difference for the Reporting Period.

## VI Non-recurring profits and losses

Applicable  Not applicable

Unit: RMB

Items	Amount	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	75,379.94	
Government grants through profit or loss (exclusive of government grants given in the Company's ordinary course of business at fixed quotas or amounts as per the government's uniform standards)	49,692,383.85	Mainly due to refund of value-added tax and government grants other than super-deduction in the calculation of taxable amount for VAT
Gain or loss on fair-value changes on trading and derivative financial assets and liabilities & income from disposal of trading and derivative financial assets and liabilities and other debt investments (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	206,999,039.68	
Non-operating income and expenses other than the above	-5,127,802.70	
Less: Income tax effects	12,310,377.16	
Non-controlling interests effects (net of tax)	4,534,821.39	
Total	234,793,802.22	--

Explanation of why the Company reclassifies as recurrent an non-recurring profits and losses item defined or listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring profits and losses Items:

Applicable  Not applicable

No such cases for the Reporting Period.

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# Part III Business Summary

## I Principal Activity of the Company in the Reporting Period

The Company is required to comply with the disclosure requirements of the SZSE Industrial Information Disclosure Guide No. 12—Listed Companies Engaged in Software and IT Services.

During the Reporting Period, the Company focused on cultural and creative businesses based on the development, publishing, and operation of mobile and browser games, as well as the development in segments such as film and television, music, anime, VR, cultural health, e-learning for children, and social entertainment. As a top performer in the industry, the Company steadily advanced its development strategy of "boutiqueization, diversification, platformization and globalization".

During the Reporting Period, the Company achieved robust performance growth and recorded operating revenue of RMB7,989 million, with a year-over-year (YoY) increase of 31.59%; a profit before income tax expenses of RMB1,993 million, up by 54.41% YoY; and a net profit attributable to the Listed Company's shareholders of RMB1,700 million, rising by 64.53% YoY. The above growth was mainly attributable to a YoY growth of 36.59% in mobile games in the first half of 2020.

### 1. Changes in industry-related economic situation and their impacts on the Company

China's game market has developed rapidly. In accordance with the 2019-2020 Report on the Competitiveness of Listed Game Enterprises issued by Gamma Data, China's gaming industry has grown quickly since 2019, especially in the first half of 2020. The actual sales revenue of the mobile game market accounted for 75.7% of the Chinese game market in 2020. According to the China Mobile Games Annual Market Comprehensive Analysis 2020 H1 released by Analysys, 37 Interactive Entertainment's market share in domestic mobile games publishing has further risen to 10.51%.

The competition landscape of the gaming industry has changed. In the first half of 2020, on the one hand, the industry's attention was increasingly concentrated on top games and leading manufacturers, suggesting a prominent "head" effect in the industry. On the other hand, players were posing higher requirements for online games, which had substantially raised the threshold of game development and barriers to competition. Top game companies embracing strengths in the R&D and publishing of quality products and operation are more likely to benefit from the new situation.

The Company furthered the strategy of "integration of R&D and operation". During the Reporting Period, the Company kept its leading role in R&D capabilities by raising R&D investments and strengthened the output of quality games. Moreover, it advanced the "diversification" strategy from the aspects of R&D and publishing, and reserved varied quality games on different themes through independent development, investment in R&D-oriented companies, and enhanced cooperation with developers capable of producing quality games. In addition, the Company, through independently developed AI systems, consolidated refined operation, prolonged the life cycle of quality games, improved operation efficiency, and gave full play to the "integration of R&D and operation" model.

### 2. Changes in industrial policy environment and their impacts on the Company

(1) An important article of General Secretary Xi Jinping entitled Speech on COVID-19 Prevention and Control at Meeting of Standing Committee of Political Bureau of CPC Central Committee was published in Qishi 2020 Issue 4 on February 16, 2020. The article stressed that, "Great efforts shall be exerted to stabilize consumer spending. Expanding consumption is one of the crucial methods to offset the impact of the epidemic. China will accelerate the release of emerging consumption potential, vigorously enrich the application scenarios of 5G technology, push the end-consumer market including 5G mobiles, and promote consumption. Should there be any discrepancy between the English version and the Chinese version of this Report, the Chinese version shall prevail.



in e-commerce, e-government affairs, online education, and Internet-based entertainment." Further promotion of 5G technology will bring opportunities for new growth to the online gaming industry.

Furthermore, the overall operation of cloud gaming was made based on R&D strengths. During the Reporting Period, the Company leveraged on its R&D strengths to actively reserve cloud gaming technologies, including building internal cloud and providing computing and network supports for cloud gaming; developing a universal framework covering user interaction, video decoding, and cloud server communication to support the universal light Apps for cloud gaming; and developing ads based on game demos integrating game demos based on the cloud gaming service framework for promotion.

(2) In June 2020, the 20th Meeting of the Standing Committee of the 13th National People's Congress ("NPC") reviewed the Second Reading Draft of the Law on the Protection of Minors ("Draft Revisions"). The Second Reading Draft planned to strengthen juvenile protection online, required to build a unified online game electronic authentication system for minors nationwide, and specified the online game service time for minors. Besides, it asked Internet service providers ("ISPs") to enhance user and information management and timely adopt appropriate measures to control illegal information or criminal offenses against juveniles. Meanwhile, the Second Reading Draft specified penalties for ISPs who fail to fulfill obligations, such as anti-addiction and anti-cyberbully obligations.

The Company promoted the standardized development of the industry. During the Reporting Period, 37 Interactive Entertainment fully upgraded the "real-name registration and anti-addiction system for minors" and launched it on all its independent operation online games (including browser and mobile games) early this year. Additionally, the Company added contents applicable to children to its Privacy Policy in line with the user habits of juveniles under 14 years old and their guardians. It contributed to turning China's gaming industry more standardized by actively participating in the compilation of group standards for the gaming industry led by the China Audio-video and Digital Publishing Association ("CADPA"), such as the Specifications on Age Ratings of Online Games, the Specifications on Parent Monitoring Platforms, and Online Game Terminology.

(3) In July 2020, the General Office of the State Council issued the Legislative Work Plan of the State Council for 2020 (hereinafter referred to as the "Plan"). The Plan mentioned that the Standing Committee of the NPC would be invited to review the Cultural Industry Promotion Law (Draft). Previously, the Ministry of Justice published a notice to solicit public opinions on the Cultural Industry Promotion Law of the People's Republic of China (Draft for Review) in December 2019, which determined to invest more resources in the three key processes, namely, creation and production, cultural enterprises, and the cultural market, and support talent, technology, finance, and taxation. The formulation of the "Cultural Industry Promotion Law" reflected the importance attached by China to cultural industry development. The Cultural Industry Promotion Law will serve as significant guidance to cultural industry development direction and drive high-quality development of the cultural industries of China.

37 Interactive Entertainment facilitated the diffusion of traditional Chinese culture. Recently, China has become the largest online gaming market around the world. Chinese games have become a vital cultural carrier to "tell Chinese stories". 37 Interactive Entertainment, engaging in cultural industries, has centered on the games business, earnestly expanded its business presence to film and television, anime, and music, and paid close attention to innovative development and talent cultivation. Over the past two years, it endeavored to promote overseas business, and took advantage of its experience, strengths, and the cultural carrier of games to facilitate the diffusion of traditional Chinese culture.

### 3. Main businesses and business models of the Company

During the Reporting Period, the Company's main businesses included the development, publishing, and operation of mobile games and browser games. The operating modes of the Company's mobile games and browser games mainly include independent operation and third-party joint operation.

Under the independent operation mode, the Company obtains the licenses of games through independent R&D or being an

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operator of other games, and publishes and operates these products through its own or third-party channels. The Company is fully responsible for the operation, promotion and maintenance of the games; providing unified management services for online promotion, online customer service and top-up payment; and updating games along with game developers based on the real-time feedback of users and games.

Under the third-party joint operation mode, the Company cooperates with one or more game operators or game application platforms to jointly operate games. And the aforesaid parties are responsible for the management of their own channels, including operation, promotion, the recharge and charge system, while the Company provides technical support services for third parties along with game developers.

## II Significant Changes in Major Assets

### 1. Significant Changes in Major Assets

Major assets	Main reason for significant changes
Equity assets	No significant change in equity assets
Fixed assets	The ending balance of fixed assets increased 1853.66%, or RMB873 million, compared to the beginning balance, primarily driven by the transfer of office building from construction in progress to fixed assets.
Intangible assets	No significant change in intangible assets
Construction in progress	The ending balance of construction in progress decreased 100.00%, or RMB797 million, compared to the beginning balance, primarily driven by the transfer of office building from construction in progress to fixed assets.
Monetary funds	The ending balance of monetary funds increased 61.52%, or RMB1,324 million, compared to the beginning balance, primarily driven by the increase in revenue, including a year-over-year increase of RMB1,834 million in net cash flows from operating activities.
Other current assets	The ending balance of other current assets increased 36.11%, or RMB45 million, compared to the beginning balance, primarily driven by the combined effects of the increase in term deposits held in bank and of the decrease in overpaid and pending VAT.
Other non-current assets	The ending balance of other non-current assets increased 308.82%, or RMB837 million, compared to the beginning balance, primarily driven by the payment made in the Reporting Period for acquisition of land use rights together with the relevant tax and fees.

### 2. Major Assets Overseas

Applicable  Not applicable

## III Core Competitiveness Analysis

During the Reporting Period, the Company steadily promoted the development strategy of "boutiqueization, diversification, platformization and globalization" and formed the following core competitiveness:

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## 1. Industry-leading R&D strength

The Company is ranked among the top in terms of R&D strengths. It has always emphasized R&D investments and talent cultivation. Particularly, R&D investments increased significantly during the Reporting Period. Meanwhile, the Company's independently developed products are characterized by high output, a high success rate and a long period, and center on "boutiqueization and diversification". During the Reporting Period, a number of independently developed quality games, such as Yong Heng Ji Yuan (永恒纪元) and Swords of Archangels H5 (大天使之剑H5), have achieved steady gross billing in the markets after being launched for more than one year.

### (1) Prominent YoY increase in R&D investments

The Company's R&D investments amounted to RMB645 million during the Reporting Period, up by 102.48% YoY. It expanded from product upgrading to talent cultivation, established a training system for young employees, and embraced employee diversity. Moreover, the Company encouraged innovation by employees, welcomed employees with diversified backgrounds, and strove to provide global players with more quality content.

### (2) "Boutiqueization and diversification" of independently developed products

First, the "boutiqueization" strategy greatly improved the R&D success rate. The "boutiqueization" strategy runs through the entire life cycle of the Company's independently developed products. Before the launch of games, the Company carefully worked out details regarding product planning, art quality, music effects, etc.; after the launch of games, the Company continued to invest in product iteration, process optimization, user experience and other aspects to ensure high gross billing and a long life cycle of games. In the meantime, its independently developed AI systems assisted in producing "quality games". The Company offered precise reference value for the design of new products and iteration and optimization of existing products, improved product development and procedure optimization, and substantially enhanced product experience, by analyzing and studying the enormous data accumulated with the two independently developed AI ad systems, i.e. "Quantum" and "Destiny", as well as the three platform-based big data products—"Athena", "Ares", and "Poseidon".

Second, the Company made breakthroughs in the "diversification" strategy. During the Reporting Period, the Company's R&D team, based on its R&D strengths in ARPGs, expanded its game categories to card games and SLGs. It will continue innovation in diversified aspects, including product types, themes, art performance, and gameplay. The main products developed during the Reporting Period were mobile games like Code Xiu Xian (代号修仙) and Code DL (代号DL). With its profound experience and continuous innovation, the Company is expected to continue to produce long-life-cycle quality games that surpass Yong Heng Ji Yuan (永恒纪元) and Swords of Archangels (大天使之剑).

## 2. Excellent publishing strength

Publishing capabilities were enhanced. The Company constantly promoted the "boutiqueization, diversification and platformization" strategy and published multiple types of quality games on different themes. According to the China Mobile Games Annual Market Comprehensive Analysis 2020 H1 released by Analysys, its market share in domestic mobile games publishing further rose to 10.51% during the Reporting Period. Its highest monthly gross billing of domestic mobile games under operation surpassed RMB1.8 billion. Newly registered users totaled over 132 million. The highest number of monthly active users (MAUs) was up to 82 million. Besides, the Company maintained its leading position in domestic browser games, strengthened the precise distribution capabilities of independently developed AI systems, and dramatically improved operation efficiency.

### (1) Improvement in publishing capabilities based on the "boutiqueization" strategy

The "boutiqueization" strategy applies to product supply before the launch of games and operation optimization after the launch.

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In terms of product supply, the Company has garnered abundant product resources, established a rigorous evaluation process and evaluation criteria for product introduction, and also utilized its own advantages in user data and numerical experiences to work out products along with game developers, thus ensuring a better quality of games before their launch.

In terms of operation optimization, the Company possesses strong capabilities for operation and optimization in numerical management, process optimization, event planning, etc. After the launch of games, the Company continues to improve the quality of games, attract users through better contents, prolong the product life cycle, and accumulate higher gross billing.

#### (2) Efficiency improvement in multiple aspects based on the "diversification" strategy

With the "diversification" strategy, the Company achieved good results in multiple aspects, including products, promotion, and services.

With respect to products, on the one hand, 37 Interactive Entertainment enriched the product supply via independent R&D, investments, and cooperation with excellent developers. On the other hand, the Company constantly explored diversification in product types and themes. During the Reporting Period, the Company expanded its product matrix and offered diversified gaming experience to players by launching quality games in different types and on varied themes, including Yun Shang Cheng Zhi Ge (云之城之歌), to the domestic mobile game market.

In regard to promotion, the Company independently developed the two AI ad systems, i.e. "Quantum" and "Destiny", as well as the three platform-based big data products—"Athena", "Ares", and "Poseidon". Besides, it mined big data on user demand graphs according to behavior characteristics like browsing of game ads and in-game activities. 37 Interactive Entertainment, based on the AI systems, diverted users with the same demands to the same game or the same server. Therefore, it conducted differentiated iteration and refined operation for specific types of users of specific games and servers in order to enhance user interaction and activity, activate the paid game ecology, and maximize the effect of life time value ("LTV").

In terms of services, the Company is committed to providing players with comprehensive, detailed, and long-term services. Through an improved user account and service system, and an experienced service team, the Company uses abundant product supplies to provide users with comprehensive gaming products and one-stop services to continuously improve user satisfaction, activation and retention, and also to extend the product life cycle.

#### 3. Advantage of the model of "integration of R&D and operation"

The efficiency of R&D and operation was improved. The model of "integration of R&D and operation" of the Company is conducive to making full use of resources and creating quality products from a long-term perspective. On the one hand, the Company can ensure the stable supply of quality products to support the operation development and reduce its reliance on external supplies through strong R&D strengths. At the same time, the R&D team can utilize the feedback of the operation department to optimize products and extend the product life cycle. On the other hand, at the early stage of product R&D, the operation team can provide advises and suggestions to the R&D team based on its years of experience and keen market insights.

#### 4. Team strengths

The fighting entrepreneurial spirit was upheld. The Company has been deeply involved in the field of cultural and creative industries for many years. Its core management team consists of experienced employees who engage in front-line work and have strong and forward-looking capabilities for strategic layout, while the core team consists of highly skilled R&D personnel, creative operators, and highly efficient managers. The Company has always adhered to the entrepreneurial spirit like marathoners and constantly caught up to surpass the industry leader.

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# Part IV Operating Performance Discussion and Analysis

## I Overview

The competition landscape of the domestic gaming industry underwent great changes during the Reporting Period. The "head" effect was prominent. The industry ushered in a new period of development. The Company precisely grasped the industry development trends, made continuous improvements in operation, and remained a top performer in the industry, while adhering to the "boutiqueization, diversification, platformization and globalization" strategy.

During the Reporting Period, the Company achieved robust performance growth and recorded operating revenue of RMB7,989 million, with a year-over-year (YoY) increase of 31.59%; a profit before income tax expenses of RMB1,993 million, up by 54.41% YoY; and a net profit attributable to the Listed Company's shareholders of RMB1,700 million, rising by 64.53% YoY. The growth of publishing and R&D for mobile games was the main driver for the increase in overall revenue and profit during the Reporting Period.

### (I) Mobile game business

During the Reporting Period, the Company recorded operating revenue of RMB7,412 million from mobile games, a YoY increase of 36.59%. Its gross profit margin remained stable. The Company's business revenue from, and R&D investments in, mobile games continue to increase, and the mobile game business maintains the leading position in domestic and overseas markets.

#### 1. Research and development of mobile games

During the Reporting Period, the Company continuously exerted more efforts for R&D, published more independently developed products, and improved the profitability of individual product from the previous year. Especially, the Company achieved a significant increase in the gross billing of mobile game R&D business, thereby enhancing the Company's profitability.

R&D investments grew YoY. The Company's R&D investments amounted to RMB645 million during the Reporting Period, up by 102.48% YoY. The continuous investment into mobile game R&D is an important pillar of the Company's "boutiqueization, diversification and globalization" business strategy. The R&D investments were mainly concentrated on improvement of product quality and exploration of product categories.

Product quality was improved. The "boutiqueization" strategy runs through the entire life cycle of the Company's independently developed products. The Company is committed to making better the product engines, art design and sound quality of gaming products to meet the user demand in experiencing high-quality games at the technical level; it is dedicated to game innovation and process optimization to meet user demand in fun and smooth experience at the planning level. High-quality development and high-frequency iterations turned new products more attractive to users, and allowed most independently developed products to maintain high gross billing for a long time.

Product diversification was intensified. The Company improved the "diversification" of product R&D. During the Reporting Period, it made new attempts at multiple types of games, including simulation games ("SIM" games), card games, and SLGs: 37 Interactive Entertainment has published independently developed SIM games to overseas markets. Besides, it will release the card game Code DL (代号DL) this year. In addition, the quality SLG, Wild Frontier (狂野西境), has been published globally, especially European and American markets. The Company will continue innovation in diversified aspects, including product types, themes, art performance, and gameplay. It will pay close attention to the in-depth exploration of SLGs and card games and endeavor to

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become a first-class game company that can provide global players with various gaming products, based on quality content, operation experience in multiple types of products, and advantages in numerical value and gameplay.

Meanwhile, the Company turned the product supply side more diversified, by buying a stake in and joining hands with excellent developers. In order to further raise the product success rate, the Company established a rigorous evaluation process, utilized its own advantages in user data and numerical experiences to work out products along with game developers, thus ensuring a better quality of games before their launch.

A cloud gaming system is being built. The Company is currently committed to building a better cloud gaming system, including: building internal cloud, providing computing and network supports for cloud gaming; building cloud gaming operation services, proactively developing efficient game video transcoding and decoding technologies; developing a universal framework with user interaction, video decoding, and cloud server communication, so as to support the universal light apps for cloud gaming. In the upcoming 5G era, the Company's smooth transition among cloud gaming technologies is expected to bring new experiences to game players.

## 2. Publishing of mobile games

### (1) Domestic market

During the Reporting Period, according to the China Mobile Games Annual Market Comprehensive Analysis 2020 H1 released by Analysys, the Company's market share in the domestic mobile game market jumped to 10.51%, suggesting its prominent advantage in "refined" operation. The highest monthly gross billing of its domestic mobile games exceeded RMB 1.8 billion, with the total number of newly registered users surpassing 132 million and the highest number of MAUs of over 82 million. Meanwhile, the Company continuously promoted the "boutiqueization, diversification and platformization" strategy, and published multiple types of quality games on different themes to expand its product matrix.

#### (1.1) Product life cycle prolonged via "refined" operation

During the Reporting Period, the Company accurately understood users' needs, delivered advertisements to target groups accurately, and provided a full range of high-quality services from initial contact, access to games to start of games, thereby prolonging the product life cycle and accumulating higher gross billing. The Company has achieved this by adhering to the core idea of systemic traffic management and the diversified methods of "multi-channel marketing + targeted advertising + long-term service" that cover "products + promotion + users" under the principles of "refinement, datamation and intelligentization".

Self-developed AI systems facilitated "refined" operation. During the Reporting Period, the Company put its independently developed intelligent ad platform, "Quantum" and intelligent operation analysis platform, "Destiny", into production. On the one hand, "Quantum" can connect with all mainstream channels to achieve rapid and automatic advertising. Meanwhile, the platform can be used together with multiple systems and connect procedures in series to greatly reduce the time to create plans, perform standardized processing of plans in batches, and maintain plans automatically and systematically. Moreover, the platform can improve promotion efficiency and effect through big data analysis and AI algorithms. On the other hand, "Destiny" is a comprehensive operational decision system for statistics, analysis and prediction of game data. The system can accurately predict the life cycle of games through data analysis models. It supports operation teams to adopt differentiated event marketing based on user data, so that customer service can focus on higher value user services to generate more revenue.

#### (1.2) Product supply enriched via the "diversification" strategy

During the Reporting Period, the Company applied the "diversification" strategy to multiple aspects, including products, promotion, and services, based on its capabilities of operating multiple types of games. Thanks to the strategy, the Company reserved adequate products in terms of type, theme, and quantity. Its product matrix covered different types of games, such as

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ARPGs, MMO games, card games, SLGs, and SIM games, as well as varied themes, such as fantasy, mythology/martial arts, city life, campus and galgames.

The product pipeline is strong. During the Reporting Period, the Company offered diversified gaming experience to players by launching quality games in different types and on varied themes, including Hun Dun Qi Yuan (混沌起源) and Yun Shang Cheng Zhi Ge (云上城之歌). As of the date of this report, the Company's pipeline of independently developed games include Code NB (代号NB), Code DL (代号DL), etc. Besides, it distributes and operates an array of domestic agency games, including:

Fantasy and swordsman games: Code JZ (代号JZ) and Code XN (代号XN)

Card games: My Girls (王牌高校)

SIM games: Code RS (代号RS)

MMORPG: Code GC (代号GC)

Galgames: Queen of Diamonds (一千克拉女王)

## (2) Overseas market

During the Reporting Period, the Company significantly accelerated the strategic expansion of global footprint. Its overseas operating revenue rose by 94.77% YoY. As of the end of the Reporting Period, its overseas brand, 37GAMES, covered over 200 countries and regions, whose products included RPGs, card games, and SLGs in a dozen of languages, such as traditional Chinese, English, Japanese, simplified Chinese, and Thai.

The product pipeline for the overseas market was enriched via multiple means. During the Reporting Period, the Company input resources in the upstream and downstream of the industry chain, invested in outstanding R&D-oriented companies worldwide, and promoted the localization of products. Furthermore, it achieved results in the "globalization" of overseas business. The Company published products overseas from a global vision by expanding its layout from advantageous regions to the whole world, while maintaining the competitiveness in advantageous regions like Southeast Asia, Japan, and South Korea. Since this year, the Company has distributed SLGs on multiple themes, such as Western, military, and apocalypse, which are highly received by global players.

Multiple games were well received. As of the date of this report, 37 Interactive Entertainment achieved remarkable results in several games published globally: SNK All Star (SNK オールスター) rose quickly to the top of the Google Play Store and iOS App Store app lists, after being launched in Japan. Within less than one month after its launch, the SLG, Heroes of Three Kingdoms (三国英雄たちの夜明け), was highly received by players. Swords of Archangels H5 (大天使之剑H5) was ranked No. 1 on top grossing chart in Vietnam. During the Reporting Period, the Company constantly updated and iterated its flagship product, Yong Heng Ji Yuan (永恒纪元), keeping a stable gross billing in regional markets. MU: Across Time (奇迹MU: 跨时代) was launched in Hong Kong, Macao, and Taiwan regions of China in February this year and quickly came out top on the list of best-selling games on App Store and the free game list on the Google Play Store.

The global footprint expansion was accelerated. The Company will continue to expand its global footprint by launching several quality SLGs in the second half of the year. As of the date of this report, the quality SLG of Wild Frontier (狂野西境) had been launched globally, especially in Europe and North America. The Western fantasy game, P&C, was released in Europe and North America as well. It quickly opened the market and maintained a stable increase in gross billing, attributable to its innovative gameplay of RPG plus SLG. Furthermore, based on the stable growth of gross billing, the Company will introduce card games in Japan catering for the taste of local players, and primarily promote MMO games in South Korea in the second half of the year.

Main products to be promoted overseas in the second half of 2020 also include:

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SIM games: Code ZG (代号ZG)

SLGs: Code FRZ (代号FRZ) and Code FO (代号FO)

Card games: Code OX (代号OX)

Casual RPGs: Code CM (代号CM)

MMO games: Code E (代号E) and Code AH (代号AH)

#### (II) Browser games

Refined operation supported the steady growth of operating revenue. During the Reporting Period, the operating revenue from the browser game business reached RMB565 million. The gross profit margin rose by 2.75% YoY. The Company will continue to launch new products in the second half of the year. The Company strengthened partnership with domestic top browser game developers through strategic investment and business cooperation on the one hand, on the other hand, the Company also refined the operation of its major quality games, improved user stickiness, stabilized the product life cycle, and further maintained its operating revenue.

#### (III) Cultural industry

The Company invested into other fast-growing cultural and creative segments, while maintaining the high-speed growth of its core business. The Company exploited opportunities in 5G cloud gaming, film and television, anime, music, VR/AR, cultural health, e-learning for children, and social entertainment with a strategic focus on quality content. As of the date of this report, cultural and creative enterprises funded or acquired by the Company included:

Film and television: DSMovie, Youying Culture, Zhonghui Television, Mowei Pictures, JinhaiShiyi, etc.

Music: FenghuaQishi

Talent agent: Original Plan and Haohao Bangyang

Anime: YHKT Entertainment, IDRAGONS Creative Studio, and Junengwan

VR/AR: Archiact

Cultural health: Wake

E-learning for children: KaDa Story and Miaocode

Social entertainment: Wuli Planet

Consumption: Mutual Help Parking and Nowwa Coffee

The long-term value investment concept was upheld. In terms of investment concept and logic, the Company adhered to the long-term investment concept. Based on the main business of games, it reached audiences in varied segments by investing in the upstream and downstream companies of the industry chain. With respect to investment strategies, the Company paid close attention to new products and technologies in the industry and overseas and international distribution of products. In regard to the selection of investment targets, the Company valued the ability to constantly output quality products, excellent team or talent reserves, and future growth potential. The Company continuously consolidated its status in the cultural and creative industry by integrating quality resources in the industry.

A closed loop of the entertainment eco-system has been developed. The Company made constant efforts to create a closed loop of the entertainment eco-system and achieved favorable multi-directional synergy in the first half of the year. 37 Interactive

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Entertainment's mobile game, "The King of Fighters (拳魂觉醒)", performed noticeably well and achieved outstanding results at home and abroad in the first half of the year, thanks to the integration of the SNK IP under DIGital Color where the Company holds equity. Meanwhile, Karma Game led by a top producer and the project of Chengdu Xinghe Interactive Entertainment Technology Co., Ltd. are about to go live and expected to bring good returns in key overseas SLG markets. In addition, companies in vertical fields where the Company invests have been more closely connected. For instance, Zhonghui Television and YHKT Entertainment cooperated to purchase the copyright of "Incarnation", a sci-fi blockbuster on bilibili.com, and would make a series. "Original Plan", the talent agent of He Luoluo and Liu Xiening who made a debut at "Creation Camp 2019" and "Creation Camp 2020", respectively, and "Haohao Bangyang" are working with FenghuaQjushi, Zhonghui Television, and 37 Interactive Entertainment to maximize the outstanding talent resources. Besides, "DSMovie", a superb domestic Multi-Channel Network (MCN), is used as a promotional channel to exert an amplified and superimposed effect on the entertainment eco-system of 37 Interactive Entertainment.

The education division is taking shape gradually. The education division serves as a key and long-term sector of 37 Interactive Entertainment. Miaocode.com, a platform offering online programming training courses to kids acquired by the Company, has grown to be a top-performing company in China. It will establish chain stores to integrate in-person classes in order to make high-quality courses available to increasing users. In terms of content and quantity, the audiobook platform of "KaDa Story" has become a top platform in China and achieved positive growth and profitability amid the COVID-19 pandemic. Likewise, "Wake Yoga", an online yoga platform, has turned profitable despite the pandemic. Overall, the Company has achieved sound progress in the education division by devoting enormous resources in quality content and traffic operation.

Returns on investments were good. As of the date of this report, the Company's many target investees have shown the great potential for development, and the Company's investment strategies in the whole cultural and creative industrial chain have begun to produce preliminary results. In March 2020, the Company exited from ZLONGAME and obtained considerable return. In June 2020, the Company partially exited from X.D.Network after its IPO, gaining substantial return. This deal won the CV Source the Best Exit of the Year. Additionally, the Company participated in the management of Fuhai 37 Fund. After its investment target, Weimob, went public, the fund exited and obtained high return.

Investments are made in new areas. In the coming future, the Company will focus on the main business of games and continue to invest in entertainment technologies. In connection to previous operations in VR, AR and cloud gaming, the Company will actively explore, in the 5G era, operations in emerging fields such as interactive games, virtual hosts, VR social and esports, in a bid to empower and coordinate strategically with the invested companies, offer more high-quality content with new experience, create a one-stop cultural and entertainment ecosystem, and become the most trusted cultural brand of China's younger generation.

#### (IV) IP strategy

It's a long-term development goal of the Company to create quality content and establish a quality content brand. Based on this, the Company continues to explore, by the methods of internal incubation and external access, high-quality IPs for the development of quality cultural products including games, relying on its own advantages.

A cultural and creative strategy system was built based on the IP strategy. As of the date of this report, the IPs of the Company's reserves covered different segments, including games, anime, literature, film, and television. Meanwhile, the Company will gradually develop its own IPs to create higher value. Relying on its excellent IP strategy, the Company will continue to build its cultural and creative strategy system, satisfy the diversified demands of users for entertainment, and exploit the opportunities of IP value in film and television, music, anime, VR, cultural health industry, e-learning for children and social entertainment.

## II Core Business Analysis

### Overview:

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See “I Overview” above.

Year-over-year changes in key financial data:

Unit: RMB

	H1 2020	H1 2019	Change (%)	Main reason for change
Operating revenue	7,988,675,195.57	6,070,957,503.06	31.59%	Significant increase in revenue as a result of good business results for mobile games
Cost of sales	863,666,663.98	838,986,561.51	2.94%	No significant change
Distribution and selling expenses	4,549,628,282.98	3,632,067,521.84	25.26%	Increase in Internet traffic fee charges for games
General and administrative expenses	166,919,490.05	88,053,838.68	89.57%	Increase in depreciation of office building transferred to fixed assets, and increase in the remuneration and equity incentives for employees as a result of a larger scale of operating and better operating results of the Company in the Reporting Period
Financial expenses	9,827,281.57	4,333,541.72	126.77%	Increase in interest expense
Income tax expenses	110,659,828.94	131,634,742.44	-15.93%	No significant change
Research and development investments	644,896,512.00	318,493,874.16	102.48%	Increase in employee remuneration and design expenses in research and development projects as a result of greater investments in this respect in the Reporting Period
Net cash flows from operating activities	2,450,226,546.90	616,354,936.37	297.53%	Net cash flows from operating activities increased significantly year-over-year, primarily driven by increase in cash received from the sales of goods or rendering services as a result of higher operating revenue compared to the same period of last year
Net cash flows used in/from investing activities	-952,419,788.81	476,138,307.69	-300.03%	Payment for the acquisition of land use rights in the Reporting Period
Net cash flows used in financing activities	-180,181,077.21	-823,976,503.10	-78.13%	New discounted notes in the Reporting Period
Net increase in cash and cash equivalents	1,328,403,368.73	268,388,648.05	394.96%	Significant increase in net cash flows from operating activities, as well as decrease in net cash flows used in investing and financing activities

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Significant changes to the profit structure or sources of the Company in the Reporting Period:

Applicable  Not applicable

No such changes in the Reporting Period.

Breakdown of operating revenue:

Unit: RMB

	H1 2020		H1 2019		Change (%)
	Amount	As % of operating revenue (%)	Amount	As % of operating revenue (%)	
Total operating revenue	7,988,675,195.57	100%	6,070,957,503.06	100%	31.59%
By operating division					
Online games	7,988,675,195.57	100.00%	6,070,957,503.06	100.00%	31.59%
By product category					
Mobile games	7,412,153,082.93	92.78%	5,426,572,514.55	89.39%	36.59%
Browser games	564,975,213.48	7.07%	644,384,988.51	10.61%	-12.32%
Others	11,546,899.16	0.14%			100.00%
By operating segment					
Domestic	7,019,815,819.74	87.87%	5,573,514,047.04	91.81%	25.95%
Overseas	968,859,375.83	12.13%	497,443,456.02	8.19%	94.77%

Operating division, product category or operating segment contributing over 10% of operating revenue or operating profit:

Applicable  Not applicable

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						
Online games	7,988,675,195.57	863,666,663.98	89.19%	31.59%	2.94%	3.01%
By product category						
Mobile games	7,412,153,082.93	729,296,931.11	90.16%	36.59%	7.95%	2.61%
Browser games	564,975,213.48	128,538,647.98	77.25%	-12.32%	-21.32%	2.75%
By operating segment						
Domestic	7,019,815,819.74	716,853,000.99	89.79%	25.95%	6.76%	1.84%
Overseas	968,859,375.83	146,813,662.99	84.85%	94.77%	-12.35%	18.52%

Core business data restated according to the changed methods of measurement that occurred in the Reporting Period:

Applicable  Not applicable

The Company is required to comply with the disclosure requirements of the SZSE Industrial Information Disclosure Guide No. 12—Listed Companies Engaged in Software and IT Services.

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Operating division contributing over 10% of operating revenue or operating profit:

Applicable  Not applicable

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division of customers						
Online games	7,988,675,195.57	863,666,663.98	89.19%	31.59%	2.94%	3.01%
By product category						
Mobile games	7,412,153,082.93	729,296,931.11	90.16%	36.59%	7.95%	2.61%
Browser games	564,975,213.48	128,538,647.98	77.25%	-12.32%	-21.32%	2.75%
By operating segment						
Domestic	7,019,815,819.74	716,853,000.99	89.79%	25.95%	6.76%	1.84%
Overseas	968,859,375.83	146,813,662.99	84.85%	94.77%	-12.35%	18.52%

Ongoing sales contracts with a single contract amount that is over RMB50 million and accounts for over 30% of the Company's audited operating revenue in the most recent accounting year:

Applicable  Not applicable

Breakdown of the cost of sales for the core business:

Unit: RMB

Breakdown of cost	H1 2020		H1 2019		Change (%)
	Amount	As % of cost of sales	Amount	As % of cost of sales	
Royalties	756,529,181.79	87.60%	713,853,625.84	85.09%	5.98%
Cost of servers	77,914,092.53	9.02%	52,216,599.22	6.22%	49.21%
Amortization of copyright money	22,029,060.95	2.55%	72,014,090.09	8.58%	-69.41%
Other costs	7,194,328.71	0.83%	902,246.36	0.11%	697.38%

Any over 30% YoY movements in the data above and why:

Applicable  Not applicable

1. The online and mobile games divisions recorded a year-over-year increase of 31.59% and 36.59% respectively in operating revenue, primarily because the Company's mobile game development and launch business continued to grow in the Reporting Period, resulting in a significant increase in operating revenue.
2. Overseas operating revenue increased 94.77% year-over-year, primarily because the Company launched a number of new games overseas in the Reporting Period.

### III Analysis of Non-Core Businesses

Applicable  Not applicable

	Amount	As % of profit before	Reason/source	Recurrent or not

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		income tax expenses		
Investment income	108,093,257.02	5.42%	Mainly due to gains on investments from disposal of equity investments, dividends during the period of holding equity investments, and wealth management products	Not
Gain/loss on changes in fair value	115,130,432.61	5.78%	Mainly due to changes in fair value of equity investments	Not
Impairment loss on assets	51,573,042.74	2.59%	Mainly due to impairment loss on accounts and other receivables and long-term equity investments	Loss on doubtful accounts is recurrent while impairment loss on long-term equity investments is not.
Non-operating income	2,297,869.41	0.12%	Mainly due to compensation income	Not
Non-operating expenses	7,429,745.23	0.37%	Mainly due to donations for governments and medical institutions in the fight against the COVID-19 pandemic	Not
Other income	95,213,596.55	4.78%	Mainly due to refund of VAT and other government grants given in the Company's ordinary course of business	Refund VAT is recurrent while other government grants are not.

## IV Analysis of Assets and Liabilities

### 1. Significant Changes in Asset Composition

Unit: RMB

	30 June 2020		31 December 2019		Change in percentage (%)	Reason for any significant change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary funds	3,476,651,621.54	27.88%	1,788,431,889.15	20.40%	7.48%	Year-over-year increase of RMB1,834 million in net cash flows from operating activities as a result of increasing revenue, as well as decrease in net cash flows used in investing and financing activities
Accounts receivable	1,275,085,408.62	10.22%	1,717,575,938.59	19.59%	-9.37%	Stepped-up efforts in the collection of accounts receivable

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Long-term equity investments	466,187,441.61	3.74%	514,224,823.77	5.87%	-2.13%	
Fixed assets	920,231,133.44	7.38%	36,385,942.05	0.42%	6.96%	Transfer of office building from construction in progress to fixed assets in the Reporting Period
Construction in progress		0.00%	751,293,007.77	8.57%	-8.57%	Transfer of office building from construction in progress to fixed assets in the Reporting Period
Short-term loans	889,324,326.07	7.13%	0.00	0.00%	7.13%	New undue discounted bank acceptance bills in the Reporting Period
Long-term loans	0.00	0.00%	265,883,241.55	3.03%	-3.03%	Repayment of mortgage loan for office building purchase in the Reporting Period
Other non-current assets	1,107,475,299.02	8.88%	58,269,048.52	0.66%	8.22%	Payment made in the Reporting Period for acquisition of land use rights together with the relevant tax and fees

## 2. Assets and Liabilities at Fair Value

√ Applicable □ Not applicable

Unit: RMB

Item	Beginning amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes through equity	Impairment allowance made in the Reporting Period	Purchased in the Reporting Period	Sold in the Reporting Period	Other changes	Ending amount
Financial assets								
1. Trading financial assets (exclusive of derivative financial assets)	2,042,903,416.32	7,062,542.62			4,754,790,000.00	-4,726,866,364.36	286,785.89	2,078,176,380.47
4. Other equity investments	119,521,347.60		-125,795,926.21		5,717,169.50		573,436.28	125,811,953.38
Other non-current financial assets	389,489,978.68	108,067,889.99			32,615,650.00	-102,136,150.48	2,314,604.97	430,351,973.16

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Total of the above	2,551,914,742 .60	115,130,43 2.61	-125,795,9 26.21	0.00	4,793,122,8 19.50	-4,829,002, 514.84	3,174,827. 14	2,634,340,307.01
Financial liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Contents of other changes:

Other changes were incurred by exchange rate fluctuations during the shareholding period.

Significant changes to the measurement attributes of the major assets in the Reporting Period:

Yes  No

### 3. Restricted Asset Rights as at the End of the Reporting Period

Item	Ending carrying amount(RMB)	Reason for restriction
Monetary funds	12,989,136.84	Money frozen by bank and security deposits
Trading financial assets	1,401,658,473.29	Security deposits for notes
Total	1,414,647,610.13	--

## V Investments Made

### 1. Total Investment Amount

Applicable  Not applicable

Total investment amount in H1 2020 (RMB)	Total investment amount in H1 2019 (RMB)	Change (%)
5,787,414,868.16	2,518,507,340.85	129.80%

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## 2. Major Equity Investments Made in the Reporting Period

√ Applicable □ Not applicable

Unit: RMB

Investee	Principal activity	Way of investment	Amount of investment	The Company's interest	Funding source	Co-investor	Term of investment	Type of the investee's products	Investment progress as of the balance sheet date	Anticipated income	Investment income in the Reporting Period	Any legal matter involved or not	Date (if any) of disclosure	Index (if any) to disclosed information
Beijing Meng52 Network Technology Co., Ltd.	Technology development; basic software services; application software services; computer system services; computer technology training (not for national enrollment); data processing (except for bank card centers that are processing data and cloud computing data centers with a PUE value of 1.5 or more); organization of cultural and artistic exchange activities; conference services; exhibition activities; product design; packaging and decoration design; computer animation design; design, production, agency, and release of ads; sales of computers, software, and auxiliary equipment; and Internet-based cultural activities.	Capital increase	28,600,000.00	22.00%	Self-funded	None	Permanent	Game development	Ownership change completed with the industrial and commercial administration		13,398,234.25	Not		
Shanghai Dobala Network Technology Co., Ltd.	Technology development, transfer, and consultancy and services of network and computer technologies, design, production, and agency of ads, publication of ads through self-owned media, planning of cultural and artistic exchanges, organization and planning of public relation activities, conference services, exhibition services, creative services, and sales of computers, software, and auxiliary equipment.	Capital increase	5,000,000.00	10.00%	Self-funded	None	Permanent	Game development	Ownership change completed with the industrial and commercial administration			Not		

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Guangzhou Kapark Network Technology Co., Ltd.	Operations of parking lots; property management; engineering and technical research and experimental development; R&D of electronic, communication, and automatic control technologies; software development; information system integration services; information technology consultancy services; electromechanical equipment installation services; special equipment installation (except for elevators and boilers); electronic equipment installation services; general equipment repair; special equipment repair; electrical equipment repairs; sales of general mechanical equipment; professional contracting of electromechanical equipment installation projects; R&D, installation, and maintenance of parking berths with automatic are collection function; motor vehicle agency management business; battery charging services for electric vehicles; car rental; sales of auto parts; car rescue services; motor vehicle performance inspection services; network information technology promotion services; advertising services; installation and construction of street nameplates, road signs, and advertising board; designated driver services; computer network system engineering services; intelligent installation services; site leasing (excluding warehouses); car sales; car cleaning services; and car repair and maintenance.	Capital increase	15,000,000.00	12.00%	Self-funded	None	Permanent	Internet-based car parking	Ownership change completed with the industrial and commercial administration			Not		
Shanghai Lixing Technology Co., Ltd.	Licensed items: Food. General items: Technical development, transfer, consultancy, and services of information technology, computer hardware, and network technology; sales of furniture, kitchen equipment, household appliances,	Capital increase	7,000,000.00	11.67%	Self-funded	None	Permanent	Operation of a coffee brand	Ownership change completed with the			Not		

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	hotel equipment, instruments and apparatus, building materials, metal materials, hardware and electrical equipment, mechanical equipment, automobile and motorcycle accessories, household supplies, kitchenware, feedstuff, flowers, jewelry, handicrafts (except for ivory and its products), automobile supplies, road traffic safety equipment, automobiles, chemical raw materials and products (except for hazardous chemicals, monitored chemicals, fireworks and firecrackers, civil explosives, and precursor chemicals), advertising equipment, printing materials, packaging materials, mineral products, electronic products, elevators, mechanical equipment, molds, and lubricants (including online retail). The following items are exclusive to branch offices: catering services.								industrial and commercial administration					
GUGI INC.	Network consultancy and information security management consultancy; technology development, technology promotion, and technical services: Information technology, computer technology, and computer software and hardware; design and development: toys and anime; network sales: computer software and hardware, toys, and anime; telecommunications value-added services; and operating Internet cultural services.	Capital increase	10,615,650.00	5.46%	Self-funded	None	Permanent	Game-based social software	Ownership change completed with the industrial and commercial administration			Not		
Total	--	--	66,215,650.00	--	--	--	--	--	--	0.00	13,398,234.25	--	--	--

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### 3. Major Non-Equity Investments Ongoing in the Reporting Period

√ Applicable □ Not applicable

Unit: RMB

Name of project	Way of investment	Investment in fixed assets or not	Industry of investment	Investment in the Reporting Period	Cumulative investment as of the period-end	Funding source	Project progress	Anticipated income	Cumulative income as of the period-end	Reason for failing to reach the scheduled progress and anticipated income	Date (if any) of disclosure	Index (if any) to disclosed information
Land Lot AH040124 in Pazhou West Zone, Haizhu District, Guangzhou	Other	Yes	Commercial property	890,579,700.00	1,105,179,700.00	Self-funded		0.00	0.00	N/A	7 January 2020	Announcement No. 2020-003 on a Wholly-Owned Subsidiary Bidding for the Use Rights of State-Owned Land
Office space on 12/F, 14/F and 17/F to 23/F, as well as parking space on -3/F and -4/F of Zhongrong Plaza, 666 Huangbu Road Central, Tianhe District, Guangzhou	Other	Yes	Commercial property	75,112,348.66	957,843,541.68	Self-funded and mortgage loan-funded		0.00	0.00	N/A	26 April 2017	Announcement No. 2017-034 on a Subsidiary Intending to Purchase Office and Parking Space
Total	--	--	--	965,692,048.66	2,063,023,241.68	--	--	0.00	0.00	--	--	--

### 4. Financial Assets at Fair Value

√ Applicable □ Not applicable

Unit: RMB

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Type of assets	Initial investment cost	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes through equity	Purchased in the Reporting Period	Sold in the Reporting Period	Cumulative income	Ending amount	Funding source
Stock	278,899,199.76	101,862,285.85	-52,759,111.69		101,486,150.48	24,362,105.75	184,632,631.62	Self-funded
Other	2,647,448,274.12	13,268,146.76	-73,036,814.52	4,793,122,819.50	4,727,516,364.36	70,599,981.21	2,449,707,675.39	Self-funded
Total	2,926,347,473.88	115,130,432.61	-125,795,926.21	4,793,122,819.50	4,829,002,514.84	94,962,086.96	2,634,340,307.01	--

## 5. Financial Investments

### (1) Securities Investments

√ Applicable □ Not applicable

Variety of securities	Code of securities	Name of securities	Initial investment cost	Accounting measurement method	Beginning carrying amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes through equity	Purchased in the Reporting Period	Sold in the Reporting Period	Gain/loss in the Reporting Period	Ending carrying amount	Accounting title	Funding source
Domestic/foreign stock	002445-SZSE	ZNHI	21,743,091.99	Fair value method	2,725,492.78	557,035.08					3,282,527.86	Trading financial assets	Self-funded
Domestic/foreign stock	02660-HKEX	ZENGAME	18,000,000.00	Fair value method	14,301,324.38	7,683,996.94					22,231,519.71	Other non-current financial assets	Self-funded
Domestic/foreign stock	960180-KRX	SNK	1,036.35	Fair value method	23,021,920.43	-3,861,552.17					19,447,154.15	Trading financial assets	Self-funded

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Domestic/ foreign stock	02400- HKEX	XD INC	100,055,903.60	Fair value method	103,133,292.11	100,422,951.19			88,989,266.99	20,640,508.22	116,646,208.80	Other non-current financial assets	Self- fund ed
Domestic/ foreign stock	00302- HKEX	CMGE Technolo gy Group Limited	14,101,880.71	Fair value method	15,438,704.59	-2,940,145.19			12,496,883.49	3,721,597.53		Other non-current financial assets	Self- fund ed
Domestic/ foreign stock	83360 4-NEE Q	Southern Pictures	64,997,287.11	Fair value method	15,784,332.79						15,784,332.79	Other non-current financial assets	Self- fund ed
Domestic/ foreign stock	83506 7-NEE Q	Mokylin	60,000,000.00	Fair value method	7,240,888.31		-52,759,111.69				7,240,888.31	Other equity investments	Self- fund ed
Total			278,899,199.76	--	181,645,955.39	101,862,285.85	-52,759,111.69	0.00	101,486,150.48	24,362,105.75	184,632,631.62	--	--
Disclosure date of the announcement on the board's approval of the securities investments			6 December 2019										
Disclosure date of the announcement on the general meeting of shareholders' approval of the securities investment (if any)			25 December 2019										

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## **(2) Investments in Derivative Financial Instruments**

Applicable  Not applicable

No such cases in the Reporting Period.

## **6. Use of Raised Funds**

Applicable  Not applicable

No such cases in the Reporting Period.

## **7. Significant Projects Invested with Non-Raised Funds**

Applicable  Not applicable

No such cases in the Reporting Period.

## **VI Sale of Major Assets and Equity Investments**

### **1. Sale of Major Assets**

Applicable  Not applicable

No such cases in the Reporting Period.

### **2. Sale of Major Equity Investments**

Applicable  Not applicable

## **VII Principal Subsidiaries and Joint Stock Companies**

Applicable  Not applicable

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Principal subsidiaries and joint stock companies with an over 10% effect on the Company's net profit:

Unit: RMB

Name	Relationship with the Company	Principal activity	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Jiangsu Aurora	Subsidiary	Development of mobile and browser games	6,250,000.00	4,931,895,434.41	3,389,070,354.63	1,212,422,839.46	600,800,831.35	629,776,283.93
Guangzhou 37	Subsidiary	Launch and operation of mobile games	11,764,706.00	7,328,807,906.38	1,495,082,563.16	5,121,786,020.32	1,033,382,969.23	918,920,434.10

Subsidiaries obtained or disposed of in the Reporting Period:

Applicable  Not applicable

Other information on principal subsidiaries and joint stock companies:

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## VIII Structured Bodies Controlled by the Company

Applicable  Not applicable

## IX Operating Performance Forecast for January-September 2020

Warning of a forecast negative net profit for the January-September period of the current year or a considerable YoY change therein, as well as the reasons:

Applicable  Not applicable

## X Risks Facing the Company and Countermeasures

### 1. Market competition risks and countermeasures

The online gaming industry is facing increasingly fierce competition as it gradually matures. Meanwhile, the development of various Internet-based cultural creative segments other than online games is further exacerbating external competition. At the same time, online game users are also becoming more sophisticated, and online game users have increasingly higher quality requirement for game products. Intense market competition will challenge the Company's development in terms of products and market channels.

In response, the Company will continue to increase R&D investments, R&D and innovation in product creativity, gameplay, theme, art and technology. It will maintain close cooperation with excellent developers to guarantee the supply of quality products, and continue to connect users with quality games. In terms of market channels, the Company will further bring in play the role of new ideas in traffic operation, deepen the business strategy of multi-channel marketing, targeted advertising and long-term services, and continuously enhance its core market competitiveness.

### 2. Business risks and countermeasures

The online gaming industry is characterized by fast product update, limited life cycle and fast change of user preference. Game enterprises need to increase their investment in technology development and closely keep in pace with trend of the industrial technologies. If the technology, products and other aspects of the game undergo major changes, and game enterprises fail to keep up with the development of industry technology, their products will fail to meet the market demands. At the same time, information security and user privacy protection arouse great public concerns. If the Company leaks users' information due to negligence, there will be a significant damage to the user experience and brand image. Consequently, its operation performance will be impaired.

In response, increasing R&D investments are needed to maintain continuous product innovation. The Company also needs to dig deeper into operational data through independently developed AI systems, continuously update the understanding of changes in target users' preferences, and timely adjust operational and R&D strategies, to meet the core demands of users.

A strict internal control system for information security management and user privacy protection has been set up to ensure the security of users' information to the maximum extent. In terms of information security, the Company has developed a series of internal control systems to define and classify security incidents and to respond to possible data security problems. Information security audits take place once every six months for systematic control of information security risks. In terms of privacy protection, the Privacy Policy has been established, which provides in details the rules and standards for collection and use of users' personal information and sets forth the reasonable and feasible security measures adopted for protection of users' personal information. In this way the Company will make sure with greatest efforts that all users' personal information are protected at the highest level.

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The Company ensures that it runs the business in compliance with applicable laws and regulations throughout the world, and protects the users' right to manage personal information. A response procedure has been stipulated to inform users of any possible cost and necessary actions needed to be taken.

### 3. Risks of core personnel turnover and countermeasures

A stable and high-quality talent team for game development, operation and management is an important guarantee for the Company to maintain its core competitive advantage. If the Company fails to effectively build a core talent team, give reasonable incentives and manages the core personnel, the employees' enthusiasm and creativity will be affected, which will have an adverse impact on the Company's core competitiveness.

In response, much attention has been attached to cultivation and acquisition of professional talents. The Company creatively builds a platform-based talent management mechanism, according to which excellent game producers are rewarded with high project bonus, and given discretion of research and creation. In order to flexibly attract and retain quality management and business talents, taking into account the Company's long-term and recent interests and the Company's long-term, sustainable and sound development, the Company implemented the employee stock ownership plan during the Reporting Period to establish and improve the benefit sharing mechanism between workers and owners, further improve the corporate governance structure of the Company and effectively mobilize the enthusiasm of workers and employees. The Company maintains the stability of core technology and management personnel by signing agreements with core personnel, creating a favorable working environment and building a great corporate culture. Meanwhile, the Company helps employees to realize their potential through a well-trained employee training system, and rationally manages the team by using a clear rule of survival of the fittest to reinforce the team's dynamics.

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## Part V Significant Events

### I Annual and Extraordinary General Meetings of Shareholders Convened during the Reporting Period

#### 1. General Meetings of Shareholders Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Date of the meeting	Date of disclosure	Index to disclosed information
The 2019 Annual General Meeting of Shareholders	Annual General Meeting of Shareholders	44.13%	22 April 2020	23 April 2020	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
The First Extraordinary General Meeting of Shareholders of 2020	Extraordinary General Meeting of Shareholders	42.78%	15 May 2020	16 May 2020	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

#### 2. Extraordinary General Meetings of Shareholders Convened at the Request of Preferred Shareholders with Resumed Voting Rights

Applicable  Not applicable

### II Interim Dividend Plan

Applicable  Not applicable

Bonus issue from profit (share/10 shares)	0
Cash dividend/10 shares (RMB) (tax inclusive)	3
Bonus issue from capital reserves (share/10 shares)	0
Share base (share)	2,112,251,697
Cash dividends (RMB) (tax inclusive)	633,675,509.10
Cash dividends in other forms (such as share repurchase) (RMB)	0.00
Total cash dividends (including those in other forms) (RMB)	633,675,509.10
Distributable profit (RMB)	873,232,208.83
Total cash dividends (including those in other forms) as % of total profit to be distributed	100%
Applicable cash dividend policy	
If the Company is in the growth stage and has a significant capital expenditure arrangement, when making profit distribution,	

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cash dividends shall account for no less than 20% in the profit distribution.
Details of the cash and/or stock dividend plan
<p>In view of the Company's sustained and solid profitability and good financial position, as well as the expectations and confidence for the Company's future development, and fully considering the interests and reasonable demands of investors, the Company's Board of Directors proposed a 2020 interim dividend plan in accordance with the No. 3 Listed Companies Regulatory Guidelines, the Company Law, the Articles of Association and the Company's shareholder return plan, under the principle of profit distribution and the premise of ensuring the normal operation and long-term development of the Company.</p> <p>Upon approval by the Board of Directors, the Company's 2020 interim dividend plan is as follows: Based on the total issued share capital on the date of record, a cash dividend of RMB3 (tax inclusive) per 10 shares is planned to be distributed to all the shareholders of the Company, with the remaining undistributed profit carried forward to the next year; and there will be no bonus issue from either profit or capital reserves. The above interim dividend plan is consistent with the Company's performance growth, and also in line with relevant provisions of the Company Law, the Securities Law, the Articles of Association and the Company's shareholder return plan. Therefore, it is legal, valid and reasonable.</p>

### III Equity Incentive Plans, Employee Stock Ownership Plans or Other Incentive Measures for Employees

Applicable  Not applicable

The Proposal on the Third Employee Stock Ownership Plan (Draft) and Its Summary, along with related proposals, was approved at the Fourth Meeting of the Fifth Board of Directors and the Fourth Extraordinary General Meeting of Shareholders of 2019 of the Company. The company performance requirement for this employee stock ownership plan is a net profit (based on net profit attributable to shareholders of the Company and exclusive of share-based payments under this employee stock ownership plan) not lower than RMB1.5 billion for 2019.

According to the Independent Auditor's Report Hua Xing Suo (2020) Shen Zi GD—No. 026 issued by Huaxing Certified Public Accountants LLP, the net profit attributable to shareholders of the Company for 2019 was RMB2.115 billion (RMB2.185 billion after excluding the share-based payments under this employee stock ownership plan in 2019). As such, the company performance requirement for this employee stock ownership plan was fulfilled. Therefore, 30% shares under this employee stock ownership plan would be unlocked for the 12 months commencing from 27 July 2019 (the date when the Company announced that the final batch of target shares were transferred to this employee stock ownership plan). For further information, please visit <http://www.cninfo.com.cn>.

The lock-up period for the first batch of shares (6,704,261 shares) under the third employee stock ownership plan expired on 26 July 2020. For further information, please refer to the Reminder of the Expiry of the Lock-up Period of the First Batch of Shares under the Third Employee Stock Ownership Plan disclosed by the Company on <http://www.cninfo.com.cn> dated 23 July 2020.

### IV Other Significant Events

Applicable  Not applicable

The Proposal on the 2020 Private Placement Plan, along with related proposals, was approved at the Eleventh Meeting of the Fifth Board of Directors and the 2019 Annual General Meeting of Shareholders of the Company. According to the Plan, the Company intended to raise funds not exceeding RMB4.5 billion (inclusive) by offering shares of no more than 5% of the total pre-offering share capital. The raised funds after deducting the issuance expenses would be invested in the online games development and operation project (RMB1.6 billion), the 5G-based cloud gaming platform project (RMB1.65 billion) and the Guangzhou headquarters

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building project (RMB1.25 billion). On 27 April 2020, the Company received the Acceptance of Application for Administrative Permission (acceptance No.: 200844) issued by the China Securities Regulatory Commission (hereinafter, the “CSRC”) on 26 April 2020. Upon preliminary examination of the Application for Private Placement by Listed Company submitted by the Company, together with related materials, the CSRC decided to accept the application for further review on the ground that the application materials were in compliance with the prescribed form.

On 1 June 2020, the Company received the First Feedback Concerning Application for Administration Permission (No. 200844) issued by the CSRC on 29 May 2020. Upon the receipt of the Feedback, the Company, together with the relevant intermediary agencies, carefully analyzed and discussed the issues raised in the Feedback, and made a corresponding reply, upon relevant checks, as required by the Feedback. The reply has been disclosed to the public. Please refer to the Reply of Wuhu 37 Interactive Entertainment Network Technology Group Co., Ltd. Concerning the Feedback to Its Private Placement Application Documents disclosed by the Company on <http://www.cninfo.com.cn> dated 24 June 2020.

The Proposal on Reducing the Total Funds to Be Raised in the 2020 Private Placement, along with related proposals, was approved at the Thirteenth Meeting of the Fifth Board of Directors of the Company. As such, the total funds to be raised was agreed to be reduced to an amount not exceeding RMB4.463 billion. The raised funds after deducting the issuance expenses would be invested in the online games development and operation project (RMB1.6 billion), the 5G-based cloud gaming platform project (RMB1.65 billion) and the Guangzhou headquarters building project (RMB1.213 billion).

On 9 July 2020, the Company received the Letter on Preparations for the Issuance Appraisal Committee Meeting on the Application of 37 Interactive Entertainment for Private Placement (hereinafter, the “Letter”) issued by the CSRC. The Company, together with Orient Securities Investment Banking Co., Ltd. and other relevant intermediary agencies, carried out careful checks in respect of the issues raised in the Letter, and made a corresponding reply as required. For further information, please refer to the Reply of Wuhu 37 Interactive Entertainment Network Technology Group Co., Ltd. and Orient Securities Investment Banking Co., Ltd. on the Letter on Preparations for the Issuance Appraisal Committee Meeting on the Application of 37 Interactive Entertainment for Private Placement disclosed by the Company on <http://www.cninfo.com.cn> dated 18 July 2020.

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## Part VI Share Changes and Shareholder Information

### I Share Changes

#### 1. Share Changes

Unit: share

	Before		Increase/decrease in the Reporting Period (+/-)					After	
	Number	Percentage (%)	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Other	Subtotal	Number	Percentage (%)
1. Restricted shares	794,755,467	37.63%				-84,000,441	-84,000,441	710,755,026	33.65%
1.1 Shares held by other domestic investors	794,755,467	37.63%				-84,000,441	-84,000,441	710,755,026	33.65%
Shares held by domestic natural persons	794,755,467	37.63%				-84,000,441	-84,000,441	710,755,026	33.65%
2. Un-restricted shares	1,317,496,230	62.37%				84,000,441	84,000,441	1,401,496,671	66.35%
2.1 RMB-denominated common shares	1,317,496,230	62.37%				84,000,441	84,000,441	1,401,496,671	66.35%
3. Total shares	2,112,251,697	100.00%				0	0	2,112,251,697	100.00%

#### 2. Changes in Restricted Shares

Applicable  Not applicable

Unit: share

Name of shareholder	Beginning restricted shares	Shares with restriction lifted in the Reporting Period	Increase in restricted shares in the Reporting Period	Ending restricted shares	Reason for restriction	Lifting date
Li Weiwei	302,743,539	0	0	302,743,539	Locked-up shares of senior management	Subject to regulations in respect of changes in shareholdings of directors, supervisors and senior management

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Zeng Kaitian	276,978,130	-31,633,800	0	245,344,330	Locked-up shares of senior management	Subject to regulations in respect of changes in shareholdings of directors, supervisors and senior management
Wu Weihong	112,002,562	-28,000,641	0	84,001,921	Locked-up shares of senior management	Subject to regulations in respect of changes in shareholdings of directors, supervisors and senior management
Hu Yuhang	4,315,518	0	0	4,315,518	Post-offering restricted shares	17 July 2020
Wu Weidong	98,195,668	-24,375,000	0	73,820,668	Locked-up shares of senior management	Subject to regulations in respect of changes in shareholdings of directors, supervisors and senior management
Yang Jun	520,050	0	0	520,050	Locked-up shares of senior management	Subject to regulations in respect of changes in shareholdings of directors, supervisors and senior management
Qi Jifeng	0	0	9,000	9,000	Locked-up shares of senior management	Subject to regulations in respect of changes in shareholdings of directors, supervisors and senior management
Total	794,755,467	-84,009,441	9,000	710,755,026	--	--

## II Issuance and Listing of Securities

Applicable  Not applicable

## III Shareholders and Their Holdings as at the Period-End

Unit: share

Number of common shareholders		55,993		Number of preferred shareholders with resumed voting rights (if any) (see note 8)		0		
5% or greater common shareholders or the top 10 common shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	Common shares held	Increase/decrease in the Reporting Period	Restricted common shares held	Un-restricted common shares held	Pledged or frozen status	
							Status	Shares
Li Weiwei	Domestic natural person	19.11%	403,658,052	0	302,743,539	100,914,513	Pledged	29,000,000
Zeng Kaitian	Domestic natural person	11.62%	245,344,374	-81,781,400	245,344,330	44	Pledged	9,810,000
Hong Kong Securities	Overseas	6.98%	147,487,787	73,694,639	0	147,487,787		

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Clearing Company Ltd.	corporation							
Wu Weihong	Domestic natural person	5.30%	112,002,562	0	84,001,921	28,000,641		
Hu Yuhang	Domestic natural person	5.00%	105,612,651	31,975,100	4,315,518	101,297,133	Pledged	5,050,000
Wu Weidong	Domestic natural person	4.66%	98,427,557	0	73,820,668	24,606,889		
Wu Xushun	Domestic natural person	3.50%	73,937,782	0	0	73,937,782		
National Social Security Fund—Portfolio 111	Other	1.21%	25,503,030	25,503,030	0	25,503,030		
Wuhu 37 Interactive Entertainment Network Technology Group Co., Ltd.—third employee stock ownership plan	Other	1.06%	22,347,537	0	0	22,347,537		
China Universal Asset Management (CUAM) - Bank of Ningbo—Zhuhai Rongxi Equity Investment Partnership (Limited Partnership)	Other	0.95%	20,089,263	-17,839,168	0	20,089,263		
Strategic investor or general corporation becoming a top-10 common shareholder in a rights issue (if any) (see note 3)	Not applicable							
Related or acting-in-concert parties among the shareholders above	<p>1. Among the top 10 shareholders of the Company, Wu Xushun is the father of Wu Weihong and Wu Weidong, which makes them shareholders acting in concert.</p> <p>2. The Company is not aware of whether there is, among the other top 10 shareholders, any related parties or acting-in-concert parties as defined in the Measures on the Administration of Acquisition of Listed Companies.</p>							
Top 10 un-restricted common shareholders								
Name of shareholder	Un-restricted common shares held	Shares by class						
		Class	Shares					
Hong Kong Securities Clearing Company Ltd.	147,487,787	RMB-denominated common shares	147,487,787					
Hu Yuhang	101,297,133	RMB-denominated common shares	101,297,133					
Li Weiwei	100,914,513	RMB-denominated common shares	100,914,513					
Wu Xushun	73,937,782	RMB-denominated common shares	73,937,782					

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Wu Weihong	28,000,641	RMB-denominated common shares	28,000,641
National Social Security Fund—Portfolio 111	25,503,030	RMB-denominated common shares	25,503,030
Wu Weidong	24,606,889	RMB-denominated common shares	24,606,889
Wuhu 37 Interactive Entertainment Network Technology Group Co., Ltd.—third employee stock ownership plan	22,347,537	RMB-denominated common shares	22,347,537
China Universal Asset Management (CUAM) - Bank of Ningbo—Zhuhai Rongxi Equity Investment Partnership (Limited Partnership)	20,089,263	RMB-denominated common shares	20,089,263
National Social Security Fund—Portfolio 416	15,831,558	RMB-denominated common shares	15,831,558
Related or acting-in-concert parties among the top 10 un-restricted common shareholders, as well as between the top 10 un-restricted common shareholders and the top 10 common shareholders	<p>1. Among the top 10 shareholders of the Company, Wu Xushun is the father of Wu Weihong and Wu Weidong, which makes them shareholders acting in concert.</p> <p>2. The Company is not aware of whether there is, among the other top 10 shareholders, any related parties or acting-in-concert parties as defined in the Measures on the Administration of Acquisition of Listed Companies.</p>		
Top 10 common shareholders engaged in securities margin trading (if any) (see note 4)	None		

Indicate by tick mark whether any of the top 10 common shareholders or the top 10 un-restricted common shareholders of the Company conducted any promissory repo during the Reporting Period.

Yes  No

No such cases in the Reporting Period.

## Part VII Financial Statements

### I Independent Auditor's Report

Are these interim financial statements audited by an independent auditor?

Yes  No

They are unaudited by such an auditor.

### II Financial Statements

Currency unit for the financial statements and the notes there to: RMB

Should there be any discrepancy between the English version and the Chinese version of this Report, the Chinese version shall prevail.



## 1. Consolidated Balance Sheet

Prepared by Wuhu 37 Interactive Entertainment Network Technology Group Co., Ltd.

30 June 2020

Unit: RMB

Item	30 June 2020	31 December 2019
<b>Current assets:</b>		
Monetary funds	3,476,651,621.54	2,152,508,643.76
Transaction settlement funds		
Loans to other banks		
Trading financial assets	2,078,176,380.47	2,042,903,416.32
Derivative financial assets		
Notes receivable		
Accounts receivable	1,275,085,408.62	1,287,915,082.56
Accounts receivable financing		
Prepayments	648,900,877.82	661,089,054.70
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	80,200,345.60	84,842,613.18
Including: Interest receivable		
Dividends receivable	10,400,000.00	10,400,000.00
Redemptory monetary capital for sale		
Inventories		
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	171,339,570.64	125,885,754.42
<b>Total current assets</b>	<b>7,730,354,204.69</b>	<b>6,355,144,564.94</b>
<b>Non-current assets:</b>		
Loans and advances to customers		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	466,187,441.61	468,792,240.20

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Other equity investments	125,811,953.38	119,521,347.60
Other non-current financial assets	430,351,973.16	389,489,978.68
Investment properties		
Fixed assets	920,231,133.44	47,102,974.14
Construction in progress		797,245,599.78
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	16,210,163.97	16,997,408.09
Development expenditure		
Goodwill	1,614,909,880.35	1,614,909,880.35
Long-term deferred expenses	32,136,689.41	38,593,956.25
Deferred income tax assets	26,766,154.05	26,566,306.68
Other non-current assets	1,107,475,299.02	270,895,599.02
Total non-current assets	4,740,080,688.39	3,790,115,290.79
Total assets	12,470,434,893.08	10,145,259,855.73
Current liabilities:		
Short-term loans	889,324,326.07	
Loans from the central bank		
Loans from other banks		
Trading financial liabilities		
Derivative financial liabilities		
Notes payable	540,000,000.00	300,000,000.00
Accounts payable	1,492,117,378.94	1,418,946,404.24
Advances from customers		196,924,263.69
Contract liabilities	236,490,124.28	
Financial assets sold under repurchase agreements		
Customer deposits and interbank deposits		
Payables for acting trading of securities		
Payables for underwriting of securities		
Employee benefits payable	399,363,683.28	278,936,676.53
Taxes payable	178,142,122.00	161,110,700.51
Other payables	156,831,656.54	141,387,120.09

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Including: Interest payable		
Dividends payable		
Handling charges and commissions payable		
Reinsurance payables		
Liabilities held for sale		
Non-current liabilities due within one year		31,158,472.31
Other current liabilities	56,387,620.73	71,925,723.44
Total current liabilities	3,948,656,911.84	2,600,389,360.81
Non-current liabilities:		
Insurance contract reserve		
Long-term loans		250,017,634.02
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income		721,630.66
Deferred income tax liabilities	1,102,695.20	422,626.71
Other non-current liabilities		
Total non-current liabilities	1,102,695.20	251,161,891.39
Total liabilities	3,949,759,607.04	2,851,551,252.20
Shareholders' equity:		
Share capital	2,112,251,697.00	2,112,251,697.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	156,939,080.75	73,153,800.49
Less: Treasury shares		
Other comprehensive income	-84,201,739.17	-94,582,500.13
Special reserves		
Surplus reserves	227,390,965.90	227,390,965.90
General risk reserves		

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Retained earnings	5,777,154,510.18	4,711,093,895.82
Total equity attributable to shareholders of the Company	8,189,534,514.66	7,029,307,859.08
Non-controlling interests	331,140,771.38	264,400,744.45
Total shareholders' equity	8,520,675,286.04	7,293,708,603.53
Total liabilities and shareholders' equity	12,470,434,893.08	10,145,259,855.73

Legal representative: Li Weiwei

Chief Financial Officer: Ye Wei

Board Secretary: Ye Wei

## 2. Balance Sheet of the Company

Unit: RMB

Item	30 June 2020	31 December 2019
Current assets:		
Monetary funds	324,975.12	765,545.81
Trading financial assets		
Derivative financial assets		
Notes receivable		
Accounts receivable		
Accounts receivable financing		
Prepayments		5,000.00
Other receivables	375,998,167.92	1,010,549,806.19
Including: Interest receivable		
Dividends receivable		1,000,000,000.00
Inventories		
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	3,066,714.15	2,895,886.32
Total current assets	379,389,857.19	1,014,216,238.32
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		

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Long-term equity investments	6,574,316,138.89	6,487,297,853.18
Other equity investments	7,240,888.31	7,240,888.31
Other non-current financial assets	31,706,772.79	31,706,772.79
Investment properties		
Fixed assets		
Construction in progress		
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets		
Development expenditure		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		
Other non-current assets		
Total non-current assets	6,613,263,799.99	6,526,245,514.28
Total assets	6,992,653,657.18	7,540,461,752.60
Current liabilities:		
Short-term loans		
Trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	122,179.29	14,203.83
Advances from customers		
Contract liabilities		
Employee benefits payable	136,748.20	120,059.83
Taxes payable	3,740,774.87	1,958,201.03
Other payables	6,051,829.21	6,806,054.20
Including: Interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	10,051,531.57	8,898,518.89

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Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	10,051,531.57	8,898,518.89
Shareholders' equity:		
Share capital	2,112,251,697.00	2,112,251,697.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	3,709,796,608.05	3,622,063,902.37
Less: Treasury shares		
Other comprehensive income	-52,759,111.69	-52,759,111.69
Special reserves		
Surplus reserves	340,080,723.42	340,080,723.42
Retained earnings	873,232,208.83	1,509,926,022.61
Total shareholders' equity	6,982,602,125.61	7,531,563,233.71
Total liabilities and shareholders' equity	6,992,653,657.18	7,540,461,752.60

### 3. Consolidated Income Statement

Unit: RMB

Item	H1 2020	H1 2019
1. Total operating revenue	7,988,675,195.57	6,070,957,503.06
Including: Operating revenue	7,988,675,195.57	6,070,957,503.06
Interest income		

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Premium income		
Handling charge and commission income		
2. Total operating costs and expenses	6,257,275,520.69	4,908,533,506.03
Including: Cost of sales	863,666,663.98	838,986,561.51
Interest expense		
Handling charge and commission expenses		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expenses		
Taxes and surcharges	22,337,290.11	20,392,371.96
Distribution and selling expenses	4,549,628,282.98	3,632,067,521.84
General and administrative expenses	166,919,490.05	88,053,838.68
Research and development expenses	644,896,512.00	324,699,670.32
Financial expenses	9,827,281.57	4,333,541.72
Including: Interest expense	34,655,637.60	18,926,518.37
Interest income	23,176,748.76	8,475,803.74
Add: Other income	95,213,596.55	49,294,108.11
Investment income (“-” for loss)	108,093,257.02	18,932,969.82
Including: Share of profits and losses of joint ventures and associates	13,131,170.06	-6,172,892.49
Gain on derecognition of financial assets measured at amortised cost (“-” for loss)		
Gain on exchange (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)	115,130,432.61	41,603,452.48
Impairment loss on credit (“-” for loss)	-7,237,074.09	33,094,388.44
Impairment loss on assets (“-” for loss)	-44,335,968.65	-14,789,077.01
Gain on disposal of assets (“-” for loss)	75,379.94	-77,711.53
3. Operating profit (“-” for loss)	1,998,339,298.26	1,290,482,127.34
Add: Non-operating income	2,297,869.41	3,082,997.15
Less: Non-operating expenses	7,429,745.23	2,674,771.67
4. Profit before income tax expenses (“-” for loss)	1,993,207,422.44	1,290,890,352.82

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Less: Income tax expenses	110,659,828.94	131,634,742.44
5. Net profit (“-” for net loss)	1,882,547,593.50	1,159,255,610.38
5.1 Classified by continuity of operations		
5.1.1 Net profit from continuing operations (“-” for net loss)	1,882,547,593.50	1,159,255,610.38
5.1.2 Net profit from discontinued operations (“-” for net loss)		
5.2 Classified by ownership of the equity		
5.2.1 Net profit attributable to shareholders of the Company	1,699,736,123.46	1,033,074,405.38
5.2.2 Net profit attributable to non-controlling interests	182,811,470.04	126,181,205.00
6. Other comprehensive income, net of tax	10,361,892.43	-25,288.71
Other comprehensive income attributable to shareholders of the Company, net of tax	10,380,760.96	-25,288.71
6.1 Other comprehensive income that will not be reclassified subsequently to profit or loss		
6.1.1 Changes caused by remeasurement of defined benefit pension schemes		
6.1.2 Share of the other comprehensive income of the investee accounted for using equity method that will not be reclassified subsequently to profit or loss		
6.1.3 Changes in fair value of other equity investments		
6.1.4 Changes in the fair value of the company's own credit risk		
6.1.5 Others		
6.2 Other comprehensive income that will be reclassified subsequently to profit or loss	10,380,760.96	-25,288.71
6.2.1 Share of the other comprehensive income of the investee accounted for using equity method that will be reclassified subsequently to profit or loss		
6.2.2 Changes in fair value of other equity investments		
6.2.3 Other comprehensive income arising from the reclassification of financial assets		
6.2.4 Allowance for credit impairments in other debt investments		
6.2.5 Cash flow hedge reserve		
6.2.6 Exchange differences on translation of foreign currency financial statements	10,380,760.96	-25,288.71
6.2.7 Others		
Other comprehensive income attributable to non-controlling	-18,868.53	

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interests, net of tax		
7. Total comprehensive income	1,892,909,485.93	1,159,230,321.67
Total comprehensive income attributable to shareholders of the Company	1,710,116,884.42	1,033,049,116.67
Total comprehensive income attributable to non-controlling interests	182,792,601.51	126,181,205.00
8. Earnings per share:		
8.1 Basic earnings per share	0.80	0.49
8.2 Diluted earnings per share	0.80	0.49

Where business combinations under common control occurred in the current period, the net profit achieved by the acquirees before the combinations was RMB0.00, with the amount for the same period of last year being RMB0.00.

Legal representative: Li Weiwei

Chief Financial Officer: Ye Wei

Board Secretary: Ye Wei

#### 4. Income Statement of the Company

Unit: RMB

Item	H1 2020	H1 2019
1. Operating revenue	0.00	0.00
Less: Cost of sales	0.00	0.00
Taxes and surcharges	21,933.20	8,651.83
Distribution and selling expenses		
General and administrative expenses	2,375,644.75	664,215.31
Research and development expenses		
Financial expenses	389,882.06	5,026,558.14
Including: Interest expense		8,467,829.41
Interest income	810.35	3,444,301.05
Add: Other income	439,106.01	25,780.49
Investments income ("-" for loss)	-714,419.97	789,008,294.71
Including: Share of profits and losses of joint ventures and associates	-714,419.97	-979,081.27
Gain on derecognition of financial assets measured at amortised cost ("-" for loss)		
Net gain on exposure hedges ("-" for loss)		
Gain on changes in fair value ("-" for loss)		

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Impairment loss on credit (“-” for loss)	44,468.66	-2,270.00
Impairment loss on assets (“-” for loss)		
Gain on disposal of assets (“-” for loss)		
2. Operating profit (“-” for loss)	-3,018,305.31	783,332,379.92
Add: Non-operating income	0.63	
Less: Non-operating expenses		
3. Profit before income tax expenses (“-” for loss)	-3,018,304.68	783,332,379.92
Less: Income tax expenses		-567.49
4. Net profit (“-” for net loss)	-3,018,304.68	783,332,947.41
4.1 Net profit from continuing operations (“-” for net loss)	-3,018,304.68	783,332,947.41
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax		
5.1 Other comprehensive income that will not be reclassified subsequently to profit or loss		
5.1.1 Changes caused by remeasurement of defined benefit pension schemes		
5.1.2 Share of the other comprehensive income of the investee accounted for using equity method that will not be reclassified subsequently to profit or loss		
5.1.3 Changes in fair value of other equity investments		
5.1.4 Changes in the fair value of the company's own credit risk		
5.1.5 Others		
5.2 Other comprehensive income that will be reclassified subsequently to profit or loss		
5.2.1 Share of the other comprehensive income of the investee accounted for using equity method that will be reclassified subsequently to profit or loss		
5.2.2 Changes in fair value of other equity investments		
5.2.3 Other comprehensive income arising from the reclassification of financial assets		
5.2.4 Allowance for credit impairments in other debt investments		
5.2.5 Cash flow hedge reserve		
5.2.6 Exchange differences on translation of foreign currency financial statements		

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5.2.7 Others		
6. Total comprehensive income	-3,018,304.68	783,332,947.41
7. Earnings per share:		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

## 5. Consolidated Cash Flow Statement

Unit: RMB

Item	H1 2020	H1 2019
1. Cash flows from operating activities:		
Cash received from the sales of goods or rendering services	8,468,127,558.75	5,978,803,476.57
Net increase in customer deposits and interbank deposits		
Net increase in loans from the central bank		
Net increase in loans from other financial institutions		
Premiums received on original insurance contracts		
Net proceeds from reinsurance		
Net increase in deposits and investments of policy holders		
Interest, handling charges and commissions received		
Net increase in loans from other banks		
Net increase in proceeds from repurchase transactions		
Net proceeds from acting trading of securities		
Refunds of taxes and levies	6,317,294.49	18,148,222.30
Cash received relating to other operating activities	106,875,881.05	53,303,204.02
Sub-total of cash inflows from operating activities	8,581,320,734.29	6,050,254,902.89
Cash paid for purchases of goods and services	1,036,250,684.73	663,495,847.03
Net increase in loans and advances to customers		
Net increase in deposits in the central bank and other banks and financial institutions		
Payments for claims on original insurance contracts		
Net increase in loans to other banks		
Interest, handling charges and commissions paid		
Policy dividends paid		
Cash paid to and on behalf of employees	580,145,971.94	384,362,339.55
Payments of taxes and levies	196,576,891.94	234,010,246.88

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Cash paid relating to other operating activities	4,318,120,638.78	4,152,031,533.06
Sub-total of cash outflows used in operating activities	6,131,094,187.39	5,433,899,966.52
Net cash flows from operating activities	2,450,226,546.90	616,354,936.37
2. Cash flows from investing activities:		
Cash received from disposal of investments	224,285,017.49	105,816,280.71
Cash received from investment income	53,388,661.32	16,060,855.44
Cash received from disposal of fixed assets, intangible assets and other long-term assets	614,635.00	204,690.00
Net cash received from disposal of subsidiaries and other business units		433,449,673.50
Cash received relating to other investing activities	4,678,500,000.00	2,488,320,540.52
Sub-total of cash inflows from investing activities	4,956,788,313.81	3,043,852,040.17
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	968,397,533.12	59,645,209.49
Cash paid to acquire investments	86,020,569.50	78,068,522.99
Net increase in pledged loans granted		
Net cash paid for the acquisition of subsidiaries and other business units		
Cash paid relating to other investing activities	4,854,790,000.00	2,430,000,000.00
Sub-total of cash outflows used in investing activities	5,909,208,102.62	2,567,713,732.48
Net cash flows from/used in investing activities	-952,419,788.81	476,138,307.69
3. Cash flows from financing activities:		
Cash received from capital contributions		
Including: Cash received from capital contributions by non-controlling interests of subsidiaries		
Cash received from borrowings		
Cash received relating to other financing activities	889,324,326.07	
Sub-total of cash inflows from financing activities	889,324,326.07	
Cash repayments of borrowings	281,176,106.33	383,609,640.58
Cash paid for interest and dividends	788,329,296.95	138,359,549.65
Including: Dividends paid by subsidiaries to non-controlling interests	120,000,000.00	122,000,000.00
Cash paid relating to other financing activities		302,007,312.87
Sub-total of cash outflows used in financing activities	1,069,505,403.28	823,976,503.10
Net cash flows used in financing activities	-180,181,077.21	-823,976,503.10

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4. Effect of foreign exchange rate changes on cash and cash equivalents	10,777,687.85	-128,092.91
5. Net increase in cash and cash equivalents	1,328,403,368.73	268,388,648.05
Add: Cash and cash equivalents at beginning of the period	2,135,260,406.77	1,515,740,344.79
6. Cash and cash equivalents at end of the period	3,463,663,775.50	1,784,128,992.84

## 6. Cash Flow Statement of the Company

Unit: RMB

Item	H1 2020	H1 2019
1. Cash flows from operating activities:		
Cash received from the sales of goods or rendering services		
Refunds of taxes and levies		
Cash received relating to other operating activities	650,095,006.21	1,355,608,209.24
Sub-total of cash inflows from operating activities	650,095,006.21	1,355,608,209.24
Cash paid for purchases of goods and services		
Cash paid to and on behalf of employees	545,424.75	360,009.16
Payments of taxes and levies	21,933.20	1,736,261.21
Cash paid relating to other operating activities	1,016,292,709.85	2,256,700,554.73
Sub-total of cash outflows used in operating activities	1,016,860,067.80	2,258,796,825.10
Net cash flows used in operating activities	-366,765,061.59	-903,188,615.86
2. Cash flows from investing activities:		
Cash received from disposal of investments		4,999,610.00
Cash received from investment income	1,000,000,000.00	1,289,987,375.98
Cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other business units		404,709,910.00
Cash received relating to other investing activities		
Sub-total of cash inflows from investing activities	1,000,000,000.00	1,699,696,895.98
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		
Cash paid to acquire investments		8,000,000.00
Net cash paid for the acquisition of subsidiaries and other business units		
Cash paid relating to other investing activities		
Sub-total of cash outflows used in investing activities		8,000,000.00

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Net cash flows from investing activities	1,000,000,000.00	1,691,696,895.98
3. Cash flows from financing activities:		
Cash received from capital contributions		
Cash received from borrowings		
Cash received relating to other financing activities		
Sub-total of cash inflows from financing activities		
Cash repayments of borrowings		369,000,000.00
Cash paid for interest and dividends	633,675,509.10	8,520,671.25
Cash paid relating to other financing activities		302,007,312.87
Sub-total of cash outflows used in financing activities	633,675,509.10	679,527,984.12
Net cash flows used in financing activities	-633,675,509.10	-679,527,984.12
4. Effect of foreign exchange rate changes on cash and cash equivalents		
5. Net decrease/increase in cash and cash equivalents	-440,570.69	108,980,296.00
Add: Cash and cash equivalents at beginning of the period	765,545.81	4,325,959.18
6. Cash and cash equivalents at end of the period	324,975.12	113,306,255.18

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

H1 2020

Unit: RMB

Item	H1 2020														
	Equity attributable to shareholders of the Company												Non-controlling interests	Total shareholders' equity	
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Others			Sub-total
	Preferred shares	Perpetual bonds	Others												
1. Balance as at the end of prior year	2,112,251,697.00				73,153,800.49		-94,582,500.13		227,390,965.90		4,711,093,895.82		7,029,307,859.08	264,400,744.45	7,293,708,603.53
Add: Adjustments for changed accounting policies															
Adjustments for corrections of previous errors															

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Adjustments for business combinations under common control														
Others														
2. Balance as at beginning of year	2,112,251,697.00			73,153,800.49		-94,582,500.13		227,390,965.90		4,711,093,895.82		7,029,307,859.08	264,400,744.45	7,293,708,603.53
3. Increase/ decrease in the period (“-” for decrease)				83,785,280.26		10,380,760.96				1,066,060,614.36		1,160,226,655.58	66,740,026.93	1,226,966,682.51
3.1 Total comprehensive income						10,380,760.96				1,699,736,123.46		1,710,116,884.42	182,792,601.51	1,892,909,485.93
3.2 Capital contribution and withdrawal by shareholders				83,785,280.26								83,785,280.26	3,947,425.42	87,732,705.68
3.2.1 Common shares contribution														

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and withdrawal by shareholders														
3.2.2 Capital contribution and withdrawal by holders of other equity instruments														
3.2.3 Share-based payments included in shareholders' equity				83,785,280.26							83,785,280.26	3,947,425.42	87,732,705.68	
3.2.4 Others														
3.3 Profit distribution										-633,675,509.10	-633,675,509.10	-120,000,000.00	-753,675,509.10	
3.3.1 Appropriation to surplus reserves														
3.3.2 Appropriation to general risk reserves														

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3.3.3 Distribution to shareholders											-633,675,509.10		-633,675,509.10	-120,000,000.00	-753,675,509.10
3.3.4 Others															
3.4 Internal transfers within shareholders' equity															
3.4.1 Capital reserves transferred into capital (or share capital)															
3.4.2 Surplus reserves transferred into capital (or share capital)															
3.4.3 Surplus reserves for making up losses															
3.4.4 Changes in defined benefit pension															

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schemes transferred into retained earnings														
3.4.5 Other comprehensive income transferred into retained earnings														
3.4.6 Others														
3.5 Special reserves														
3.5.1 Increase in the period														
3.5.2 Used in the period														
3.6 Others														
4. Balance as at the end of the period	2,112,251,697.00			156,939,080.75		-84,201,739.17		227,390,965.90		5,777,154,510.18		8,189,534,514.66	331,140,771.38	8,520,675,286.04

H1 2019

Unit: RMB

Item	H1 2019													Non-controlling interests	Total shareholders'
	Equity attributable to shareholders of the Company											Sub-total			
	Share capital	Other equity	Capital	Less: Treasury	Other	Spe	Surplus	Genera	Retained	Oth					

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		instruments			reserves	shares	comprehensive income	financial reserves	reserves	fair value adjustments	earnings	other			equity
		Preferred shares	Perpetual bonds	Others											
1. Balance as at the end of prior year	2,124,870,253.00				298,739,967.21		46,376,346.58		170,477,835.88		3,332,211,003.19		5,972,675,405.86	141,026,934.06	6,113,702,339.92
Add: Adjustments for changed accounting policies							-26,836,801.80				26,836,801.80				
Adjustments for corrections of previous errors															
Adjustments for business combinations under common control															

Should there be any discrepancy between the English version and the Chinese version of this Report, the Chinese version shall prevail.

Others															
2. Balance as at beginning of year	2,124,870,253.00				298,739,967.21		19,539,544.78		170,477,835.88		3,359,047,804.99		5,972,675,405.86	141,026,934.06	6,113,702,339.92
3. Increase/ decrease in the period ("-" for decrease)	-12,618,556.00				-106,500,613.64	302,007,311.87	-25,288.71				615,093,573.38		193,941,803.16	11,692,555.24	205,634,358.40
3.1 Total comprehensive income							-25,288.71				1,033,074,405.38		1,033,049,116.67	126,181,205.00	1,159,230,321.67
3.2 Capital contribution and withdrawal by shareholders	-12,618,556.00				-106,500,613.64	302,007,311.87							-421,126,481.51	7,511,350.24	-413,615,131.27
3.2.1 Common shares contribution and withdrawal by shareholders	-12,618,556.00				-106,500,613.64	302,007,311.87							-421,126,481.51		-421,126,481.51

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3.2.2 Capital contribution and withdrawal by holders of other equity instruments														
3.2.3 Share-based payments included in shareholders' equity														
3.2.4 Others													7,511,350.24	7,511,350.24
3.3 Profit distribution										-417,980,832.00		-417,980,832.00	-122,000,000.00	-539,980,832.00
3.3.1 Appropriation to surplus reserves														
3.3.2 Appropriation to general risk reserves														
3.3.3 Distribution to										-417,980,832.00		-417,980,832.00	-122,000,000.00	-539,980,832.00

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shareholders															
3.3.4 Others															
3.4 Internal transfers within shareholders' equity															
3.4.1 Capital reserves transferred into capital (or share capital)															
3.4.2 Surplus reserves transferred into capital (or share capital)															
3.4.3 Surplus reserves for making up losses															
3.4.4 Changes in defined benefit															

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pension schemes transferred into retained earnings														
3.4.5 Other comprehensive income transferred into retained earnings														
3.4.6 Others														
3.5 Special reserves														
3.5.1 Increase in the period														
3.5.2 Used in the period														
3.6 Others														
4. Balance as at the end of the period	2,112,251,697.00			192,239,353.57	302,007,311.87	19,514,256.07		170,477,835.88		3,974,141,378.37		6,166,617,209.02	152,719,489.30	6,319,336,698.32

**8. Statement of Changes in Shareholders' Equity of the Company**

H1 2020

Should there be any discrepancy between the English version and the Chinese version of this Report, the Chinese version shall prevail.



Unit: RMB

Item	H1 2020											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Others	Total shareholders' equity
		Preferred shares	Perpetual bonds	Others								
1. Balance as at the end of prior year	2,112,251,697.00				3,622,063,902.37		-52,759,111.69		340,080,723.42	1,509,926,022.61		7,531,563,233.71
Add: Adjustments for changed accounting polides												
Adjustments for corrections of previous errors												
Others												
2. Balance as at beginning of year	2,112,251,697.00				3,622,063,902.37		-52,759,111.69		340,080,723.42	1,509,926,022.61		7,531,563,233.71
3. Increase/ decrease in the period ("-" for decrease)					87,732,705.68					-636,693,813.78		-548,961,108.10
3.1 Total comprehensive income										-3,018,304.68		-3,018,304.68
3.2 Capital contribution and withdrawal by shareholders					87,732,705.68							87,732,705.68
3.2.1 Common shares contribution and												

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withdrawal by shareholders												
3.2.2 Capital contribution and withdrawal by holders of other equity instruments												
3.2.3 Share-based payments included in shareholders' equity					87,732,705.68							87,732,705.68
3.2.4 Others												
3.3 Profit distribution										-633,675,509.10		-633,675,509.10
3.3.1 Appropriation to surplus reserves												
3.3.2 Distribution to shareholders										-633,675,509.10		-633,675,509.10
3.3.3 Others												
3.4 Internal transfers within shareholders' equity												
3.4.1 Capital reserves transferred into capital (or share capital)												
3.4.2 Surplus reserves transferred into capital (or share capital)												
3.4.3 Surplus reserves for												

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making up losses												
3.4.4 Changes in defined benefit pension schemes transferred into retained earnings												
3.4.5 Other comprehensive income transferred into retained earnings												
3.4.6 Others												
3.5 Special reserves												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Others												
4. Balance as at the end of the period	2,112,251,697.00				3,709,796,608.05		-52,759,111.69		340,080,723.42	873,232,208.83		6,982,602,125.61

H1 2019

Unit: RMB

Item	H1 2019											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Others	Total shareholders' equity
		Preferred shares	Perpetual bonds	Others								
1. Balance as at the end of prior	2,124,870,253.00				3,952,461,239.82				170,477,835.88	612,706,036.45		6,860,515,365.15

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year												
Add: Adjustments for changed accounting policies												
Adjustments for corrections of previous errors												
Others												
2. Balance as at beginning of year	2,124,870,253.00				3,952,461,239.82				170,477,835.88	612,706,036.45		6,860,515,365.15
3. Increase/ decrease in the period (“-” for decrease)	-12,618,556.00				-106,500,613.64	302,007,311.87				365,352,115.41		-55,774,366.10
3.1 Total comprehensive income										783,332,947.41		783,332,947.41
3.2 Capital contribution and withdrawal by shareholders	-12,618,556.00				-106,500,613.64	302,007,311.87						-421,126,481.51
3.2.1 Common shares contribution and withdrawal by shareholders	-12,618,556.00				-106,500,613.64	302,007,311.87						-421,126,481.51
3.2.2 Capital contribution and withdrawal by holders of other equity instruments												
3.2.3 Share-based payments included in shareholders’ equity												
3.2.4 Others												
3.3 Profit distribution										-417,980,832.00		-417,980,832.00
3.3.1 Appropriation to surplus reserves												
3.3.2 Distribution to shareholders										-417,980,832.00		-417,980,832.00
3.3.3 Others												

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3.4 Internal transfers within shareholders' equity												
3.4.1 Capital reserves transferred into capital (or share capital)												
3.4.2 Surplus reserves transferred into capital (or share capital)												
3.4.3 Surplus reserves for making up losses												
3.4.4 Changes in defined benefit pension schemes transferred into retained earnings												
3.4.5 Other comprehensive income transferred into retained earnings												
3.4.6 Others												
3.5 Special reserves												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Others												
4. Balance as at the end of the period	2,112,251,697.00				3,845,960,626.18	302,007,311.87			170,477,835.88	978,058,151.86		6,804,740,999.05

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(The End)

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